2023 Annual Reports
and Accounts
GENERAL MEETING DRAFT

Unlocking **transformation,** together.

For our clients, our people,
and our communities.

Empowering
Communities to Progress.

UniCredit

Our manifesto

We believe in **Europe's potential.**

Uniting behind a vision of a better bank and a better future. A transformation for our clients, our people, and our communities. Demonstrating what it means to be the bank for Europe's future.

For everyone,
everywhere.

For our clients

who demand **best-in-class** products, ideas and service…

Putting our clients at the centre of everything we do

We are harnessing the scale of our Group to develop and offer best in class products and services throughout our markets. We are equipping our people with the right tools to focus their expertise, effort, and energy on delivering excellence for all of our clients, all of the time.

To read more about our clients and how we are supporting them, see pages 36–59

A culture where our colleagues can thrive

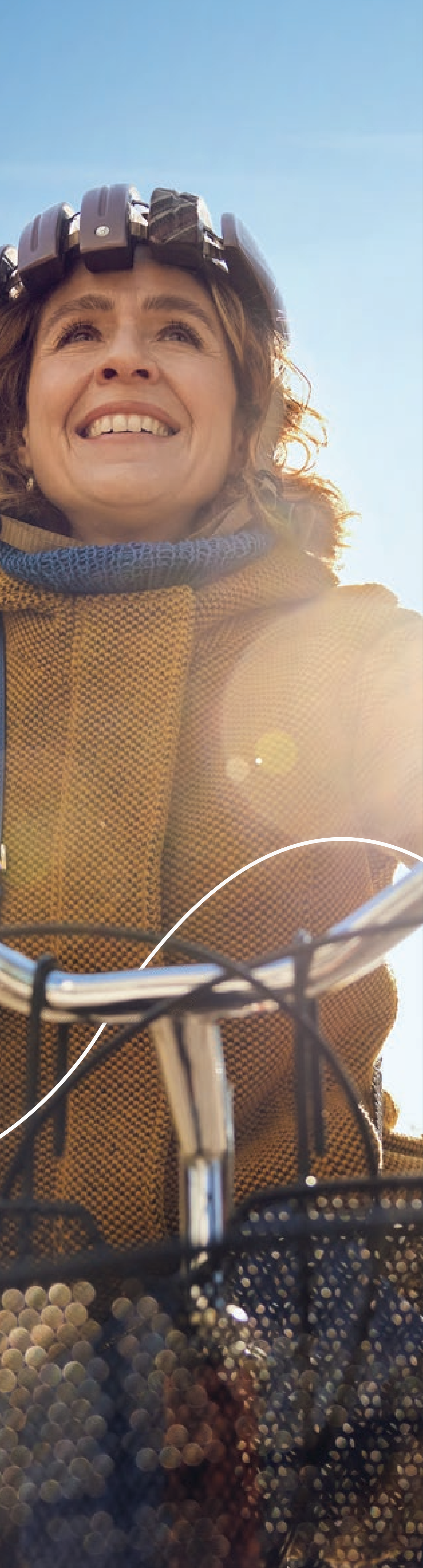
We foster Diversity, Equity & Inclusion and are committed to building a safe, positive, barrier free and inclusive working environment, where everyone feels empowered to unlock their fullest potential and succeed. We are committed to be the engine of social progress for our people and our communities.

To read more about how we create the best working environment for all our people, see pages 60–77


For our colleagues
helping to
build the bank for
Europe's future...

For our communities

that want to be **drivers of change...**



Fostering a just and fair transition

We are focused on delivering a sustainable transition to green energy which does as little harm to the planet and its people as possible. We work consistently towards having a positive impact in line with our role and responsibilities as a social actor – knowing banks play an important role that goes far beyond lending.

To read more about our ESG commitments and initiatives, see pages 78–109

Innovating for our stakeholders

We understand that banking is increasingly not only a people business, but also a technology business. Digital technology is continually advancing, and capitalising on these advances for the benefit of all our stakeholders is the key to unlocking value.

To read more about our digital innovations and how they make our clients' lives easier, see pages 110–125


For everyone
who wants to
embrace digital
innovation and the
future of banking...

For Europe’s next generation

who want to **shape their future...**

UniCredit Foundation: Inspiring young people across Europe

We are on a mission to empower young people across Europe by enhancing equality of opportunities in education. Together we can unlock the potential of Europe's next generation.

To read more about our UniCredit Foundation, see pages 126–133

“At UniCredit, we are **transforming to create value** for everyone, everywhere.”

Andrea Orcel
Chief Executive Officer & Head of Italy UniCredit S.p.A.

Corporate information

Board of Directors, Board of Statutory Auditors, and External Auditors as at 31 December 2023

Board of Directors

Chairman Pietro Carlo Padoan

Deputy Vice Chairman Lamberto Andreotti

CEO Andrea Orcel

Directors Vincenzo Cariello, Elena Carletti, Jeffrey Alan Hedberg, Beatriz Lara Bartolomé, Luca Molinari, Maria Pierdicchi, Francesca Tondi, Renate Wagner, Alexander Wolfgring

Secretary of the Board of Directors
Gianpaolo Alessandro

Board of Statutory Auditors

Chairman Marco Rigotti

Standing Auditors Antonella Bientinesi, Claudio Cacciamani, Benedetta Navarra, Guido Paolucci

Manager charged with preparing the financial reports
Bonifacio Di Francescantonio

External Auditors

KPMG S.p.A.

UniCredit S.p.A.
A joint stock company

Registered Office and Head Office:
Piazza Gae Aulenti, 3 – Tower A – 20154 Milano, Italy

Share capital €21,367,680,521.48 fully paid in

Registered in the Register of Banking Groups and Parent Company of the UniCredit Banking Group, with cod. 02008.1 Cod. ABI 02008.1

Fiscal Code, VAT number and Registration number with the Company Register of Milan-Monza-Brianza-Lodi: 00348170101

Member of the National Interbank Deposit Guarantee Fund and of the National Compensation Fund

Stamp duty paid virtually, if due – Auth. Agenzia delle Entrate, Ufficio di Roma 1, No.143106/07 of 21.12.2007

Contents

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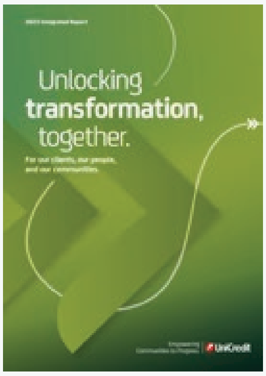
Overview



Download our UniCredit 2023 Integrated Report

See the microsite

See all the milestones that have helped make this a year of powerful transformation for UniCredit

See the microsite

The following conventional symbols have been used in the tables:
– a dash (-) indicates that the item/figure is non-existent;
– two stops (..) or "n.m." when the figures do not reach the minimum considered significant or are not meaningful.

Any discrepancy among data in this document is solely due to the effect of rounding.

This document, PDF format, does not fulfil the obligations deriving from Directive 2004/109/EC (the "Transparency Directive") and Delegated Regulation (EU) 2019/815 (the "ESEF Regulation" – European Single Electronic Format) for which a dedicated XHTML format has been prepared.

Who we are

UniCredit is a pan-European Commercial Bank with a unique service offering in **Italy, Germany, Central and Eastern Europe**. Our purpose is to empower communities to progress, delivering the best-in-class for all stakeholders, unlocking the potential of our clients and our people across Europe.

We serve over **15 million customers** worldwide. They are at the heart of what we do in all our markets. UniCredit is organised in four core regions and three product factories, Corporate, Individual and Group Payments Solutions. This allows us to be close to our clients and use the scale of the entire Group for developing and offering the best products across all our markets.

Digitalisation and our commitment to **ESG** principles are key enablers for our service. They help us deliver excellence to our stakeholders and creating a sustainable future for our clients, our communities and our people.

Where we operate

15m customers worldwide

4 coverage regions

13 leading banks

A. Central Europe includes Austria, Czech Republic, Hungary, Slovakia and Slovenia.

B. Eastern Europe includes Bosnia and Herzegovina, Bulgaria, Croatia, Romania, Russia and Serbia.

What we do

At UniCredit we are building the **bank of Europe's future**. A bank that delivers consistently for our stakeholders and empowers people, business and communities across Europe to progress.

This year we were unrelenting in our execution of **UniCredit Unlocked**, a strategic plan which is transforming our bank and enabling us to set a new industry benchmark.

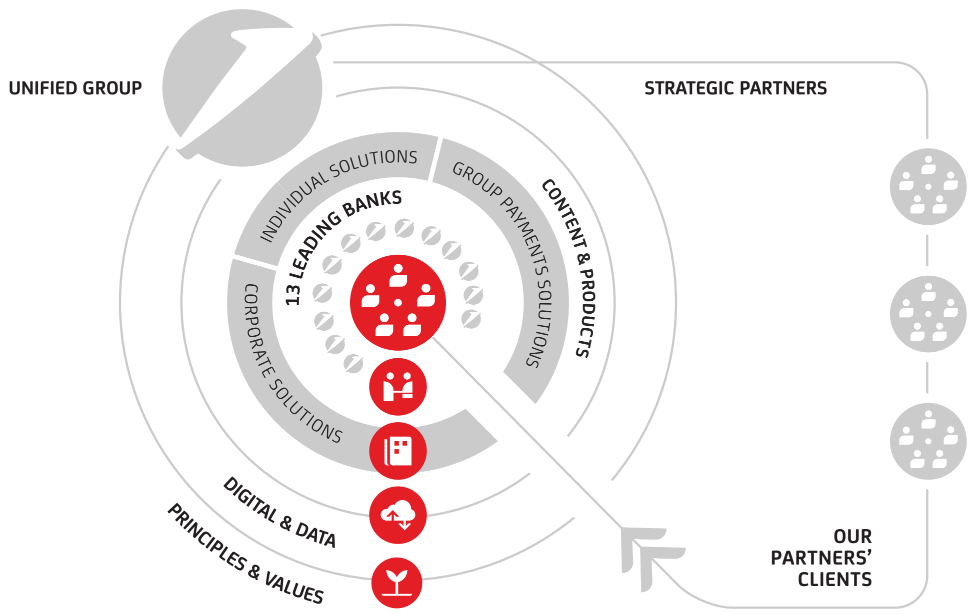
At its core, this is about putting **clients firmly at the centre of all we do**. For our clients we are a gateway to Europe, providing them with best-in-class solutions, strategic advice and innovation.

We deliver **competitive products and services** that create significant value for over one million SMEs, corporate, multinational corporates, financial institution and public sector clients – as well as 15 million retail, private banking, wealth management and family office clients across the Group.

As a result of **three years of transformation**, we have brought our thirteen banks together, leveraging their scale and reach across Europe to deliver competitive value-added services to our clients that are customised to their local needs. The strength of **two outstanding global product factories** – Corporate Solutions and Individual Solutions – is fundamental to this.

Our **simplified business model** and all our decision-making is driven by UniCredit's values of **Integrity, Ownership and Caring**. By embodying these values every day, we have become a true partner to our clients and an engine of social and economic progress in Europe. Today we are operating as one bank, leveraging our **pan European footprint** and the **strength of our workforce** to offer the very best to all our stakeholders: our clients, our people and our communities.

The impact of our transformation is clear – evidenced not only by our **strong financial performance** and **quality growth**, but the value we have unlocked within our bank and for all our stakeholders. This report outlines our achievements in 2023, a year which is the culmination of three years of transformation and has set up UniCredit for future success.



Our unique and diverse talent base

International mindset

International presence in BoD (%)

33

International presence in Group Executive Committee (GEC) (%)

62

Employee Networks on 5 diversity strands and broader D&I across Group countries

Data as at 31/12/23.

Gender balance

BoD (%)

Female 42 — Male 58

GEC (%)

Female 46 — Male 54

Leadership team (GEC+GEC-1) (%)

Female 35 — Male 65

“The world may be uncertain, but our vision for UniCredit has never been clearer.”

Pietro Carlo Padoan
Chairman UniCredit S.p.A.

Dear Stakeholders,

It is a pleasure to write to you as the Chairman of the UniCredit Board.

A little over two years ago, when we launched our new strategic plan UniCredit Unlocked, the world was beginning to build back its confidence and strength after the outbreak of COVID-19 in the previous year.

We embarked on an ambitious plan that would fundamentally change our banks across Europe and align our employees towards a new vision for UniCredit – to be the bank for Europe's future.

What we could not have anticipated is the ways that the world has transformed radically since then. The effects of the pandemic have now been compounded by the outbreak of international conflicts and resultant shocks to global markets, creating a macroeconomic environment characterised by high-interest rates, soaring inflation, and pervasive uncertainty.

Yet, while the world has continued to transform, so has UniCredit. Despite the turbulence of recent years, we have maintained our commitment to our transformation across UniCredit's 13 banks – to uniting behind our cultural values and shared purpose, to unlocking the strength within our Bank, to empowering communities to progress.

As a result, UniCredit has delivered 12 quarters of profitable growth while undertaking numerous initiatives to support our European communities, such as the financial resources worth a total potential value of 10 billion euros we issued for 'UniCredit per l'Italia' and our partnerships with Teach for All and Junior Achievements Europe.

And we are far from done. We are a better, stronger bank, more capable of foreseeing and reacting to geopolitical instability and shocks. We are in a position where we can act, rather than react. But our transformation is not over yet. We must use the advantage we have gained to build on our progress, so we are able to support our clients through whatever new challenges may arise.

We are in an evolutionary period – a time of transformation and flux, created by this uncertain environment. Businesses that are proactive, mobilising their human capital and cultural heritage in combination with strong governance, will avoid being overwhelmed by changes in the environment and continue to create value for clients. In the last year, UniCredit decided to adopt a one-tier system to enable more open, transparent decision making, which we believe will translate to better results for our clients.

Ownership and control are essential to the continued prosperity of our communities, particularly at this moment in time. This is as true in politics and society as it is in business. All of these form links in a chain of governance, and each link in the chain must perform its duties responsibly and adequately to ensure their mutual wellbeing.

Part of the reason for the success we have enjoyed, and which has helped us to support Italy through this period of instability, is that Italy has performed better than had been anticipated economically. We are seeing tangible progress being made, as demonstrated by the success of the NRRP.

By continuing to act as a strong link in the chain of governance, we can support the ongoing recovery of Italy and other European countries, as part of our wider ambition to be the bank for Europe's future. Through initiatives such as NextGenerationEU, for example – a recovery instrument that aligns with our own digital innovation and ESG-conscious ambitions, and which we have already supported – we will be able to catalyse the growth Europe needs, giving it the financial stability and resilience to become a major economic bloc.

We will facilitate this through our own stable and sustainable transformation – by keeping firm our dedication to delivering our best for UniCredit's clients and communities across Europe, which is the reason why we are here today. We just need to keep going.

To all of my colleagues in UniCredit, I want to thank you for your diligent efforts. I also wish to thank our CEO Andrea Orcel for his leadership, which has had such a transformative effect on UniCredit, and the Board for their guidance. Their knowledge, experience, and fostering of a culture of ownership and responsibility within our Bank have been invaluable. I know they will enable us to accomplish even greater things in the future.

For our clients, for our communities, for Europe, let us show the world what the bank for Europe's future looks like.

Yours sincerely,

Pietro Carlo Padoan
Chairman UniCredit S.p.A.


Credit: Andrea Cherchi

"2023 was a remarkable year and the product of three years of transformation. There will no doubt be challenges ahead in 2024, but I am confident in the direction our bank is taking."

Andrea Orcel
Chief Executive Officer UniCredit S.p.A.

Dear Stakeholders,

2023 was the best year in UniCredit's history and the crowning achievement of our first three years of transformation.

It will be remembered as the year we surpassed the targets we set at UniCredit Unlocked, and emerged as a better, stronger bank as a result. One capable of being the bank for Europe's future.

We are no longer a bank that settles for less. We have built a culture of excellence that puts our clients at the centre and prioritises long-term value creation over short-term gain.

This has been driven by a cultural and industrial transformation, which has redefined the way our bank operates. Before, there was no 'one UniCredit'. There were 13 disparate banks that lacked common principles, values and a clear strategy and were falling short of their potential.

Now our bank is united behind one vision, with all its parts operating in lockstep with the interests of the Group and Europe as a whole. A model that now empowers our people and gives our clients what they are asking for.

2023 was truly the year we came together behind one purpose and vision and executed an ambitious strategy that has propelled us from a laggard to a leader.

Surpassing our targets

Despite a challenging macroeconomic backdrop, 2023 was the year we surpassed targets that some thought impossible a year ago.

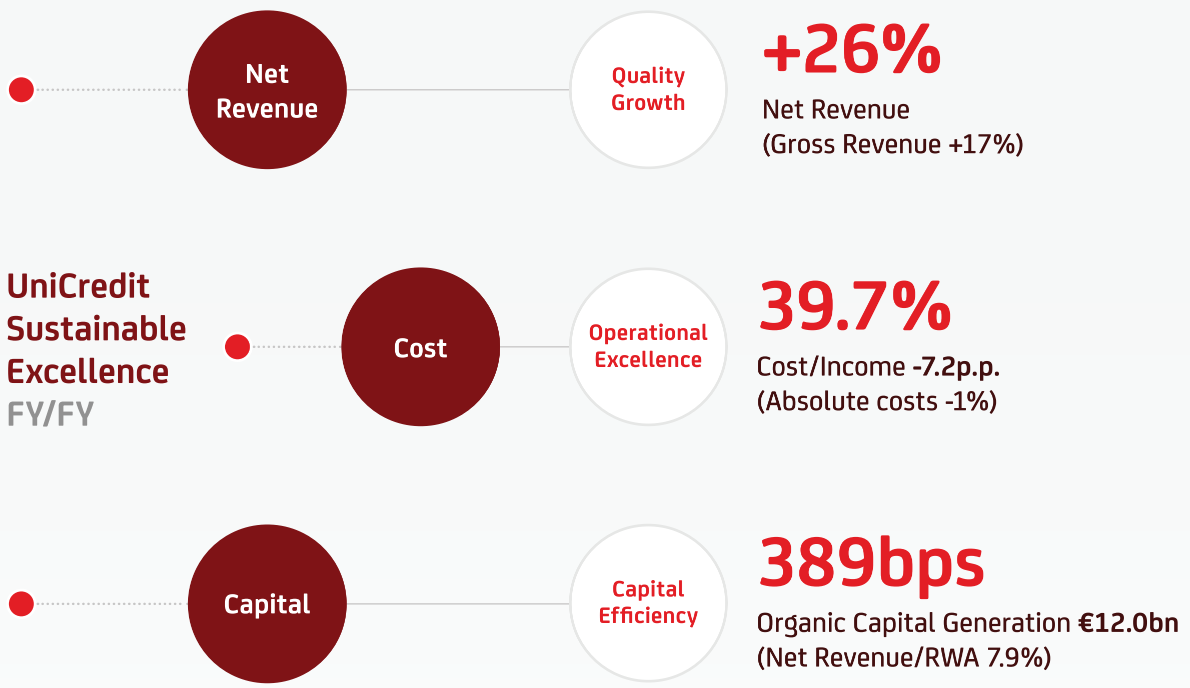
We achieved a RoTE of 16.6% (20.5% when correcting for the excess capital that we carry at 13% CET1).

Our net revenues stood at €23.3 billion – an increase of 26% year on year. This was mostly driven by exceptional net interest income and resilient fees while maintaining a low cost of risk.

We have enhanced our three product factories – corporate solutions, payments solutions, and individual solutions – to deliver best-in-class products for our clients at scale. As a result, our factories generated €9.9 billion in 2023, down 2% despite challenging market conditions.

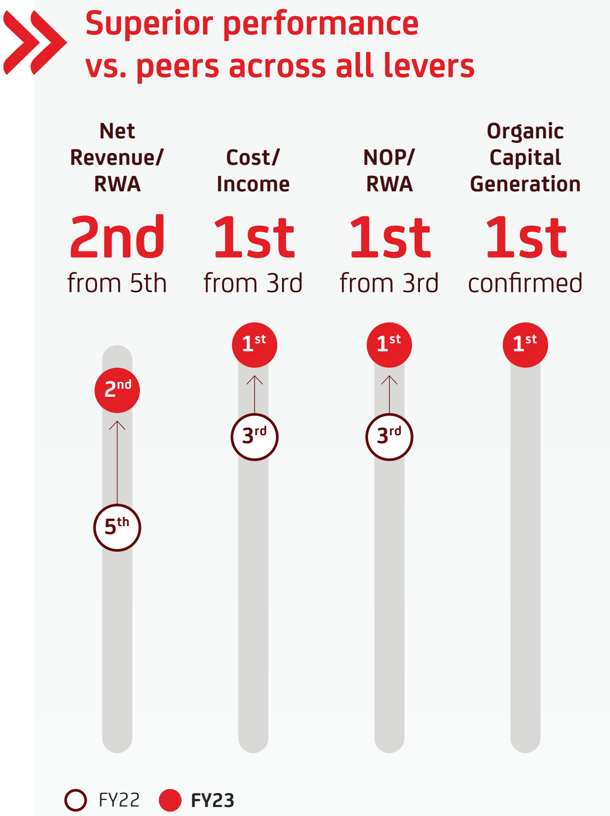
We are now in our twelfth quarter of year-over-year profitable growth driven by outperformance across each of our three core financial levers, achieving the best results in UniCredit's history.

FY23 Highlights across our 3 levers



Credit: Andrea Cherchi

In comparison to our peers, we have best-in-class top-line growth, operating efficiency, and unrivalled organic capital generation. We have one of the highest CET1 ratios, one of the highest RoTE (the highest when corrected for our excess capital at 13%), quality credit portfolio and coverage, and the highest forward-looking precautionary overlays.



Peers and UniCredit stated figures based on publicly available data

Peers and UniCredit stated figures based on publicly available data. Selected peers: BBVA, BNP Paribas, Commerzbank, Credit Agricole S.A., Deutsche bank, ING, Intesa Sanpaolo, Santander, Société Générale.

After three years of transformation, our RoTE has tripled, our net profit is over 2.5x compared to 2017-2019 averages[1], and we have delivered over €27 billion in organic capital generation. We distributed €17.6 billion over three years, which is equal to our market cap at the beginning of 2021.

This year alone we have generated €12 billion in capital organically, underpinning our proposed distribution of €8.6 billion (100% of net profit) in the fourth quarter – €3.0 billion dividends and €5.6 billion share buyback – while reinforcing our CET1 ratio by c.100 basis points to 15.9%.

In 2023 we delivered on the €5.25 billion commitment made in our FY22 shareholder distribution programme, and front-loaded the execution of a €2.5 billion share buyback as part of the FY23 distributions.

At the same time, per-share value creation has reached even greater heights, more than tripling EPS versus our historical run-rate, with DPS nine times higher, and tangible book value per share up almost a half.

The financial targets we have met and exceeded have not been at the detriment of our ESG commitments, which are embedded firmly in our business model.

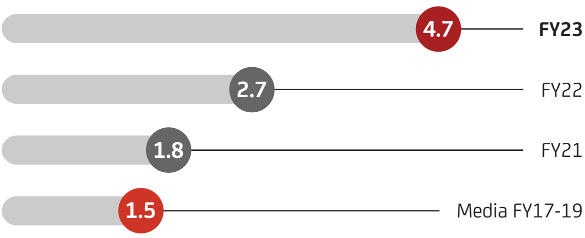
With a unique pan-European footprint, we have a responsibility to pursue a fairer, greener future.

We remain steadfast in our commitment to reach net zero by 2050 and in 2023, we became a single-use plastic-free bank and lent €7.6 billion in environmental loans.

The Social dimension of ESG continues to be a priority for UniCredit, and we are leading by example with €3.8 billion of social financing and €60 million of social contribution.

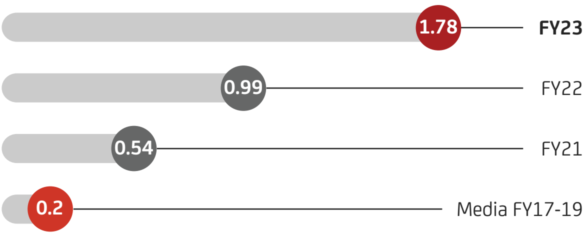
1. For comparison purposes the FY17-19 net profit is the simple average of Net profit recast figures for Group excluding Turkey and Fineco.

Propelled per share values



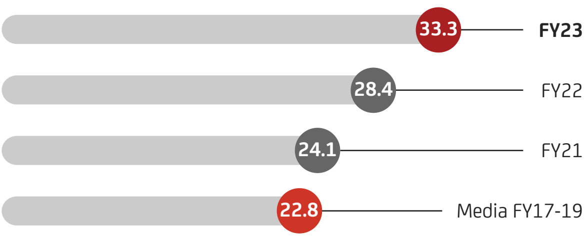
+3.1x

EPS[1] (€)



9.0x

DPS (€)



+46%

TBVPS (€, EoP)

1. Net Profit for FY22 and FY23 is stated net profit adjusted for impacts from DTAs tax loss carry forward resulting from sustainability test. The result is used for cash dividend accrual / total distribution. Underlying net profit for FY21. For comparison purposes the FY17-19 net profit is the simple average of Net profit recast figures for Group excluding Turkey and Fineco.

Our winning approach continues

There will no doubt be challenges ahead in 2024, but I am confident in the direction our bank is taking.

2023 was a remarkable year and the product of three years of transformation.

Every target we've set, we've exceeded, and now we are a leading European bank that is delivering consistently for its stakeholders. This would not have been possible without the belief, trust and hard work of thousands of people who work at UniCredit.

Our challenge now is to go beyond these record results and continue the performance of the past three years.

We must work to sustain our winning approach, defend our record financial performance, and set the stage for the next phase of UniCredit's growth.

We are now a leader in banking and we aspire to become champions. I have no doubt in our ability to do this.

Yours,

Andrea Orcel
Chief Executive Officer UniCredit S.p.A.

A year of powerful transformation

Together, every change we make, every month of the year, throughout all our businesses across all our geographies, all contributes to delivering the biggest transformation in our history.

Review all our milestones online

See the microsite

» January

Becoming the main sponsor of the San Carlo Theatre in Naples
Supporting culture and territorial social growth

Building new hospitals in Angola
UniCredit provided loans for three new hospitals

UniCredit named one of the Top Employers in Europe

UniCredit launched Bank iD service
Making everyday life more convenient for our clients in the Czech Republic

Introducing the euro as Croatia's official currency

UniCredit underwrites €7 billion acquisition of GD Towers from Deutsche Telekom

Key to icons

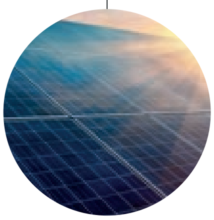
- Strategy
- Finance
- Clients
- People & Culture
- ESG
- Digital & Data
- UniCredit Foundation

» February

Net zero targets set for carbon-intensive sectors

100% single-use plastic-free bank

Reducing the use of millions of plastic bottles in a single year



Project financing for Enel's 3SUN photovoltaic Giga Factory

Supporting the expansion of what will become Europe's largest factory of high-performance bifacial photovoltaic (PV) modules

» March

UniCredit included as one of the Equileap Top 100 gender equality companies

Positive recognition for our efforts across the bank

Integrated Report
Human Capital

Launch of our first Group-wide Volunteering Community

Encouraging our employees to contribute one working day each year

Integrated Report
Human Capital

Eni and UniCredit partner around Open-es

An open alliance for sustainable growth and collaboration

2023 Milestones Timeline

April

Share buy-back programme

€3.343 million share buy-back programme receives approval

Integrated Report
Financial Capital

Supporting Gerresheimer's growth plan in Germany

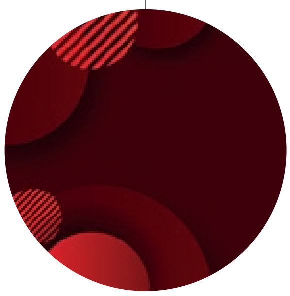
Helping to raise €272 million in capital for High Value Solutions and Medical Devices

May

1Q

Relentless transformation

9th consecutive quarter of profitable growth and best 1Q ever



Growing our partnership with Mastercard

A first for a large commercial bank in Europe – putting in place, an at scale single card multi market strategy

UniCredit Bulbank opens completely cashless branches

Supporting the shift to a cashless society in Bulgaria

» June

2nd tranche of UniCredit per l'Italia

Supporting the disposable income of individuals and households, and liquidity of Italian businesses

Integrated Report
Social and Relationship Capital

Sponsoring Pride parades in Milan, Vienna, and Munich

Reinforcing our strong commitment to diversity, equity and inclusion and support to the LGBTQIA+ community

Integrated Report
Human Capital

UniCredit acted as financial advisor to Dufry

Supporting them with the acquisition of Autogrill SpA

2nd edition of our Culture Day

Reflecting on our cultural transformation results

Launch of a Global Bank Insurance platform with Allianz

Aimed to renew the commercial offer of more than 20 insurance products

Integrated Report
Intellectual Capital

€292 million IPO for Ferretti

The first ever Hong Kong and Italian dual listing

2023 Milestones Timeline

» July

Launch of €1 billion Green Bond for the Federal State of Hesse
Supporting this pioneer in green financing in Germany

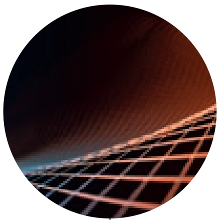
Integrated Report
Natural Capital

UniCredit and Trustpair announce partnership around IBAN check
Tackling fraud in B2B payments to protect our clients

Launch of 'Re-power your future' with Junior Achievement Europe
A €6.5 million programme to empower youth and prevent early school leaving

Integrated Report
Social and Relationship Capital

Another record-breaking set of results
Best 2Q and 1H ever



2Q

MSCI upgrade UniCredit's ESG rating to 'AA'
In recognition of the banks efforts to mitigate social risks and the robust integration of ESG practices

Hidroelectrica IPO in Romania
UniCredit acted as Joint Bookrunner in what was the largest IPO in Europe in 2023

» August

Publication of our Sustainability Bond Report

Setting out how our bonds have funded renewable energy, green buildings and social impact initiatives

Sponsorship of the Louis Vuitton 37th America's Cup

As both a Global Partner and the exclusive Global Banking Partner

» September

Renewing our main partnership for Filarmonica della Scala's 2024 season

Helping to foster musical excellence and culture in Italy and beyond

Integrated Report
Social and Relationship Capital

Installation of an innovative tree irrigation system

At our HQ in Hungary where we are now irrigating around 200 surrounding trees

2023 Milestones Timeline

October

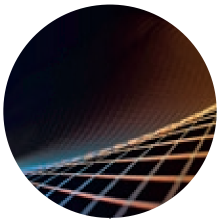
onemarkets Fund celebrates its first anniversary

A family of eighteen funds with €3 billion of assets under management

UniCredit and Alpha Services and Holdings, announce merger

Creating a strategic partnership in Romania and Greece

Continuing to deliver quality profitable growth while investing for the future



3Q

November

Opening of our Innovation Hub in Germany

Creating a place where employees can actively shape the future of the bank

UniCredit Foundation and Teach For All renewed partnership

Furthering our commitment to boosting education and teaching

Integrated Report
Social and Relationship Capital

The launch of the UniCredit Art Collection website

Making art accessible for all and drawing on our long tradition of supporting arts and culture

Integrated Report
Social and Relationship Capital

Our inaugural ESG Day
With our mission of Empowering a Just and Fair Transition we fostered new dialogues and raised awareness

Launch of our first ever Kids4Kids & Donation Day
Supporting children in need across Europe

Winner of the Global EDGE Certification for gender equity and inclusion
The first pan-European bank to win this certificate

» December

€100 million+ Equity Private Placement for D-Orbit
The largest in Italy in 2023

Our transformation continues into 2024

Bank of the Year
In a first for the bank we were hailed as Global 'Bank of the Year' for 2023 by The Banker

4Q

Our transformation journey: record-breaking results, sights set on new heights

Our UniCredit Unlocked strategy

UniCredit Unlocked is a unique strategy which delivers for the present while transforming our bank for the future.

UniCredit Unlocked is aimed at reuniting a network of 13 independent banks into a cohesive pan-European leading entity, leveraging local strengths and harnessing collective capabilities through the centralisation of products and technology.

Despite the continued macro challenges and economic and geopolitical uncertainty since day one of UniCredit Unlocked, we have demonstrated **excellent progression and delivered remarkable results in industrial and financial transformation**.

Two years into our strategic plan, **UniCredit is united around a clear purpose and vision: empowering communities to progress while becoming the bank for Europe's future and setting a new benchmark for banking**. It is a transformed bank, moving at unprecedented pace, ready to face and take advantage of the future.

The overarching aims of the UniCredit Unlocked plan are to:

Continuous execution of our **winning strategy** that delivers for our stakeholders

Relentless focus on **industrial transformation**

Balancing three financial levers to steer our **financial plan**

A winning strategy

Our clients at the centre

- **Streamlined operations and enhanced tools** for fast and leaner processes
- **Decentralised and delegated decision making** to client facing colleagues, within a clear strategy and framework
- **Integrated and diversified service channels** at our clients' disposal, anytime and anywhere
- **Completed best-in-class products offer**, leveraging internal product factories and ecosystem of our partners

Our people valued and empowered

- **Enhancing empowerment and fostering accountability** at all levels through our culture
- **Unifying the organisation around a common objective, vision and purpose**
- **Investing in people**, through training and hirings in front line, product specialists and tech
- **Building a meritocratic environment** where performance is recognised and rewarded

Our investors remunerated

- **A unique pan-european champion** made of 13 leading banks, united in One group, leveraging Group solidity and synergies
- **Maintaining balanced focus on sustainable profitability, quality growth, operational and capital excellence and distributions**

In the rest of this report, we explain how we have progressed against our UniCredit Unlocked plan across the following areas:

Financial progress
Page 30 Read more

Clients
Page 36 Read more

People & Culture
Page 60 Read more

ESG
Page 78 Read more

Digital & Data
Page 110 Read more

Our industrial transformation priorities

1. **Empowering and unifying** through our culture

2. **Simplifying and delayering,** a new way of working

3. **Rationalising and strengthening** partnerships and procurement

4. **Investing** in our people and **growing** franchise and product factories

5. **Modernising and enhancing** Digital & Data

Pages 24–28 Read more

Our financial levers

Net revenue

Quality growth

Quality instead of volumes maintaining low expected loss (securing low stable CoR) and capital consumption growing in a capital light way

Cost

Operational excellence

Targeted instead of undifferentiated cost reduction – shrinking and optimizing the center while investing to secure the future

Capital

Capital excellence

Thoughtful capital allocation and active portfolio management **boosting returns on RWAs and capital**

Page 29 Read more

Our UniCredit Unlocked strategy

Our industrial transformation priorities

1. Empowering and unifying

A common vision, a unifying culture, and a winning mentality: promoting ownership and empowerment

Our approach:

- **Listening as a foundation:** Extensive listening to our stakeholders equally to define a bottom up unifying culture
- **Living by three values:** set of simple yet powerful values embedded in all we do – Integrity, Ownership and Caring
- **Leading by example with concrete commitment:** Living our Culture and ESG principles day by day through a number of initiatives, guided from the Group and proactively proposed by all the colleagues

Key achievements in 2023:

1st

Culture Day ever, involving over 30k colleagues organised in all countries' banks

Page 73 Read more

25 Culture Champions

And 24 sponsors, representing all Countries and areas to spread a positive cultural change

AA

MSCI improved ESG rating

Leading by example

9 green bonds issued since 2021; Net Zero banking alliance; actively supporting communities

9

Culture Road Shows with 7k colleagues involved, including Group CEO

1st

Bank recognised in LinkedIn Top Companies Italy with a positive, diverse and inclusive environment

400

Ideas collected from our people

€100m

to close gender pay gap and promote diversity and inclusion

1st

Pride sponsors and 1st ESG Day

Page 74 Read more

2. Simplifying and delayering

A new way of working, creating a lean, fast and efficient organisation cultivating empowerment within a clear framework

Our approach:

- **Leaner structure:** Delayered organisation, tackling visible complexity and unnecessary bureaucracy affecting accountability, daily operations quality and speed, realising significant efficiencies
- **Decisions in the right place:** Empowered people to propose and run the change, simplify tasks and improve automation, freeing up time to focus on value added business activities
- **Acting in a new way:** Everyone embracing a new way of working empowered to take ownership and make decisions and supported by a clear risk and compliance framework

Key achievements in 2023:

400
Employees' ideas collected turned into 200 simplification actions

-47%
Reports eliminating duplications

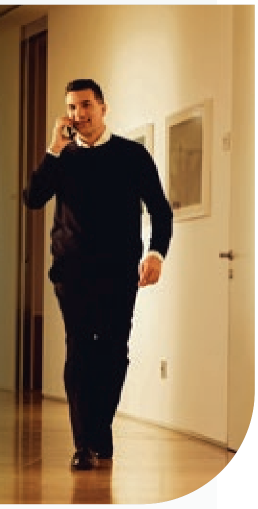
-30%
Reduction in organisational structures

UniCredit Services Integration into the Banks

Internalizing and taking back control of core IT capabilities, elevating the level and quality of service

Bringing business and digital closer together to better target and elevate best-in-class products and solutions for our client

Page 115 Read more



One
Leaner Corporate Center with unified Digital & Data

-57%
Committees streamlining

-25%
Simplification of processes based on E2E customer journeys

Our UniCredit Unlocked strategy

Our industrial transformation priorities

3. Rationalising and strengthening

Partnerships and procurement leveraging Group scale and bargaining power, to rationalise supplier contracts and build long-lasting Group relationships

Our approach:

- **Rationalise:** mindset that encourages rationalisation of old legacy structures, and equity participations, and leverage Group scale and bargaining power to act in best interest of our clients and realise efficiencies
- **Global ecosystem:** Building long-lasting Global partnerships and relationships with top industry players to further improve our clients' journey, choice and to access our partners clients

Key achievements in 2023:

-55%
Rationalisation of insurance partnership (from 9 to 4)

2
Group partnership on AM with Blackrock and Azimut

-20%
Reduction of equity participations

3.5m
Clients accessed through Alpha Bank partnership in Greece

New reinforced partnerships

Allianz, Mastercard, Alpha Bank, Azimut

Renegotiation of contracts

Reopening of legacy contracts with unfavourable conditions and negotiation from center in the best interest of our clients

Milestone – October

Alpha Bank and UniCredit: a long-term partnership

In October, we announced a long-term partnership with Alpha as an opportunity to grow our footprint in Romania, a high growth country in CEE, and create the third-largest bank in Romania by total assets. The partnership will also further boost our product factories' distribution in the Greek market – asset management and unit-linked products.

4. Growing and investing

In our people on the front-line and our distribution channels, in our franchise and building our product factories, to deliver an unmatched and fully-fledged product offering

Our approach:

- **People and franchise:** Investing in our people on the front-line and in our distribution channels to deliver the best tailored offering to our clients and cascade client insights to our product factories
- **Product factories:** Build up and invest in our factories to deliver an unmatched fully-fledged product offering and to capture capital light growth

Key achievements in 2023:

c.30hrs

Training per employee per annum since 2021

c.9k

Hirings in business o/w c.90% in the front-line

18

Key MDs hired in A&CM since end of 2021

>4m

Inbound calls managed by UCD in Italy in 2023, +23% YoY

onemarkets

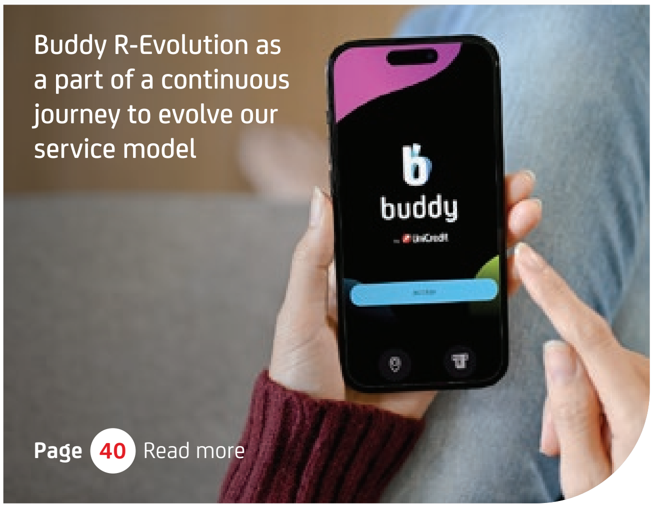
In-house product factory launched with 21 onemarkets funds issued and almost 4bn already distributed at the end of 2023

Built

3 market leading Product Factories: Individual Solutions, Corporate Solutions, Payment Solutions

Global Corporate Portal

Corporates & SMEs Group-wide served through a single entry point and with number of functionalities and self-service features



Buddy R-Evolution as a part of a continuous journey to evolve our service model

Page 40 Read more

Our UniCredit Unlocked strategy

Our industrial transformation priorities

5. Modernising and enhancing

Digital and data, taking back control of core competencies, streamlining and enhancing our digital organisation, and standardising and modernising our digital technology

Our approach:

- **Take back control:** Attracting, engaging, and developing talents through involvement in strategic projects, insourcing key competencies and dedicated learning and development
- **Rationalise:** Streamlining and enhancing our digital organization and operating model, while reducing the sourcing model to curb spending
- **Converge:** Standardise and modernise our infra technology, rationalising the geographical footprint while improving our service quality

Key achievements in 2023:

>360
Apps decommissioned

75%
Tech/Non Tech Ratio in Digital & Data

48%
Of Data accessible on Global data platform

c.15%
Digital workforce reskilled

Credit: Andrea Cherchi

>1.3k
Tech hirings since 2022

Corporate Banking Innovation: Rolled out 3 integrated digital solutions to meet corporate banking needs

Retail banking innovation: Game-changing developments to retail banking customers across mobile banking, cards, investments and loans – making banking quicker, easier and more accessible

Pages 113 and 117 Read more

5
Data centres consolidated

c.35%
Lower external daily rates, through reduction of # vendors

Our financial levers

Our industrial transformation is steered by our financial results. Optimising the balance of our three financial levers: Costs, Net Revenues and Capital, underpins our UniCredit Unlocked strategy. The three levers operate to produce superior returns, deliver best in class organic capital generation and a solid balance sheet.

It is a virtuous circle differentiated versus our peers and very different from the UniCredit of the past.

Quarter by quarter we are demonstrating great results, confirming our quality profitable growth trajectory. Our results are protected by lines of defense and propelled by investments to secure and boost profitability tomorrow.

Consistently re-enforcing our balance sheet to weather a changing macro environment

Uniquely positioned to strengthen or even increase our profitability leveraging our lines of defence to weather any potential shocks and distribution capacity, and support our long-term growth ambitions.

- **A best-in-class capital position**, with CET1 ratio well above regulatory requirements and ample excess capital
- **A solid liquidity position**, with best-in-class LCR and a self-funded balance sheet
- **A high-quality credit portfolio**, with low NPE ratio, prudent coverage, proactive staging, and vigilant origination

Our three financial levers working together

Cost

Operational excellence

Targeted instead of undifferentiated cost reduction – shrinking and optimizing the center while investing to secure optimal capital allocation

39.7%

Cost/Income

Net revenue

Quality growth

Quality instead of volumes maintaining low expected loss (securing low stable CoR) and capital consumption growing in a capital light

26% y/y

Net Revenue Growth

Capital

Capital excellence

Thoughtful capital allocation and active portfolio management boosting returns on RWAs and capital generation

7.9%

Net Rev/RWA

We can distribute 2x our peers for every unit of revenue without denting capital

16.6%

ROTE

Financial progress

2023 was a record-breaking year for UniCredit and another milestone in our journey to be the bank for Europe's future. Our aim is to deliver sustainable, profitable growth for our shareholders while investing for the future.

- This is the year we grew our net profit to €8.6 billion, up 54%, while continuing to invest in the future and expensing €1.1 billion of integration costs
- We delivered a record return on tangible equity of 16.6%, 5.8 percentage points higher than last year, or 20.5% with a CET1 ratio of 13% adjusting for our notable excess capital
- **We generated €12 billion in capital organically this year**, underpinning our **proposed distribution of €8.6 billion (100% of net profit) – €3.0 billion dividends and €5.6 billion share buyback** – while reinforcing our CET1 ratio by 97bps to 15.9%

2023: UniCredit's best year ever...

12th consecutive quarter of **sustainable quality profitable growth** across all regions, with **top-tier returns**

...crowning three years of success

Exceeding expectations in 2021-23 despite macro challenges, due to relentless execution of our **transformation**

Profitability	FY23	FY21-23[1]
Net profit	8.6bn	>2.6x
Organic Capital Generation	12bn	>27bn
RoTE	16.6%	c.2.5x

1. All delta calculated as FY23 vs. avg FY17-19 (simple average of recast figures of Group excluding Turkey and Fineco for comparison purposes; OCG referring to period FY21-23).

Our progress so far

Creating value for our shareholders

UniCredit is united around a clear Purpose – Empowering Communities to Progress – alongside our Vision of becoming the bank for Europe's future. We are setting a new benchmark for banking.

Under our UniCredit Unlocked strategy, we continue to focus on our transformation as we seek to unlock further value for all our stakeholders.

Surpassing our targets

Our financial ambition when we launched our UniCredit Unlocked strategy was to reach a RoTE of circa 10% by 2024. **Once again this year we outperformed this target – achieving a RoTE of 16.6%** by taking proactive actions on efficient capital generation and cost management alongside the favourable interest rate environment.

In 2023 we also delivered on the €5.25 billion commitment made in our FY22 shareholder distribution programme. Furthermore, we front-loaded a €2.5 billion share buyback as part of the FY23 distribution policy of €8.6 billion.

Vis à vis the initial €16 billion shareholder distribution set out in our UniCredit Unlocked strategy for 2021-2024, **we have already achieved €17.6 billion distributions[1] over FY21-FY23 earnings, with the FY24 distributions of at least 90% of our FY24 net profit** further to come as part of the UniCredit Unlocked horizon. This excellent result was sustained by our superior organic capital generation which in 2023 reached 389 basis points in – well ahead of our UniCredit Unlocked yearly target of c.150 basis points and enabling **us to grow our already best-in-class CET1 ratio of 15.9% already reflecting the full €8.6 billion FY23 distribution**.

Creating shareholder value continues to be our focus, as evidenced by our improved profitability and per-share metrics. **We generated an FY23 EPS[2] of 4.71, which increased by 74% year on year, and a DPS of 1.78 – an increase of 80% year on year**.

Global Bank of The Year 2023: a testament to our ongoing transformation

Milestone – December

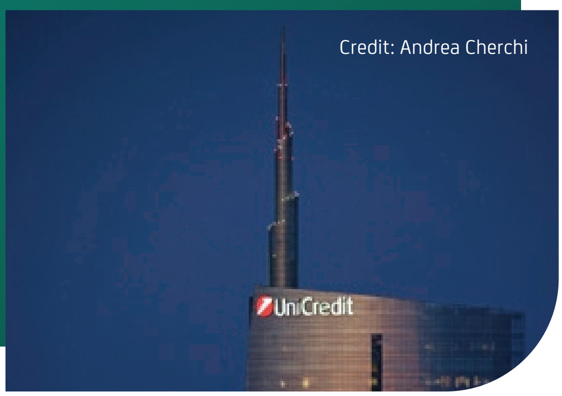
In December, UniCredit was hailed Global 'Bank of the Year' for 2023 at The Banker's annual ceremony in London, in a first for the bank, as well as being named 'Bank of the Year in Western Europe', 'Bank of the Year in Italy' and 'Bank of the Year in Bulgaria'.

Over the last two years, since the launch of its UniCredit Unlocked strategic plan, UniCredit has relentlessly worked on its cultural and industrial transformation, streamlining its systems, **increasing its digital and data capabilities, and embedding ESG principles in everything it does** – in order to become a fundamentally better, stronger bank for the communities it serves.

"We are immensely proud of these achievements. We will continue to raise the bar on behalf of our clients and communities on our path to be the bank for Europe's future."

Andrea Orcel
Group Chief Executive Officer and Head of Italy

Group



Credit: Andrea Cherchi

1. Pending Shareholder and supervisory approval on the remainder of FY23 distributions.
2. Earning per share (EPS) calculated as Net Profit – i.e. Stated net profit adjusted for impacts from DTAs tax loss carry forward resulting from sustainability test – on avg. number of outstanding shares excluding avg. treasury and CASHES usufruct shares.

Our three financial levers

Our financial ambitions are influenced by three interconnecting levers that are largely under our own control: net revenues, costs and capital. By optimising these levers we can drive consistent, sustainable, profitable growth underpinning current and future shareholder distributions.

Net revenue

Our **net revenues stood at €23.3 billion – an increase of 26% year on year**. This was mostly driven by net interest income, up 31% year on year, with resilient fees underscoring the quality and diversification of our product factories despite the challenging macro environment.

Cost of Risk remained very low at 12 basis points in FY23, confirming the robust quality of our credit portfolio and the conservativeness of our staging, provisions, and overlays.

Cost

Our **cost base at year end was €9.5 billion, slightly down year on year** despite high inflation across the UniCredit footprint. This was driven by our disciplined and targeted approach to efficiencies to structurally reduce our cost base while protecting revenue growth.

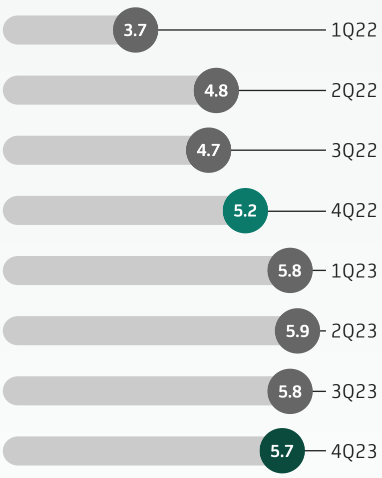
We continue to self-finance investments that will reduce the Group's structural long-term cost base, streamlining and simplifying our organisation and processes while continuing our hiring and investment strategy.

Capital

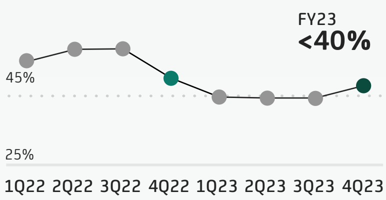
Our **organic capital generation of 389 basis points** is well above the ambitions laid out in our UniCredit Unlocked strategy, supported by a net profit of €8.6 billion and a €24 billion risk-weighted asset (RWA) efficiencies.

This success has been achieved thanks to, among other things, our proactive portfolio management – focused on capital efficiency while supporting clients.

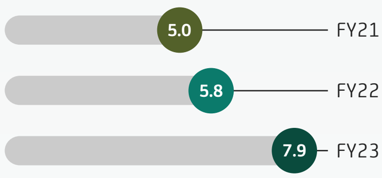
Growing net revenue base achieved quarter after quarter (bn)

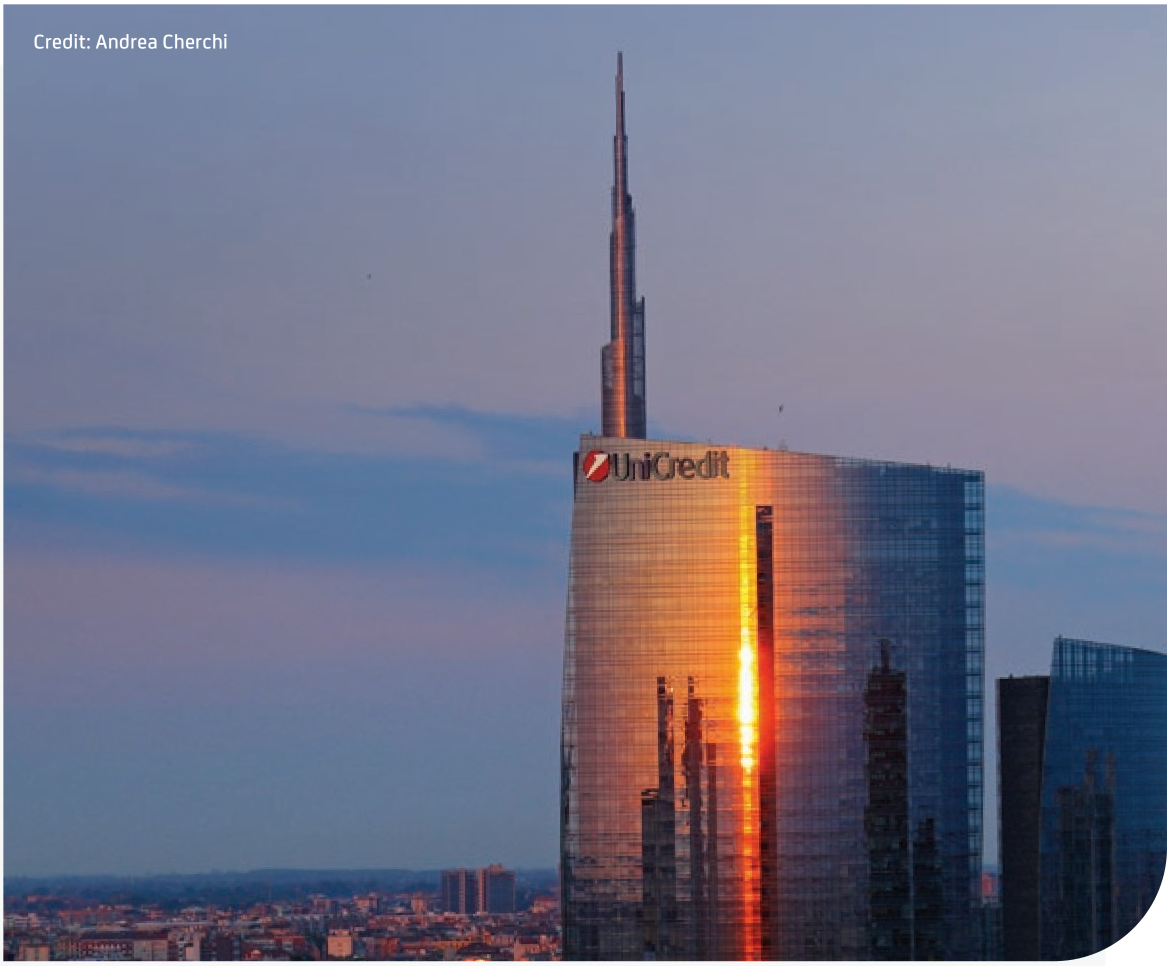


Leading cost/income ratio in the industry



Net revenue/RWA (%)





Credit: Andrea Cherchi

Driving shareholder returns

Milestone – April

In April, shareholders and the European Central Bank (ECB) approved our share buyback programme for a maximum of €3.343 million. The ECB's approval was based on the significant strength of the Group's capital levels and our best-in-class organic capital generation. Combined with the robustness of our liquidity position, these factors ensure we can weather stress scenarios from a position of strength.

The assessment took into account a capital trajectory under conservative assumptions and updated macroeconomic scenarios. It also considered the historical performance of the bank, which is operating at a new profitability floor; a new run-rate for earnings and distribution from which the business can grow further and continue to deliver strong results for all stakeholders.

Group

Read more about Financial Capital in the Integrated Report

See our microsite

Strategic initiatives and best-in-class partnerships

Underscoring our One UniCredit approach and further unifying all our markets, we continue to strengthen our best-in-class product factories. These in-house factories leverage our Group-wide scale and scope, and support an ecosystem of top-class partners.

In June 2023 we signed a landmark agreement with one of those partners: Mastercard. This was the first time any large commercial bank in Europe has put in place a single card multi-market strategy of this scale – allowing UniCredit to focus on emerging payments trends such as Mobile Payments and Wallets. The partnership will also enable us to develop innovative new solutions to satisfy customer needs – read more on page 59.

In Greece, our new strategic partnership with Alpha Bank is demonstrating the attractiveness of our products. Alpha Bank's customer base will benefit from access to a wider range of best-in-class product factories provided by UniCredit, creating a model that provides us with further growth potential; accelerating product development and knowledge transfer, giving us a stronger presence in this high-growth market.

We also expect our medium-term growth to be boosted by our strategic initiatives on fees. Our Asset Management strategy – based on rebuilding internal factories – is bringing higher retention of the value chain, more resilient revenue generation, and is expanding our reach. As a further example of the progress and development of our internal asset management capabilities, in 2023 we issued 18 onemarkets funds – which you can read more about on page 49 – as well as rolling out our internal investment platform in Central Europe.

Next steps

2024 Direction of travel

Looking to the future, 2024 is a normalisation year. We should absorb most or all of the headwinds facing us by further improving the quality of our earnings, our operational and capital efficiency and risk taking, while greatly rewarding the investors willing to embark with us on the next phase of our journey.

2024

Direction

Net Revenue
c.22.5bn

OCG
>300bps

RoTE
c.16.5%

Net Profit
Broadly in line with FY23

Double Digit Growth
EPS, DPS

c.10bn[1]
Best ever calendar year distributions

1. o/w c.€7.2 billion FY23 (Total FY23 distributions less part of first tranche SBB executed within 2023 (€1.4 billion)), c.€3 billion Interim FY24. Distribution subject to supervisory and shareholder approvals.

Looking beyond 2024, the second phase of UniCredit Unlocked entails the continuation of its vision and strategy driving further achievements.

We have transformed ourselves, and as such are comfortable committing to delivering significant value, quality and predictability over the long term.

UniCredit's future profitability is underpinned by its **substantial P&L buffers, with c.€1.8 billion overlays and a portfolio covered more than its peers** thanks to proactive staging, we can also leverage on **€1.1 billion integration costs** ensuring future cost efficiencies and providing an ample buffer, we will also benefit from lower systemic charges in excess of €200 million.

Our still ongoing industrial transformation represents an important lever to further increase our top line and further reduce costs. Our best in class capital position and organic capital generation will defend or further propel our distributions also leveraging on a bolted balance sheet.

P&L buffers

c.1.8bn

Overlays

On a **quality portfolio covered 1.5 billion more** than peers[1] ensuring a stable and structurally lower CoR to **protect or propel** in the future

c.1.1bn

Integration costs

In FY23 with **c.20% IRR**[2] to sustain future performance and a further reduction in cost base

>0.2bn

Systemic charges

Reduction in FY24 vs. FY23

Industrial transformation ongoing

Improving revenue quality

Building and investing in our in-house product Factories generating fees

Enhancing client journey

Investing in the **front-line** and **distribution channels**

Improving efficiency

Simplification and automation to further reduce costs and increase speed

Best-in-class capital position

Organic capital generation

Underpinning top tier distributions while continuously accumulating capital

Excess capital

CET1r at 15.9% FY23 significantly above target range allowing for strategic flexibility

Bolted balance sheet

Strong asset quality

A robust portfolio and structurally **low and stable CoR** ensured by vigilant origination and prudent coverage

Leading CET1r

Highest CET1r among peers even after considering distributions

Healthy liquidity ratios

Better liquidity ratios than peers and a self-funded balance sheet with **LCR >145% and LTDr at 86%**

1. Latest Publicly available data as of 3Q23: calculated as the sum of delta between UniCredit and simple average of peers of the ratio for each stage 1, 2 and 3 and multiplied with UniCredit loans of the respective stage; peer group: BBVA, BNP (2Q23), Deutsche Bank, ING, Intesa, Société Générale, Santander.
2. IRR calculated with returns on a 10 years time horizon.

Clients

Our 15 million clients are our most important assets – they are the reason we exist and the **focus of everything we do**. While there remains much to do, the last 12 months saw us take great strides in accelerating UniCredit Unlocked and providing clients with a new way of banking. We did this by investing in **improved product factory capabilities, greater use of technology and a more streamlined, agile organisation**. All of which were delivered by a talented, committed workforce capable of empowering clients and communities and helping UniCredit be **the bank for Europe's future**.

Our ambitions

- To support our clients and keep them at the centre of everything we do
- To develop best-in-class products and services
- To strengthen our advisory services and strategic dialogue

15m
clients

1st
for a single card multi-market strategy of scale in Europe

Read more about how we are placing clients at the centre of everything we do:

See the microsite

Our progress so far

Putting clients at the centre

Every client interaction and decision starts with a simple question: **how can we improve to give clients the products, services and support they need to thrive?** This is true for all our clients, regardless of size – from individuals and SMEs to major corporates operating internationally.

Our bank network is a real advantage here and a cornerstone of the UniCredit Unlocked strategy. We have 13 banks across Europe – and we leverage their combined scale while also retaining their individual local identities and strengths.

International scale, local insight

As an international bank, UniCredit has a **unique footprint and unmatched experience**. And we are able to bring our pan-European reach – with all the proven capabilities and market-leading expertise gained over decades – to the challenges faced by clients as though Europe was one market.

At the same time, our extensive branch network gives us **a local presence that is deeper and broader than most of our international peers**. We enjoy close client relationships that have been established for years. Our teams are on the ground, part of the community and with firsthand knowledge of individuals, families and firms. People know and trust us – and we know them too. We understand local economies and cultures, and how people and businesses can succeed within them.

Developing products and services to empower clients and communities

Our products and services sit at the heart of how we serve clients, with our Client Solutions platform made up of three best-in-class product factories – **Corporate Solutions, Group Payments Solutions and Individual Solutions**.

While each factory has specific responsibilities, they all follow a unified approach with harmonised service segments and a standardised delivery model to support the banks in our operating countries. This approach helps us be **faster, lighter, and more profitable** – with enhanced product and execution capabilities – while all the time **keeping the client at the centre**.

Using local knowledge to unlock a corporate IPO

Big is not always beautiful – and we work hard to meet the needs of all our clients, regardless of size. In Hungary, for example, we helped **Civita Group Plc.** issue 587,500 new shares via an IPO that raised around HUF 453,550,000 (approx €1.2m) of fresh capital.

This was a relatively small but important transaction for UniCredit Bank Hungary Zrt. and for the local capital market, with our bank acting as sole arranger and lead distributor of the transaction.

Hungary

Read more on the microsite

HUF 453,550,000

raised by issue of new shares

Getting lucky

In Serbia, our commitment to great customer focus took an unusual form. Through the "Lucky Cash Loan from UniCredit Bank" competition, we paid off the cash loans of five customers, up to a value of €10,000 each. To enter, customers had to suggest ideas for improving the quality of life in the local community – and our bank will implement the best idea.

"We wanted to promote the cash loan, one of the traditional banking products, in an innovative and special way. As a bank for which community empowerment is one of the main pillars of our business, we aim to add value to this campaign and provide an opportunity for our clients to propose ideas for improving the conditions of their local community."

Rastko Nicić
Member of the Management Board
and Head of Retail at UniCredit Bank Serbia

Serbia

Read more on the microsite

Together, the product factories **leverage our scale** and provide targeted product expertise for our in-country teams, delivering on our promise of **local reach with European connection**. By bringing together two key differentiating qualities – international scale and local insight – we can serve our clients with the best products and advice we can source. **We are not only more international than the local banks our in-country teams compete against – we are also more local than our international peers**.

By **segmenting our clients equally across the Group**, we are able to take the scale of our product factories and tailor them to serve each different client segment in the most effective manner.

Proximity to those clients and countries, coupled with a well-diversified, high-quality product portfolio, drove our business throughout 2023 and enabled us to make good progress on our journey to becoming the bank for Europe's future. We continued to give our product factories the backing and investment they need to be truly best-in-class – and to support our clients with **high-value ideas, solutions, and services** across all geographies and segments.

Many of our achievements made headlines and related to major transactions and globally important partnerships that had a material impact on Europe's financial ecosystem. But we are just as proud of how we met more country- and region-specific needs. These initiatives caused fewer waves but nevertheless made a real difference to clients and individuals. For example, the ESG support we provided to help clients on their own journeys towards more environmentally responsible practices will have a far-reaching impact on Europe in the years to come.

Empowering women

Research shows that on average women live longer and earn lower salaries – which is why they have specific matters to consider when it comes to finances. And although some progress has been made over the years, many women remain insecure about finance.

In Germany, we are **improving the financial awareness of women and helping them to make autonomous decisions**. HypoVereinsbank has launched a series of educational initiatives targeted specifically at women, including customer events, webinars for customers and employees, and an awareness campaign known as #EmbraceEquity.

In addition, the bank has transformed how it engages with women, using customer questions such as "What if we separate?" to open the door to conversations around issues including pension provision.

"Educate yourself on the subject of finance and pass on your knowledge to others. And most importantly: invest whatever you can spare."

Daniela Meyer and Astrid Zehbe
Financial experts

Germany

Read more on the microsite

Exploiting our scale...

Geographically agnostic, our product factories are staffed by talented and experienced professionals who create tailored solutions for clients of all shapes and sizes. The factories manufacture at scale and give our in-country teams the tools they need – so they can concentrate all their efforts on **delivering for clients**.

We introduced a third product factory in 2023, launching **Group Payments Solutions** to complement the existing factories focused on Corporate and Individual Solutions. Previously part of Corporate Solutions, our payments activities have always leveraged our close day-to-day relationships with our clients. Now, as a standalone product factory, Group Payments Solutions further builds on the strength of those relationships and is helping us sharpen our competitive advantage in what is a significant and capital-light growth area. Our ambition on the payments front is to be **every European client's first choice**. This means we need to be at the vanguard of industry trends, particularly in terms of how we look at the client experience – allowing us to capture more high value payments in the process.

During the year, our onemarkets fund again demonstrated how close collaboration between a product factory – in this case Individual Solutions – and our country teams can make a difference for clients. From a standing start in October 2022, onemarkets had assets under management of €3 billion at the end of 2023.

The Group Payments Solutions product factory also celebrated a notable win with our new **Group-level partnership with Mastercard**. The first deal of its kind, this landmark partnership has raised the bar for the quality of support that clients can expect from payment solutions. In the past, agreements with Mastercard had been ratified at country level, with local teams negotiating terms for their local clients. While this ensured the services provided by Mastercard were customised to local needs and totally suitable in their scope and delivery, they lacked the cost-efficiencies and outstanding value that **only a bank with our scale can negotiate**. Again, we have delivered the best of both worlds through this new agreement – globally competitive and very advantageous terms, provided at a local level by teams with personal and detailed knowledge of their markets, their cultures and their clients. Please see page 59 for more details.

"We are keeping our clients at the centre of everything we do. This means being able to adapt and evolve rapidly alongside their needs – something even more critical when it comes to payments."

Alberto Palombi
Global Head of Group Payments Solutions

Hey Buddy

Times change – and research told us that customers in Italy wanted a combination of digital support and human engagement with our teams.

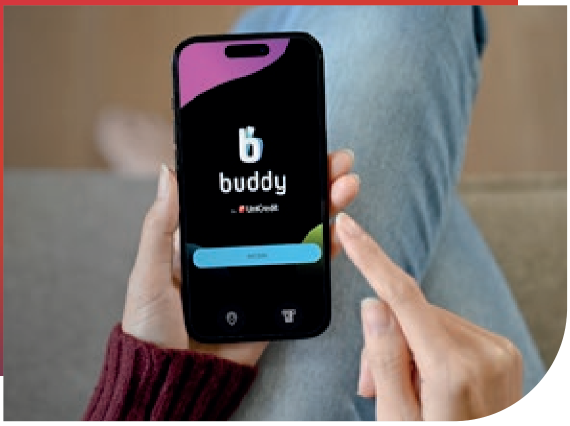
Our answer was to create **Buddy R-Evolution**, which we announced in 2023. In effect a "remote branch", this technologically advanced digital platform responds to customers' requests, offering them a **better way of banking and enabling them to manage their day-to-day finances more efficiently**.

"Putting our customers truly at the centre of the way we do business and our commitment to digital transformation are the fundamental pillars of UniCredit Unlocked. Buddy R-Evolution is a tangible demonstration of how we achieve both."

Andrea Orcel
Group Chief Executive Officer and Head of Italy

Italy

Read more on the microsite



...and our local presence

The clients and the communities we serve across Europe continue to face difficult times driven by geopolitical and economic uncertainty – and throughout 2023 we worked hard to help them navigate these challenges.

For example, in Italy, one of the ways we help clients is through the **'UniCredit per l'Italia** scheme. Backed by initiatives worth a potential total of €10 billion, this flagship programme empowers communities to progress by supporting the disposable income of individuals and households, as well as the liquidity of Italian businesses.

"In this phase of our country's economy, it is important to add the instrument of minibonds to the traditional support of the real economy, which allows SMEs to approach the capital market and diversify their sources of funding."

Remo Taricani
Deputy Head of UniCredit Italy

Like their counterparts across Europe, Italian businesses have also continued to benefit from the global expertise embedded in our product factories combined with the local knowledge of our in-country teams. In 2023, we passed the milestone **of €1 billion mobilised in favour of Italian SMEs** through our minibond instrument which allows businesses to obtain long-term funding and access greater credit stability – confirming our leadership in Italy's capital markets.

Keeping clients at the centre of everything we do means listening to their needs – not just about what we deliver but also **how we deliver it**. The opening of **UniCredit Bulbank's first completely cashless branches** in 2023 is a good case in point. This innovative format is a direct response to changing customer behaviours in Bulgaria, with visits to the bank now increasingly motivated by the need for consultations or the purchase of banking products and services. Research showed cash desk transactions down by 64% in recent years, and our new cashless branches have enabled us to evolve the roles of team members to meet customer needs more precisely.

And in Croatia, Zagrebačka banka smoothed the introduction of the euro as the country's official currency – showing strength, leadership and customer focus to become the **first Croatian bank to successfully enable the operation of mainstream euro banking services for clients**. Over the previous two years, plans for the transition to the new currency had led to the largest transformation project in the bank's history, with more than 16 workstreams and over 600 employees working together to carry out 10,000 tests of our systems. Thanks to all the hard work that took place in the background, Zagrebačka banka moved seamlessly to become the sixth member of the UniCredit Group operating in the euro area.

Supporting development in southern Italy

During the year we disbursed €17 million to support the investment plans of two companies that are implementing projects in the Campania Special Economic Zone (SEZ) area of Italy. The role of SEZs is to help bridge the economic disparities between the north and south of the country.

"The two investments supported by UniCredit, the first to be made in the Interporto Campano di Nola since the establishment of the Campania SEZ, bear witness to our desire to act as a financial partner of reference for companies wishing to invest in the south."

Ferdinando Natali
Head of South Region UniCredit Italy

Italy

Read more on the microsite

Strengthening our advisory services

Two years ago, we embarked on a journey to position UniCredit as the logical choice for advisory services. Starting from a relatively low base, we invested in people with the experience, expertise and contacts to help us get a seat at the table and make a difference. Those efforts have rapidly proved successful, and we are providing greater support to clients across the full spectrum of advisory and capital markets products – **delivering impactful content as well as market and product knowledge**.

During the year we played a major role on a number of key Equity Capital Markets transactions, including several in Italy, where we lead the market. As an example, we successfully listed **Ferretti**, a world leader in the design, construction and sale of luxury yachts.

Late in 2023, we took another important step forwards by creating **Advisory & Financing Solutions (A&FS)**, which unites our advisory and financing capabilities into a single, focused entity. A&FS brings together eight separate strengths in a new structure that provides a holistic approach for clients:

- Asset-based financing
- Debt capital markets
- Equity capital markets
- M&A
- Portfolio management
- Sectors
- Securitisation and asset-backed solutions
- Sponsor coverage

One of the new structure's key aims is to retain the focus on **capital-light advisory services**, supported by a product agnostic one-stop-shop of debt solutions.

New ways of working in Austria

Simplification is a key aim for us – and in 2023 we transformed how we engage with our Austrian clients by integrating the third party financing business of Bank Austria Finanzservice into UniCredit Bank Austria.

This new structure is changing our ways of working, giving us faster and simpler internal processes that lead to more rapid lending decisions for our clients.

"In order to further expand our joint number 1 position in the mortgage finance business, third party sales partner cooperations will in future be carried out directly from Bank Austria. This integration will make internal processes faster and simpler. Further major investments in the brokered financing business can be made more easily and efficiently within Bank Austria, and decision-making channels will become shorter."

Robert Zadrazil
CEO of UniCredit Bank Austria

Austria

Read more on the microsite

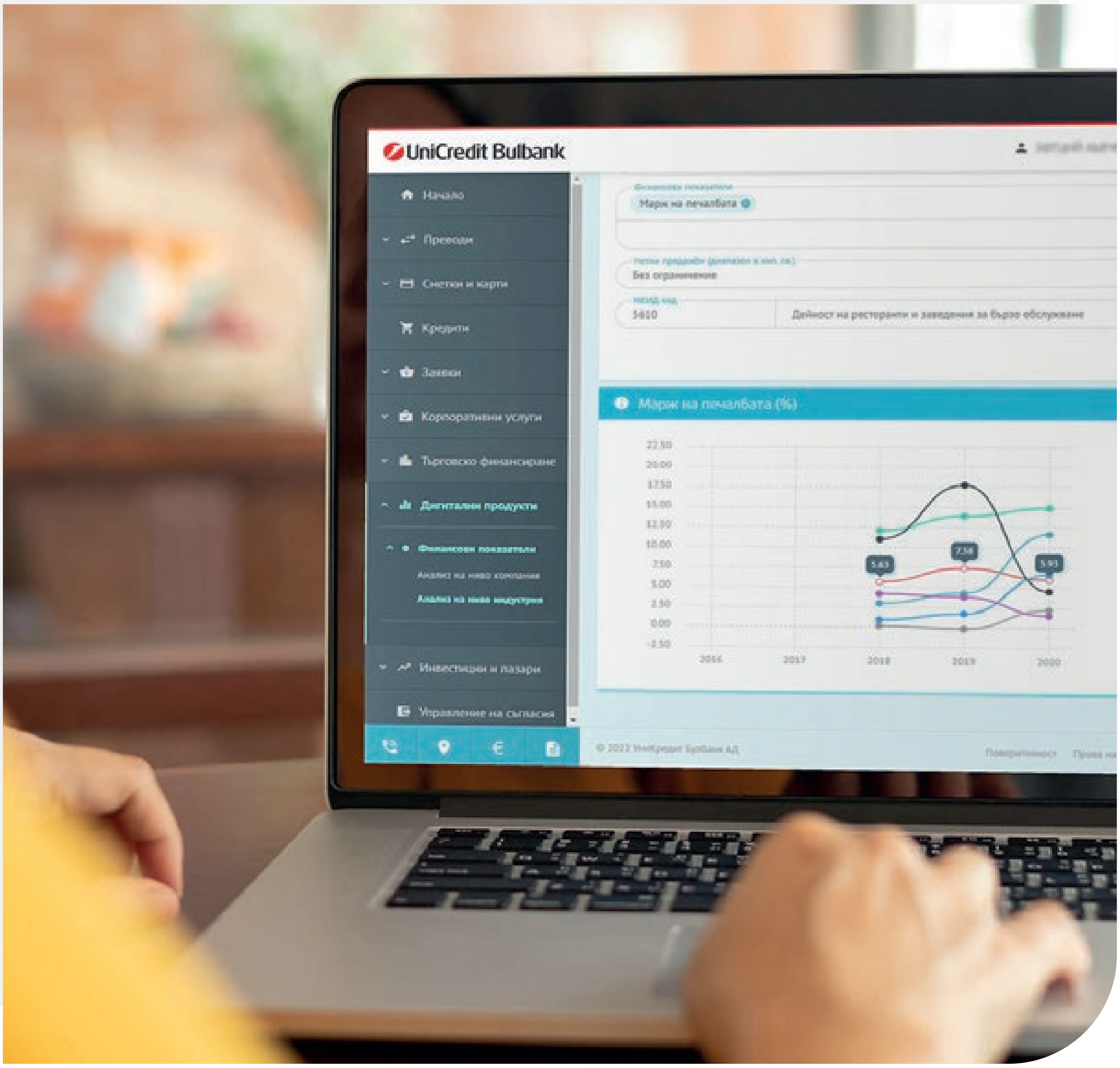
Microbusinesses, maxi revenue

Microbusinesses are a big growth area for UniCredit. In Bulgaria, greater digitalisation – supported by a streamlined contact, sales and service policy – has transformed how UniCredit Bulbank engages with microbusinesses, among other sub-segments.

Compared to the same period in 2022, the first half of 2023 saw a 20.3% increase in new business, a 12% increase in the loan portfolio and an 18% boost to income.

Bulgaria

Read more on the microsite



Changing how our sales team works

Successful transformation means being willing to change the ways we work. In Hungary, for example, this meant restructuring our sales team to boost client acquisition.

Backed by a 100% increase in agents, the regional manager of the Direct Sales Force is now solely responsible for client acquisition. This new structure has seen the number of new clients double thanks to initiatives such as the "increase your salary with UniCredit" offer which led to more than 600 existing corporate clients signing contracts.

"The game changer to unlock acquisition potential was to do things differently: value proposition, way of working and network presence was tackled to unlock potential."

Csaba Kiss
Head of Retail Network

Hungary

Read more on the microsite

Next steps

We have come a long way since starting our journey to transform UniCredit into a more client-focused bank. **But there is also a lot more yet to do**.

Our transformation will continue in 2024 and beyond, as we seek to elevate our fee base by investing in a **comprehensive offering that meets all clients' needs**, leveraging on our inherent strengths and best-in-class partnerships.

For our Client Solutions division, the goal is not primarily to win new clients, but to serve our existing ones better. Across 13 countries, 15 million clients – from individuals and SMEs with a handful of employees to large global corporates – trust UniCredit to provide them with the right products and services. Our task is to build on that trust by **evolving our processes and our ways of working** so that we can do more things for more of those clients, better than ever.

The combination of **local reach and European interconnection** is a powerful advantage that will again sit front and centre in how we engage with clients. Unlike many banks, we have the expertise to handle significant ECM transactions for blue chip companies, while also understanding our local clients and markets, and tailoring products and services to meet precise needs.

Four strategic levers will help us accelerate and outpace our competitors:

- **Asset Management** – increasing our funds offering, retaining a higher share of the value chain by leveraging products developed by our three product factories.
- **Insurance** – further internalising life insurance and enhancing our non-life offering, supported by refocused resources and improved technology platforms.
- **Payments** – unlocking our inherent strengths by collaborating with external partners, including technology partners.
- **Corporate Solutions** – continuing to grow our expertise and product reach.

These levers will be underpinned by our drive towards **greater digitalisation**. The last 12 months saw important enhancements to our UC Trader platform for FX and Commodities – and this is a real-life example of how digital connectivity can improve and simplify the client experience.

While we have undoubtedly set new standards, our transformation is far from complete – but we have all the tools we need to reach the next level and become the **go-to bank for the European mid-corporate space**.

Simple, fast, effective

Part of our focus on increased digitalisation, our online FX and commodity platform UC Trader gives clients direct access to live pricing and rapid execution for spot, forward and swap trades. We are continuing to make this state-of-the-art single dealer platform available to more clients, and were pleased to see it receive approval from regulators in Serbia during the year.

Serbia

Read more on the microsite

Our Clients milestones

The case studies on the following pages highlight the key achievements and developments of 2023.

Stellar advisory – supporting a leader in space logistics

Milestone – December

“This milestone marks a seismic leap in our company’s evolution. Our profound gratitude not only goes to every investor in the round but also UniCredit, who expertly supported the process from start to finish.”

Luca Rossettini
CEO of D-Orbit

“Our support for D-Orbit not only signifies the depth of the content we can bring to clients around emerging, high-growth sectors, but also our ability to execute and attract private capital across a wide and diversified investor base.”

Luca Setti Carraro
Director – Alternative Capital Markets

UniCredit acted as Equity Private Placement Advisor to D-Orbit in the context of the €100 million+ first closing of its Series C funding round. This represented the largest equity private placement in Italy in 2023 and a landmark transaction in European private capital markets.

Founded in Italy in 2011, **D-Orbit** is a market leader in the space logistics and orbital transportation services industry with a track record of fifteen missions completed and 140+ payloads brought into space to date. The company directly addresses the logistics needs of the space markets via its ION Satellite Carrier, which can release satellites individually into distinct orbital slots – reducing the time to operations by up to 85% and the launch costs by up to 40%.

D-Orbit’s vision is to create the logistics infrastructure that will power the future in-orbit economy by enabling the sustainable transportation of goods, information and people in space.

Thanks to the close collaboration between our Alternative Capital Markets and Ultra-High Net Worth teams, we played a leading role in the transaction – bringing the largest follower investor in the round, as well as ensuring the first closing happened by the end of the year, a key priority for management.

As ever, our capital markets competences, strategic dialogue and unparalleled equity distribution capabilities came to the fore in driving a successful outcome.

Proceeds from the investment round will fuel the continued expansion of **D-Orbit’s** space-logistics service offering in areas such as in-orbit satellite servicing and space cloud computing, whilst also helping to reinforce **D-Orbit’s** operational capabilities across the US, Europe and United Kingdom.

Italy

€3bn
assets under management
at the end of 2023

Unlocking transformation, together.

For our clients seeking our asset management expertise

Milestone – October

The end of 2023 marked the first anniversary of a fund that has signalled a new beginning for UniCredit and our clients. Drawing on the scale of our Group and the strong synergies between our product factories and our networks, onemarkets fund is reclaiming and reinforcing our asset management competencies, giving clients access to our in-house expertise alongside that of some of our industry's leading partners, such as BlackRock and J.P. Morgan.

onemarkets is a unique, balanced offering of 18 funds covering the Equity, Bond and Multi-Asset classes. It was initially launched in Italy, Germany and Austria, with the Czech Republic, Slovakia, Hungary, Romania and Bulgaria following later in the year. **In total, the fund had assets under management of €3 billion at the end of 2023.**

Now we are set to launch a further 12 funds under the onemarkets brand, driven by our understanding of our clients' needs and delivered by our people working as one team with a common purpose: **to unlock UniCredit and provide best-in-class products to all our clients.**

Group

"The first year of onemarkets Fund is a powerful demonstration of what we can achieve when our product factory works hand in hand with our networks by internalising value chains, innovating and designing best-in-class products and bringing the scale of the Group to bear – all whilst keeping the client at the centre in everything we do."

Richard Burton
Head of Client Solutions

"The launch of onemarkets Fund and the rollout across our networks in the past twelve months has been a huge team effort and is driven by knowing our clients' needs. Thanks to an increase in the funds rollout across the Group, which leverages on internal portfolio management skills and the expertise of best-in-class asset managers, we are seeing a positive dynamic and strong increase in assets under management. By continuing to work as one team with a common purpose, we will achieve even greater results in the future."

Claudia Vacanti
Head of Group Investment & Protection Products

Underlining our strength in telecoms

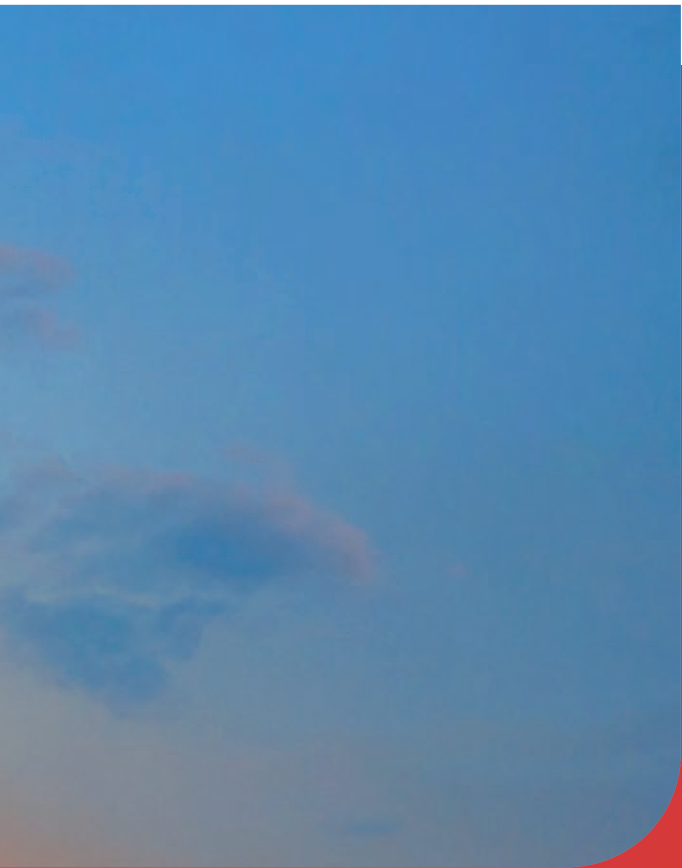
Milestone – January

Our **track record in the Digital sector was further endorsed** when we acted as Underwriter, Active Bookrunner, Mandated Lead Arranger, Facility and Security Agent as well as Hedging provider to the acquirer on the €7 billion **GD Towers** transaction. The deal enabled **Deutsche Telekom (DT)**, the largest telecommunications provider in Europe by revenue, to divest a stake in **GD Towers** an established tower company in Austria and Germany which maintains telecommunications infrastructure across more than 40,000 sites. 51% of **GD Towers** has now been acquired by a JV of **DigitalBridge** and **Brookfield**, two of the leading global digital infrastructure funds.

This was an important step for our market-leading digital infrastructure franchise. **Despite a challenging market environment, we provided strong structuring and syndication expertise as well as solid distribution capabilities** – strengthening our reputation in the tech sector and our leading position in financing digital infrastructure in Germany. The **GD Towers** transaction added to previous deals with a volume of €9.5 billion for fiber infrastructure and €0.5 billion for data centers across 2022 and the beginning of 2023.

Germany

Read more on the microsite



"We would like to thank UniCredit for their role in facilitating DigitalBridge's acquisition of a majority stake in GD Towers in partnership with Brookfield. Their expertise was instrumental in the success of this landmark transaction. We look forward to the continued success of this venture and its future growth."

Zach Gellman
Principal DigitalBridge

"We want to express our appreciation to UniCredit for its support in the acquisition of GD Towers. This transaction exemplifies the significant amount of capital needed to enable the digitalisation of the global economy, one of three mega trends influencing our investment in infrastructure."

Marcus Da Costa
European Head of Capital Markets,
Brookfield Infrastructure

Enabling the introduction of the euro

Milestone – January

The first day of 2023 was a momentous occasion in the history of Croatia, as the euro became the country's official currency.

In the face of this pressure, Zagrebačka banka took the opportunity to show its strength and leadership, becoming the **first bank in Croatia to successfully enable the operation of main banking services for clients and a smooth transition to the new currency**.

"The process of introducing the euro is one of the most demanding projects that banks in Croatia have ever faced. Realizing its responsibility and role, Zagrebačka banka put the euro introduction project in the first place, allocating large technical, human, and financial resources, so that citizens and legal entities could dispose of their liquid funds in euros, and payment transactions would function in the new currency."

Ivan Vlaho
Zagrebačka banka CEO

Croatia

Read more on the microsite

M&A enabler – levelling up our strategic dialogue

Milestone – June

In May, UniCredit acted as financial advisor to Swiss travel retail player Dufry AG (now Avolta AG) in its acquisition of Autogrill SpA – a leading operator of food and beverage services since 1947 active in thirty countries.

The tie-up created a new Group with a dual purpose at its core: to develop a new range of products and services to meet the challenges of a sector in constant evolution, and to improve and innovate the customer experience around travelling.

The transaction valued **Autogrill** at circa. €4 billion, and took place in two steps – firstly, with the transfer of controlling shareholder Edizione's shares in **Autogrill** in exchange for newly issued **Dufry** shares.

Dufry then launched a mandatory public exchange tender offer on the remaining shares of **Autogrill**, offering shareholders the possibility to exchange Autogrill for Dufry shares at a rounded exchange ratio.

The tender offer was completed successfully with a final shareholding of **Dufry** in **Autogrill** of 94.5%, allowing the subsequent buyout of minorities and delisting.

The transaction at once underlines our public M&A credentials, as well as the close collaboration between various industry and capital markets teams – **UniCredit truly Unlocked as impactful content meets seamless market execution**.

"We want to be able to support our clients across the full spectrum of advisory and capital markets products – delivering impactful content, as seen here on the retail side, as well as execution capabilities. For us, it's about showing our value and having as many strategic conversations as possible."

Riccardo Penati
Head of Consumer, Healthcare and Retail Investment Banking

Switzerland (Dufry)

Italy (Autogrill)

Enabling growth in a tough environment

Milestone – April

Despite a challenging market and poor investor sentiment, we were able to help a leading German company raise €272 million via an Accelerated Bookbuild Offering. With 12,000 employees and 35 plants worldwide and 160 years of history, Gerresheimer AG is a global partner for the pharma, biotech and cosmetic industries. The company offers a comprehensive portfolio of pharmaceutical containment solutions, drug delivery systems and medical devices as well as solutions for the health industry. In short, the company plays an important role in improving people's health and well-being.

Acting as Joint Global Coordinators, our team provided timely and accurate advice to **Gerresheimer**. By using a customised wall-crossing approach, engaging in constant dialogue with investors and with the active participation of **Gerresheimer's** management and investor relations team, we were able to generate early momentum and high-quality demand. 3.14 million new shares were placed at €86.50 and delivered in April 2023.

This was the largest German primary ABB in the Healthcare sector since early 2021 – and the funds will be used by **Gerresheimer** to capture significant growth opportunities, with a particular focus on high value pharmaceutical containment solutions and medical devices for biologics, including GLP-1 based drugs for the treatment of obesity. This will further strengthen **Gerresheimer's** leading market position.

"The UniCredit team guided us through the accelerated bookbuilding process, provided valuable advice at every step of the way and ensured a fast and smooth transaction."

Dr. Bernd Metzner
CFO Gerresheimer AG

"We have been the core bank for Gerresheimer for many years. Working with the ownership across different product teams gave us a great opportunity to structure tailored solutions that delivered key benefits to our client."

Thomas Alms
Coverage Banker UniCredit Bank GmbH ("HypoVereinsbank")

Germany

Supporting the shift to a cashless society

Milestone – May

Driven by our goal of listening to the needs of local clients and responding accordingly, in Bulgaria UniCredit Bulbank opened its first completely cashless branches in 2023.

We created this innovative format following permanent changes in customer behaviour, with visits to the bank now increasingly motivated by the need for consultations or the purchase of banking products and services.

"The establishment of the bank's cashless offices provides flexible and innovative service solutions and improves the customer experience. At the same time, the employees in the branches show a stable trend of increasing productivity and efficiency, as the measurement of daily activity shows that 60% of the time is spent on consultations and after-sales service compared to engagement in cash and operational service."

Ekaterina Kirilova
Director of the Branch Network at UniCredit Bulbank

Bulgaria

Read more on the microsite

Floating a luxury yacht-maker

Milestone – June

Following its flotation in Hong Kong (HK) in the previous year, our team enabled luxury yacht-maker Ferretti Group to become the first ever company with a dual HK/Milan listing. We acted as Joint Global Coordinator and Joint Bookrunner on the Milan listing, with the offer priced at €3 per share, giving the company a valuation of around €1 billion.

Ferretti Group is the global market leader in the design, construction and sale of luxury yachts and pleasure vessels. The company has established a long-standing reputation for exceptional quality and exclusive design, futuristic technology and supreme performance on the water. The Group owns a unique portfolio of prestigious brands among the most exclusive in the nautical world: Ferretti Yachts, Riva, Pershing, Itama, CRN, Custom Line and Wally, and it is the only nautical group in the world that manufactures and offers a wide range of models in all sizes: from 8-metre motor yachts to 95-metre-plus super yachts.

"We design and manufacture the most beautiful yachts in the world, but inspiration alone is not enough. Behind it lies all the work without which we wouldn't now be able to hold up these numbers, and I'm twice as pleased because we are listed on both the Hong Kong and Milan stock exchanges, a process that took just 15 months with UniCredit's support: together, we've written a book that no one has ever written before and I'm certain that others will follow in our footsteps."

Alberto Galassi
Ferretti Group CEO

Ferretti Group is heir to Italy's centuries-old yachting tradition, with a unique sales portfolio consisting of seven prestigious brands. It owns and operates seven shipyards across Italy, serving clients in over 70 countries worldwide.

As well as being the first HK/Milan dual listing, this landmark transaction was also the first follow-on priced at reference market price (implying a premium to **Ferretti Group's** last closing price in EUR terms). Our team played a leading role, also acting as Listing Agent and navigating legal and operational procedures to allow fungibility of Milan and HK markets. Despite a subdued European IPO market, **we once again demonstrated our strong advisory and capital markets capabilities, providing strategic support and unparalleled equity distribution**.

Thanks to extensive early marketing and an intense investor education exercise, books were covered in less than one hour on the full deal size, with our UHNWI team bringing anchor commitments and the largest Italian order in the book – thereby once again playing a crucial role in **leveraging our network and generating solid, long term and high-quality demand**.

"We are now pitching more effectively than ever, with increased conviction and confidence, implying that we deserve to lead deals. The context was also important with Ferretti. In a booming market, all banks can show some degree of strength. It's when markets are less supportive that you appreciate true advisory capability."

Silvia Viviano
Global Head of Equity Capital Markets

Italy

Discover more about Intellectual Capital in our Integrated Report

See our microsite

Helping Italian households and firms

Milestone – June

The latest tranche of our 'UniCredit per l'Italia' plan was launched in 2023 to support the country with initiatives worth a potential total of €10 billion. Following the decisive actions we introduced in 2022 through the initial tranche of 'UniCredit per l'Italia', which enabled households and businesses to cope with rising energy and commodity prices, this latest series of initiatives aims to give concrete support to individuals and families grappling with inflation, as well as to provide new resources for the development of specific sectors and territories.

The new measures – which are another sign of our commitment to customers and to local communities – include:

- Concrete measures aimed at cost containment for customers, including flexible financing and new resources for spending and investments
- €4 billion to support the spending of individuals and households
- €6 billion in new financing for tourism, Made in Italy and Special Economic Zones ("SEZs")

Italy

Discover more about Social and Relationship Capital in our Integrated Report

See our microsite

€4bn

to support the spending of individuals and households

€6bn

in new financing for tourism, Made in Italy and Special Economic Zones

"Italian families and businesses have shown extraordinary resilience and adaptability in the face of significant macro-economic pressures, including rising rates and high inflation. These impressive individual reactions have enabled Italy's collective response to be stronger-than-expected, and the economic situation in recent months has been better than we might have feared."

Andrea Orcel
Group Chief Executive Officer and Head of Italy

"With this second tranche of 'UniCredit per l'Italia' we are reiterating our commitment to be on the side of all customers. We continue to support individuals, households and businesses to enable a more flexible management of their financial commitments, helping them to better address daily priorities, while also making available new resources for investments. In this way, we want to strengthen the foundations to guarantee the country sustainable growth that benefits all territories."

Annalisa Areni
Head of Client Strategies Italy

13

The new agreement leverages the collective strengths of our 13 banks across Europe

Unlocking transformation, together.

For the cardholders looking for better ways to pay

Milestone – May

Our new partnership with Mastercard is a great example of our new way of managing projects in UniCredit, bringing benefits to all stakeholders and acting as a united company.

Historically, each of our countries had negotiated separate agreements with **Mastercard**. In line with the UniCredit Unlocked strategy, that way of working has been superseded by a more collaborative approach. The new agreement leverages the collective strengths of our 13 banks across Europe to transform services for people and businesses.

This is the first time that a large commercial bank has put in place a single card multi-market strategy on this scale in Europe. And it means that every single UniCredit customer, from an individual to a multinational corporate, in every single one of our operating countries, can benefit from simplified products, reduced costs and an enhanced digital experience.

"UniCredit has been an important partner for many years. Together we have created real solutions that help people and businesses across Europe. This expanded relationship will build on that experience to bring new innovations to UniCredit cardholders."

Michael Miebach
Mastercard CEO

"This partnership epitomises the essence of UniCredit Unlocked and our commitment to leverage the full impact of our multi market footprint as one complete offering for the benefit of our clients."

Andrea Orcel
Group Chief Executive Officer and Head of Italy

Group

Read more on the microsite

People & Culture

Our colleagues are the beating heart of the Group – and they have once again embraced **UniCredit Unlocked** to help us realise the great value within this institution. We are **transforming our Culture** to create an engaging and positive working environment where we can **Win. The Right Way. Together**. Our Culture is underpinned and inspired by our clear set of **Principles and Values: Integrity, Ownership and Caring**.

Our ambitions

- To attract, develop and retain the **best talent**, no matter their diverse traits
- To foster a **psychologically safe, positive and inclusive environment** where every employee can fulfil their potential
- To create a **better workplace** by redefining our culture and investing in people, technology and processes, supporting our vision of **being the bank for Europe's future**

46%
women in Group Executive Committee (GEC)

35%
women in Leadership Team

Read more about how we are transforming our culture for our people:

See the microsite

Our progress so far

Purpose, Culture and Values

One year after setting the foundation for our **UniCredit Culture**, we are seeing evidence of transformation across the organisation. Today, we are a **different and better bank** – a more solid, more resilient Group, united behind the common goal of driving social change and **empowering the communities** in which we operate to progress.

Our Culture puts us on the front foot, energised and emboldened, and helps us deliver on **our Purpose, Vision and Strategic Plan**. We put our Values at the heart of our decision making and we work together as one team – true partners to all our stakeholders.

Transforming our Culture

We began our **global Culture transformation** in 2022 and kicked into an even higher gear in 2023 – with more events, more colleagues involved, more initiatives and more remarkable results.

The best barometer of progress is our **annual Culture Day**, which we held for the second time in 2023. If the inaugural event in 2022 was a resounding success, with more than 17,000 colleagues joining to hear about how we are transforming Culture at UniCredit, the follow-up was more impressive still. In 2023, **30,000 people** across our markets gathered online and in-person for a fully immersive two-day event – which you can read more about on page 73.

We are continuing to **embed our Culture throughout the Group** via our Culture Network. Established during the first Culture Day and initially comprising 24 Culture Sponsors and 27 Culture Champions, the Network has since exploded in popularity – growing to more than 1,500 colleagues in the space of a single year. This collection of passionate, committed ambassadors supports our Group Culture team by **living our Values every day, helping reinforce our Culture across Europe**.

Members are motivated, engaged and eager to drive our Culture transformation every day, in every way. Alongside their day jobs, they work across all our countries and areas to develop and run initiatives that shape our Culture and help our people embrace our Values.

Improving the recruitment process

Recruiting the right people will be a crucial part of executing our UniCredit Unlocked strategy over the long term.

Against a backdrop of digitalisation and simplification, and to support the activities of our managers and People & Culture colleagues in all phases of the recruitment process, we have launched a **unified career portal** for colleagues in our Austrian, German, and Italian banks.

The new tool – **Avature** – is also helping us create a better candidate experience. In 2024, it will additionally be implemented across our CE&EE banks where digital tools such as chatbots are already supporting the standard recruitment approach.

"This is a further step in the standardisation and digitalisation of our employee lifecycle across UniCredit. It shows collaboration across People & Culture colleagues and the Digital team, who contributed with energy and passion to this initiative."

Siobhán McDonagh
Head Group People & Culture

Read more on the microsite

A constantly evolving Culture

As we strive to help colleagues develop a better understanding of our Values, Culture Network members in Germany rolled out the "Culture Jour fixe" (CJf) format. In addition to further embedding our Culture in the region, CJf is also allowing us to gather feedback on how our Culture can evolve across teams.

And, in line with truly living our **Ownership Value**, despite having only launched the initiative at the start of the year the format has already been reviewed and enhanced. Following feedback on CJf sessions throughout 2023, and supported by Culture Sponsor and CEO Marion Höllinger, members have quickly added interactive elements – including icebreaker exercises and the use of digital tools.

"We are so happy to see that our community is not only growing but has become such an important factor in promoting our three values and incorporating them in everything we do."

Tobias Bücher
Culture Champion Germany

Fabienne Ropeter
People & Culture Transformation

Germany

Read more on the microsite

In Germany, for example, our 30 Culture Network members spearheaded the development of the **"Culture Jour fixe" format**, helping gather more feedback to support managers and empower colleagues. In addition, colleagues in Italy introduced a moment during the working day where employees across our more than 2,000 UniCredit retail branches could share with others how they are representing our Values.

Throughout the year Culture Network members attend **Culture Bootcamps** designed to dive deeper into our Culture and give them the tools and knowledge to embed our principles, initiatives and mindset across the Group. The first Bootcamp was dedicated to Culture Champions and Sponsors, but since then more than 30 additional workshops have involved over 1,800 UniCredit colleagues.

If we are to fully transform our Culture, it is crucial that we keep every colleague involved and informed. An **annual Culture Progress meeting** has been established for Culture Sponsors and Champions to present our greatest achievements and concrete results to our Group CEO and top-level management. Taking place for the second time in October 2023, we discussed the outcomes of 50 best-in-class initiatives throughout the year – and how our Values are being lived every day by colleagues in all our markets.

Volunteering

As a bank we are **committed to fostering social progress** for our clients, creating opportunities for **young people across Europe** through the UniCredit Foundation – which you can read more about on pages 126–133 – and supporting those who are the most vulnerable. We are laser-focused on our **Purpose – Empowering Communities to Progress** – but, collectively, there is always more we can do.

In less than a year since its official launch, **our first Group-wide Volunteering Community** has grown impressively, engaging employees from all countries in nearly 280 initiatives.

Caring for colleagues hit by natural disaster

The floods of August 2023 caused devastation across much of Slovenia. To support colleagues, and to live our Value of Caring, we quickly organised for solidarity aid to be paid to all those affected – while also mobilising our volunteers to help those in the worst-impacted areas of the country.

We remained in constant communication with colleagues to offer advice and additional support, including free counselling sessions, alongside information about how they can get involved with our volunteering efforts.

19 colleagues were supported with solidarity aid and **280 hours** were dedicated to our communities by UniCredit volunteers.

"Such extraordinary and dramatic events also bring out the extraordinary goodness in people – and it has been shown so generously by the colleagues in the Bank. I am very grateful for all the good I have received."

Pavel Galjot
Senior Analyst in Planning

Slovenia

Read more on the microsite

Volunteering represents one of the key levers of our social contribution, demonstrating the many ways we care for our local communities. We empower all colleagues across the Group to volunteer their time, through:

- **Skills-based volunteering**, sharing skills and competencies to drive the progress of our local communities through education, mentoring and coaching
- **A dedicated Volunteering Day** for all UniCredit Group employees, who can dedicate their time to a cause close to their heart
- **Action Volunteering**, where we can quickly mobilise our resources in emergencies

We know that even a single day can make a big difference – and we recognise the importance of extending our efforts across Europe so we can **fulfil our Purpose**. Now, more than ever, it is essential that we maintain our commitment to the **"S" in ESG** by caring for the communities in which we operate.

In Slovenia, when **1.5 million people** were hit by flooding in August 2023, we quickly found ways to support our colleagues and our community. We paid solidarity aid to all affected colleagues and volunteered in person to help those in the worst-impacted areas of the country. Read more on page 63.

And, where we cannot volunteer in person, we find other ways to contribute. For example, colleagues and customers from UniCredit Bank Austria **donated €220,000 to relief efforts** in Turkey and Syria following the 7.8 magnitude earthquake that impacted more than **20 million people** in February 2023.

€220,000

UniCredit Bank Austria donated €220,000 to relief efforts in Turkey and Syria following the 7.8 magnitude earthquake in 2023

A top place to work in Europe

If we are to continue to make the greatest impact for our communities and our clients, we need a workplace that talented people want to join and remain part of. Our commitment to creating a **better environment for our colleagues** was underlined in 2023 when, for the seventh year running, UniCredit was named one of the **Top Employers in Europe** and across several countries in which we operate: Austria, Bulgaria, Germany, Hungary, Italy and Serbia.

Our commitment to our people

"This recognition is of critical importance to us and testament to the fact UniCredit is an employer that empowers its people to succeed. I am very proud that each year we reconfirm our commitment to providing a better working environment for all our people, and we are building a strong cultural foundation for our bank by embedding our Values of Integrity, Ownership and Caring in everything we do."

Siobhán McDonagh
Head of Group People & Culture

Taking our Culture on the road

In 2023, as we sought to embed our Culture across Europe, our Culture Roadshow reached more than 7,000 colleagues. We held meaningful discussions and activities in Bosnia and Herzegovina, Bulgaria, Czech Republic, Hungary, Italy and Serbia, following previous successful events in Austria, Croatia and Germany.

The Roadshow was led by our senior executives, helping to deepen our colleagues' understanding of how **UniCredit puts its Values into action**. Several of these sessions also involved local corporate clients sharing their experiences of culture within their own companies.

Group

Read more on the microsite

7,000+

UniCredit colleagues took part in the discussions and activities

Mapping our most influential colleagues

In Serbia, our new OrgMapper I INFLUENCE tool helps identify 'hidden' influencers – the most influential, capable and best-connected employees – within our workforce. The tool not only reveals who is best-placed to help embed our Culture with their colleagues – our 'UNInfluencers' – but identifies areas where we may need to work harder to get our messages across.

Our **UNInfluencers** are the people others go for advice, support, feedback and inspiration – they are the ones they trust the most, and help us bridge the gap between all levels of the organisation. In Serbia we have ranked **our top 20 UNInfluencers**, who will help strengthen our Values and develop cultural strategies in accordance with our mindset.

"I was very surprised and extremely proud when I found out that I was one of the UNInfluencers, because this is the voice of UniCredit Serbia, and the voice of my colleagues."

Vlasta Jovanović
Head of Advisory & Specialised Lending

Serbia

Read more on the microsite

Diversity, Equity and Inclusion

One sign of a top place to work is an **equitable, inclusive and diverse workforce**. At UniCredit we have long recognised the strength this can bring to our business – and the importance of a fairer, more inclusive and positive working environment.

We believe that when **Diversity, Equity and Inclusion (DE&I)** work in harmony great things happen:

- People feel respected and valued for their contributions, directly **impacting productivity**
- People feel a sense of belonging, connection and shared pride, **positively affecting health and well-being at work**
- People feel able to express their views and ideas, fuelling **creativity, innovation and diversity of thought**
- People feel their potential is acknowledged, helping to **unlock talent and improve performance and job satisfaction**

Together, this helps us achieve sustainable business growth and better serve everyone from clients and communities to shareholders.

Our commitment to DE&I is supported by our **six self-organised Employee Networks**. These dedicated teams have more than 1,000 members promoting DE&I and running initiatives around gender, disability, the LGBTQIA+ community, ethnicity, the generational gap and care giving.

And our progress is being recognised. UniCredit was ranked in the **Top 100 Globally for Gender Equality by Equileap** for the second year in a row, named one of **Europe's 2023 Diversity Leaders** on general diversity, ethnicity, LGBTQIA+, age and disability by the **Financial Times**, and included for the fourth time in **Bloomberg's 2023 Gender-Equality Index** – with an overall GEI score above the sector benchmark.

We are setting the benchmark for financial institutions the world over. UniCredit banks in Hungary, Bulgaria, Czech Republic, Slovakia, Romania, Croatia, and Serbia have been awarded **EDGE Certifications**, joining UniCredit's already certified banks in Italy, Germany and Austria – and making us the first banking industry organisation to hold the **Global EDGE Certification**. Read more on page 71.

Our **DE&I Global Policy** supports our Culture transformation and defines expected behaviours by everyone in our Group, increasing transparency and providing direction on the ways we are addressing positive change.

Read more about our DE&I framework and commitments

See our microsite

Putting our customers first

"We are thrilled to have launched our C.A.R.E.S. programme and we are already seeing the results, not only in-house – colleagues better understand now the importance of CX and act on it – but also in relation to our customers, who are more and more satisfied with our services, as seen in our NPS results, and in the sharply declining number of complaints. Certainly, it's a long journey, but we have made the first steps and see the road clearly ahead of us – and we are ready to follow."

Laura Tengerdi
Head of Customer Experience

UniCredit Bank Hungary has made **customer experience a strategic priority** – constantly acting in customers' best interests to provide both retail and corporate clients with outstanding service and tangible benefits.

As part of this commitment we launched our **UniCredit C.A.R.E.S. – Customer, Action, Return on investment, Employee and Strategy – programme**. Built around our **Value of Caring**, the programme puts customers and employees at the centre to make customer experience a key component of our daily activities – increasing loyalty and enhancing our performance.

Hungary

Read more on the microsite

Recruiting, retaining and developing the best people

As part of our **Vision to be the bank for Europe's future**, we are looking for people willing to walk with us in this direction. We strive to support our employees' growth by providing a unique and dynamic professional journey.

We are building a workforce that embodies our **Values – one with Integrity, that has Ownership and is Caring**. Those same Values are embedded in our recruiting processes and throughout our policies, ensuring transparency, fairness and equal opportunities for growth across the Group.

We **empower our people to progress** throughout their professional lives by listening to their needs, investing in skills-based training and development plans to meet them, and by promoting DE&I.

To further support colleagues' personal and professional growth, in 2023 we introduced a new **Employee Lifecycle Framework** to guide them through their journey with UniCredit. The Framework includes onboarding, learning and development, compensation and benefits, and offboarding and alumni.

We continued to encourage learning and knowledge sharing through initiatives including smart buddying for managers, 'ask me anything' sessions, a Flow & Grow rotation programme, our Women-2-Women Academy, and Generation Tandems – the latter harnessing and sharing the knowledge of the four generations of employees currently working across the Group Tandems – the latter reflecting the four generations of employees currently working across the Group.

Personalised training for individual talents

In Italy, the concept of Talento Diffuso (Distributed Talent) aims to identify the specific and unique talents of each individual and put them at the service of the organisation. We want every colleague to feel that they are an active part of both their own professional development and the cultural transformation of the Bank.

More than **8,000 colleagues** have joined the initiative by completing an online questionnaire to discover their unique and distinctive characteristics, mapped against our Values – and **2,200** have taken part in personalised training sessions as a result, led by our Talent Development Lab.

"We all have at least one talent that must be identified and trained to fully express ourselves. For me, talent is that trait that makes you unique. And talent differentiation can emerge only with constant training."

Ilaria Dalla Riva
Head of Administrative Office

Italy

Read more on the microsite

New opportunities for unemployed women

In Bosnia and Herzegovina, both unemployment and migration rates are high. To deliver on our Purpose of Empowering Communities to Progress, we launched a new initiative to support women in finding work.

Co-financed by the Embassy of Sweden and supported by the World Bank, we offered work experience and training to women who had been unemployed for more than one year. And, following the conclusion of the programme, four women were permanently hired by our Mostar bank – the only Bank in Bosnia and Herzegovina participating in this type of project and supporting local communities in this way.

"Even at a first glance, my impressions were positive – primarily thanks to the professional approach throughout the communication and at the interview. After three years of searching for a job and different experiences, mostly negative, in which employers did not respond to emails nor read the accompanying documentation with applications, this was a sign to me that this is a serious company with a professional approach."

Elsada Muhamedbegović
Participant in the programme at Mostar

Bosnia Herzegovina

Read more on the microsite

Next steps

Culture transformation is an ongoing process – and one that will never stop. It will continue to guide UniCredit in our **Vision to become the bank of Europe's future**, and as we grow and develop as an organisation.

In 2024, to support this transformation, we will develop further processes aligned with our Values – and we will continue to raise awareness among all our employees on the key mindset and behaviours we need from them in order to fulfil our mission.

We must also invest in the right people, and offer them growth opportunities, training and tools. They should be **empowered to deliver their jobs, build long-term careers and contribute to our Culture of excellence**.

In February we will officially launch our **unified, holistic well-being approach**, empowering our people throughout their employee lifecycle and in the moments that matter the most. We have selected key dates during the year when we will highlight specific topics – such as the **International Day of Education and International Women's Day** – to showcase our commitment and the offering we have created for employees, communities and clients alike.

In addition, to continue to drive the Bank forward, it is essential that we reshape the promise we make to our employees through a **revamped Employee Value Proposition (EVP)**. This will also help enhance the awareness and attractiveness of our employer brand, highlighting UniCredit as a great place to work.

Our new EVP will launch in 2024 and will be widely communicated through an integrated internal and external communications campaign, both reinforcing the pride and sense of belonging among our employees and helping to attract the best external talents.

Our **third annual Culture Day** will take place in June, celebrating our **Culture journey so far** and setting goals for our future, while our connection with our countries will extend beyond 2023's Culture Roadshow – with new formats and an aim to involve even more colleagues. We will also continue to grow our Culture Network and develop its members to further embed our Culture throughout the Group.

Our People & Culture milestones

The case studies on the following pages highlight the key achievements and developments of 2023.

A world-leading gender equity and inclusion programme

Milestone – December

In 2023 we became the first pan-European bank with a Global EDGE Certification for gender equity and inclusion – made possible by our accelerated efforts on diversity and inclusion at our banks in Hungary, Bulgaria, Czech Republic, Slovakia, Romania, Croatia, and Serbia. In further recognition of our commitment to DE&I, these countries joined our already certified banks in Italy, Germany and Austria in championing gender equity and obtaining their EDGE Certifications.

EDGE Certification is the leading global standard for Diversity, Equity, and Inclusion, centred on a workplace gender and intersectional equity approach. To achieve this certification, our banks underwent rigorous third-party review of representation across the succession pipeline, pay equity, the effectiveness of policies and practices, and the inclusiveness of our Culture.

Group

"UniCredit is setting an example for sustainable business practices in Europe. I am proud that we have become the first banking industry organisation to hold EDGE Certification in 10 countries, and the first pan-European bank with Global certification. Being a champion in gender diversity, equity and inclusion is an integral part of our culture and reinforces our commitment to a clear set of principles and values as a crucial component of our continued business success."

Andrea Orcel
Group Chief Executive Officer and Head of Italy

"UniCredit's achievement in securing global EDGE Certification is a business game-changer. Starting with five of its business entities in 2022 and now expanding to include six more to cover more than 80% of its total workforce, UniCredit demonstrates a deep commitment to Diversity, Equity and Inclusion as a driver of sustainable success. Their global certification speaks volumes about their trust in EDGE as a voluntary standard and independent certification. It is also a strategic move to leverage a diverse talent pool, setting new benchmarks for an inclusive and equitable workplace for all. By becoming globally EDGE Certified, UniCredit is not just creating a heart-warming narrative; they are pioneering the future of business – diverse, equitable, inclusive, and exceptionally innovative. Congratulations!"

Aniela Unguresan
Founder of EDGE Certified Foundation

A Top 100 company worldwide for gender equality

Milestone – March

In recognition of our commitment to DE&I, we were extremely proud to be included in the Top 100 Globally for Gender Equality from Equileap for the second year in a row. Equileap is a leading organisation providing data and insights on gender equality in the corporate sector.

This assessment of more than 4,000 listed companies all over the world is based on 19 gender equality criteria, including gender balance – from the board to the workforce – the company's gender pay gap and policies relating to parental leave and sexual harassment, among other topics.

We significantly improved our performance versus last year, ranking as the **#2 company in Italy** and the **only bank in the country's top 100**. We were also named **#22** in the Financial Sector worldwide.

"The Equileap Top 100 Globally for Gender Equality Award confirms that we are making remarkable improvements in achieving gender parity and building equity for all as an integral part of our corporate culture and social strategy. And while we're proud of our progress, our ambition is to go further to create a truly inclusive environment for our people and our communities."

Sara Gay
Head of Group Diversity, Equity and Inclusion

Group

You can read Equileap's full 2023 report here

See our microsite

Discover more about Human Capital in our Integrated Report

See our microsite

30,000
people across our markets gathered online and in person for a fully immersive two-day event

Unlocking transformation, together.

For our colleagues who define our culture

Milestone – June

Our Culture transformation is in full flow, as we continue to embed our Values in everything we do – for colleagues, for clients and for the communities we operate in. And our second annual Culture Day was testament to our progress so far, with 30,000 people across our markets gathering online and in person for a fully immersive two-day event.

Featuring Group and local formats, our **Culture Day** kicked off in style with a unique **Metaverse experience**. Hosted by Nikolina Zečić, Head of Group Culture and featuring a panel discussion with Andrea Orcel, Group CEO and Head of Italy, Siobhán McDonagh, Head of Group People & Culture and fellow GEC members, it was a big step up from 2022's inaugural event – with almost twice as many colleagues joining us this time around.

The event was a key moment for reflection on the importance of **our guiding behaviours and Values**, and their impact on our business and our employees – as well as being an opportunity to celebrate all we achieved for our Culture throughout 2023.

We also proudly presented our **Value Heroes – 72 colleagues** who exemplify what it means to be part of UniCredit. By living our **Values of Integrity, Ownership and Caring**, they are transforming our business and inspiring us to build a better workplace for all.

"By celebrating Culture Day across UniCredit, we showcase the diverse tapestry of our organisation. Our Values of Integrity, Ownership and Caring are the common thread helping us to strengthen the foundation that propels us towards our ambition – being the bank for Europe's future."

Nikolina Zečić
Head of Group Culture

Group

Celebrating our LGBTQIA+ colleagues

Milestone – June

This year, for the first time, UniCredit was an official sponsor of Pride parades in Austria, Germany and Italy – as well as participating in other dedicated activities across all our markets. Pride Month, in June, was an important moment to renew our support to the LGBTQIA+ community and spread awareness and positivity, promoting equal rights for all and celebrating colleagues across the Group.

Led by the **Unicorns – our Employee Network dedicated to the LGBTQIA+ community** – colleagues reinforced their **"United in diversity"** slogan. Across the three countries where UniCredit was an official sponsor, **more than 300 colleagues and allies** joined the celebrations – with our teams in Austria and Germany riding dedicated Pride trucks in their respective parades.

And we showcased our dedication to supporting the LGBTQIA+ community beyond Pride Month alone, through initiatives including:

- Group training on Global DE&I Policies and Unconscious Bias
- DE&I Guidelines for Inclusive Language, Inclusive Recruitment and Gender Transition
- Diversity, Equity and Inclusion Global Policy and Policy against Harassment, Sexual Misconduct, Bullying and Anti-retaliation
- Continued sharing and usage of inclusive icons
- Preferred pronouns in e-signatures

"Being open to diversity is first and foremost an opportunity that enriches us. Listening to what is different from our view, brings innovation to our work."

Corrado Guarnaccia
Group Audit, Culture Champion and Unicorns ally

Group

Discover more about Human Capital in our Integrated Report

See our microsite

A certified Top Employer in Europe – seven years in a row

Milestone – January

We are committed to creating a better workplace for our people so that we can make a real impact in our communities and for our clients. And, for the seventh year running, UniCredit has been named one of the Top Employers in Europe and across several countries in which we operate.

The **European-level Top Employers Certification** was awarded to the Group thanks to the local certifications achieved by UniCredit banks in Austria, Bulgaria, Germany, Hungary, Italy and Serbia. The **Top Employers Institute programme** recognises organisations based on the results of their annual HR Best Practices survey, which covers 20 topics including people strategy, work environment, talent acquisition, learning, wellbeing, and Diversity, Equity & Inclusion (DEI).

"Being perceived as a Top Employer for many years is of fundamental importance to our Group and a significant point of pride. It truly demonstrates our commitment to providing a better working environment for all our people and empowering them to succeed thanks to our strong cultural foundation guided by our Values of Integrity, Ownership and Caring in everything we do. We have done a lot, but we will also continue to always do more so our people can collectively Win. The Right Way. Together."

Giuseppe Vastola
Head of Group People Attraction, Learning & Development and Succession Planning

Group

Unlocking transformation, together.

For the volunteers at the heart of our Group

Milestone – March

Volunteering has been at the heart of our social responsibility for many years. In 2023, to make it simpler and more rewarding for as many colleagues as possible to offer their time and skills, we launched our first Group-wide Volunteering Community.

This Community will engage colleagues across our countries to support those that need it the most, either individually or alongside their teams – putting our **Value of Caring into action and transforming our volunteering efforts**.

In less than a year since its official launch, our first **Group-wide Volunteering Community** has grown impressively, engaging employees from all countries in nearly **280 initiatives**.

"Alongside our efforts to protect the environment, we place great emphasis on the 'S' in ESG – and volunteering is one of the most important ways we can make a difference to the communities we operate in."

Siobhán McDonagh
Head of Group People & Culture

Group

Discover more about Human Capital in our Integrated Report

See our microsite

280

Our Volunteering Community engages employees from all countries in nearly 280 initiatives

ESG

At UniCredit, our commitment to our communities, our people and our planet goes far beyond simply ticking a box. **We believe it is our responsibility to lead by example**: our Environmental, Social and Governance (ESG) principles are embedded in everything we do, and one of the five strategic imperatives of UniCredit Unlocked. It is a **collective mindset that we all take responsibility for** – and that we embody ourselves, we also demand from those we work with.

Our ambitions

- To hold ourselves to the highest possible standards in order to do the right thing both for our clients and for society
- To support our clients in a just and fair transition
- To reflect and respect the views of our stakeholders in our business and decision-making processes

€59.6m
social contribution to communities

c.€19bn
environmental lending volumes since beginning of 2022

Read more about how we are taking collective responsibility:

See the microsite

Our progress so far

An impact beyond lending

All banks have an important role to play when it comes to ESG – and **one that goes far beyond lending**. But we believe UniCredit is uniquely placed to be a true pioneer in creating behavioural change, helping clients in higher-emitting sectors to transition while looking at how we can **integrate ESG into our own day-to-day operations** to create a new benchmark in our industry.

In particular, this applies to social components.

We want to have a **positive social impact in line with our responsibilities as a social actor** – assisting our clients and communities in making meaningful progress towards a more sustainable, inclusive, and equitable society in the long term.

Supporting our clients

Our unique footprint across Europe, with expertise, resources and an on-the-ground presence in 13 countries, means we can make a **tangible difference in a way other banks simply cannot**. We are bigger, with a greater presence, and a bigger opportunity to drive change – our position allows us to support our clients and provide the right financing for the transition to Net Zero.

Our 15 million clients are at the centre of our behaviour and decision-making, and we are directly influenced by their needs. **But we also have a responsibility to hold them to the same high standards we set ourselves**. It is our responsibility to bring them with us and support them in their own transition as we progress towards our ESG targets.

One of the most powerful ways we can do this is through the financing of environmental initiatives. We are **empowering our clients and communities to progress** by supporting renewable energy projects and energy efficiency efforts.

For example, in February we signed a **financing agreement for up to €560 million for the expansion of 3SUN's solar panel plant in Catania, Sicily** – which will become Europe's largest high-performance photovoltaic module factory. And, in Bosnia and Herzegovina, our Mostar bank signed a **long-term loan agreement with Drin-Energija d.o.o. Grude for the construction of the Petnjik photovoltaic power plant** – which will produce nearly 60,000 GWh of electricity each year.

Financing social improvement

In Italy, we launched a new ESG Linked Loan on favourable terms for Italian SMEs with a turnover of more than €2 million. The first loans have already been disbursed to Piazza Italia (Naples), Silga (Ancona), Gruppo Bioimpianti (Milan) and Cab (Monza), for a total amount of around €20 million.

The new product has a maximum duration of 10 years and is available to companies that commit to achieving at least two social improvement objectives relating to employee welfare and community support.

€20m

of ESG Linked Loans have already been disbursed

Italy

Read more on the microsite

But our support goes far beyond financing. We are also educating our clients and stakeholders on ESG topics and the important role they too can play in protecting the planet and its communities. Our first ESG Day was **an important moment for elevating the conversation both with our colleagues and with our clients**, raising awareness of climate change, social inequalities, biodiversity and the circular economy.

"For UniCredit, sustainable finance is essential to support the energy transition, providing concrete solutions to accelerate the journey of our customers and the communities in which we operate towards a more equitable and sustainable future."

Andrea Orcel
Group Chief Executive Officer and Head of Italy

Making good on our own commitments

As we strive to create a new benchmark for the industry, **we must ensure we consistently practice what we preach**. In January 2023 we reinforced our collective commitment by disclosing 2030 targets for three of the most carbon-intensive sectors within our loan portfolio – Oil & Gas, Power Generation and Automotive – to reach our Net Zero ambition by 2050.

In January 2024 we integrated these targets with an additional carbon-intensive sector, steel. To support our efforts **we are now publishing our inaugural transition plan** – which you can read more about in our 2023 Integrated Report – illustrating how we are turning our commitments into actions.

These initiatives are just the first steps in our journey. **We will continue to review our portfolio and address different sector exposures**, while also updating our plan to adapt our course of action to the evolution of the context. For more information about this critical moment in our Net Zero journey, see page 93.

Internally, further evidence of our commitment to our ESG principles can be seen in another major initiative: our efforts to become **a fully single-use plastic-free bank**. Thanks to all our colleagues across the Group, we reached this milestone ahead of schedule – eliminating single-use plastic from products offered in more than 300 drink vending machines, 1,100 coffee machines and over 60 canteens and cafeterias in our buildings around Europe.

All 13 countries threw their weight behind this programme, despite each having different starting points – reflecting our Group-wide commitment to the circular economy. **Today, UniCredit is a more sustainable organisation, with increased institutional awareness throughout our markets.**

Helping budding entrepreneurs take their first steps

In Germany, UniCredit HypoVereinsbank is the country's only bank offering an inclusive learning programme for students both with and without disabilities. The aim is to provide students with practical learning resources to support their own start-up ideas – and, ideally, to accompany them as they launch their business.

Entrepreneurial thinking is encouraged and students are given supplementary qualifications for their further education and careers, as well as mentorship from our volunteers.

"I've been involved for several years now and I'm always amazed at how creative and committed our students are and what great ideas they come up with."

Sandra Schulze
UniCredit HypoVereinsbank

Germany

Read more on the microsite

Supporting the Marin Čilić Foundation's Gem Set Croatia tournament

Through Zagrebačka banka in Croatia, we supported the Marin Čilić Foundation in its goal to help young people explore and achieve their passions through education, sport and encouragement programmes – an initiative started by famous Croatian tennis player Marin Čilić.

Our combined support contributed to the organisation of the Foundation's Gem Set Croatia tournament, where 3,000 spectators gathered to watch celebrated sporting Croatians compete. Funds raised went towards the construction of a multifunctional sports field at the Petar Zoranić Elementary School in Stankovci, a town in the hinterland of Zadar, and helped the Foundation continue its mission – which, so far, has seen four school playgrounds built, 103 scholarships awarded, six school laboratories renovated, and participation from over 5,000 children.

"I am proud that this sports event is becoming a tradition that gathers many participants, because only together can we enable every child to realise their dreams. I am convinced that the playground in Stankovci will be full of children who will have the opportunity to play sports. I would like to thank to Zagrebačka banka and UniCredit for recognising our work."

Marin Čilić
Founder of the Marin Čilić Foundation

"Zagrebačka banka wants to empower its communities to progress by supporting projects intended for children and young people. We recognised the same values in our long-term partner the Marin Čilić Foundation, whose hard work enables children and young people to realise their full potential."

Dubravka Jusić
Head of Identity and Communication at Zagrebačka banka

Croatia

Unlocking transformation, together.

For our communities who benefit from financial inclusion

Through our 2022-2024 Social Strategy, we have significantly broadened our social commitment. Our ambition is to increase the measurable social impact we generate for our clients and the communities we operate in.

We have five strategic goals addressed to specific beneficiaries, that we support with financing and social initiatives:

1. **Foster financial inclusion and the health of vulnerable people and enterprises**, promoting the access and affordability of financial services to those vulnerable – including, students, pensioners, low-income, start-ups and female-led enterprises
2. **Support corporates to become more socially oriented**, sustaining the development of social enterprises and improvement of the social impact made by corporate clients
3. **Ensure communities' sustainable progress**, with focus on youth and education, supporting the stakeholders in our communities to tackle key social challenges
4. **Protect categories at a higher risk of being negatively affected by the transition**, supporting retraining and reskilling programmes for the areas most impacted
5. **Ensure positive work conditions for employees**, granting equal opportunities for all and striving for the highest working standards, including education, work-life balance and Diversity, Equity and Inclusion

"Our Social Strategy reflects our commitment to assist our stakeholders in making meaningful progress towards a more sustainable and equitable society. We are focused on practical ways to support our clients and communities with financing, education and high impact initiatives."

Ilaria Di Mattia
Head of ESG Strategy & Implementation

Group

A just and fair transition

Our presence in so many different countries also helps us understand that, while the communities we operate in share our desire to transition, they are not all at the same stage of their journey. We know this means that, in some cases, **we will need to evaluate the trade-off between environmental impacts and social repercussions**. Both factors are equally important for UniCredit, but we are realistic about their interaction and where we can add the most value.

Compromises will be necessary if we are to deliver on our goals for both, but we will make these with our ultimate Purpose in mind, **focusing our energies on where we can have most impact**.

Flexible and considered

A just and fair transition is one that leaves nobody behind. So, because some of the countries we operate in are more advanced in their transition to Net Zero than others, we need to be flexible in the parameters we place on financing initiatives.

For example, in countries whose communities might be more reliant on traditional fossil fuel industries than others, it would be irresponsible for UniCredit to introduce more stringent financing terms too quickly or too aggressively.

In such instances, while we remain steadfastly committed to the transition, it is vital that we also **consider those who will be impacted by our policies**. The collapse of a large employer that can no longer access financing because it cannot meet our demands, for example, would be catastrophic for the communities that rely on them for both employment and services – and would simply substitute an environmental problem with a social one.

Instead, **in line with our Value of Caring**, we are helping these businesses to transition in a sustainable manner by continuing to finance businesses that have committed to longer-term goals.

Taking a stand against greenwashing

At UniCredit, we believe that leading by example is the right thing to do. We have designed a new perimeter of action to guard against greenwashing – beginning with prevention activities and the issuance of ESG product guidelines.

In 2023 our Group ESG and Compliance functions coordinated a **multidisciplinary working group** to identify our definition of greenwashing, design the general principles and propose ESG product guidelines to be incorporated into the new product policy.

"Preventing greenwashing is of utmost importance as it safeguards our reputation and is the right thing to do for the Bank and our customers. We are dedicated to mitigating the risks of greenwashing and socialwashing, while actively supporting sustainable economic growth, the transition to a more inclusive and equitable society, and the development of a low-carbon economy."

Rossella Iorio
Head of ESG Service Excellence

Group

Read more on the microsite

Award-winning green financing

To support its transition to more sustainable practices, UniCredit provided leading European energy company ČEZ Group with a €320 million credit facility with interest linked directly to its ESG rating. In recent years ČEZ Group has moved into the top 15% of companies in the world in ESG ratings according to the CSR Hub rating aggregate.

Loans with ESG parameters accounted for 20% of the long-term investment loans provided by our corporate banking services in the Czech Republic and Slovakia. **As a result, in 2023 we were also named Best ESG bank in the Czech Republic by Euromoney magazine.**

"UniCredit is our partner in the field of sustainability, which is not only beneficial for the climate, but also a significant competitive advantage over companies that do not devote themselves to this area as intensively as we do."

Martin Novák
Board member and CFO, ČEZ Group

Czech Republic and Slovakia

Read more on the microsite

Financing life-changing medical facilities

In Moldova, in collaboration with the Volunteer for Life Association, we are Empowering Communities to Progress by supporting the creation of one of the most important medical infrastructure projects in the region: the Medical Rehabilitation Base.

Part of the Bicaz City Hospital, the total investment was over €800,000 – with UniCredit one of the project's main private partners. **The Base provides treatment for the people of Neamt county suffering from a wide range of neurological, oncological, orthopaedic and degenerative pathologies.**

"Since 2016 we have dedicated all our time and energy to help where others cannot reach, to build bridges between the NGO, public and private sectors through projects that over time have already proven their usefulness. We have thousands of beneficiaries served by dental clinics in Neamt county that treat children with different types of ailments, we built the first reception center for refugees following the outbreak of conflict in Ukraine that provides decent conditions (running water, toilets, heating, etc.), including special facilities for people with disabilities. In all these projects we have had partners without whom nothing would have been possible, such as UniCredit Bank, and we thank them for their support."

Ionuț Ursu
President of Volunteer for Life

Romania

Read more on the microsite

Equal weighting for E and S

In line with our Purpose of Empowering Communities to Progress, we believe the "S" in ESG is just as important as the "E". Our Social Strategy, which you can read more about on page 82, **is a clear and significant commitment to further embedding the social component into our overall ESG strategy** – focusing on social finance, our own social contribution to our communities, and the support we give our people.

We aim to offer suitable and accessible financial products, **fostering financial inclusion and protecting the health of vulnerable individuals**, as well as supporting social-oriented corporates.

We also focus on our own social contribution, supporting our clients and communities with donations, sponsorship and partnership, education and training on ESG topics – so that we can make a sustained, long-term difference.

Our Social Strategy underpins initiatives in all countries across the Group. In Austria, for example, our financial education initiatives – as detailed on page 88 – make it easier for young people to understand and deal with money, while UniCredit HypoVereinsbank in Germany is helping make business ideas a reality for young people with disabilities – read more on page 80. In Slovenia we are supporting the Spominčica Alzheimer Slovenia association to help those living with dementia – and became the country's first dementia-friendly bank in 2023.

We also empower all colleagues to volunteer their time, and launched our Volunteering Community this year – which you can read more about in our People & Culture section on pages 60–77 – in line with our values of Integrity, Ownership and Caring.

Slovenia's first dementia-friendly bank

In Slovenia we are Empowering Communities to Progress by supporting the Spominčica Alzheimer Slovenia association to help people with dementia – and we became the country's first dementia-friendly bank in 2023.
The association's mission is to help people with dementia and their relatives, raising awareness to reduce the stigma of this 'silent epidemic'.

Our colleagues at branches throughout the country completed intensive training on how to support people with dementia and help them remain active members of society for as long as possible, creating an inclusive environment for our customers.

"Raising awareness about dementia and setting up Dementia-friendly points is just one of the many activities to contribute to building an inclusive environment for everyone, and a safe space to talk about such topics."

Tine Verbole
Head of retail and small-business operations at UniCredit Slovenia

"We are glad that UniCredit Bank, as the first bank in Slovenia, joined us in realizing our important mission. With its 18 branches, it will contribute to the creation of a more dementia-friendly society."

Štefanija Lukič Zlobec
President of the Spominčica Association

Slovenia

Read more on the microsite

Helping young people understand money

Our financial education initiatives in Austria make it easier for young people to understand and deal with money, making good on our Purpose of Empowering Communities to Progress.

We run **workshops aimed at vulnerable young people covering topics such as personal budgeting, money traps on the internet and gambling**, with almost 2,000 pupils and apprentices taking part in our online Money Matters programme in 2023.

Austria

Read more on the microsite

All roads lead to a more sustainable society

In Italy we launched the third edition of our "Road to Social Change" initiative, a sustainability training path for businesses, non-profit organisations and institutions. Road to Social Change aims to generate positive social impact beyond lending alone, by developing and increasing competency and knowledge in the fields of sustainability and ESG.

Promoted by UniCredit's Banking Academy, our latest programme focused on the interdependence between economic, environmental, social and community areas, supporting our clients in taking significant steps towards a long-term sustainable, equitable and inclusive society.

"Sustainability in all its forms is an integral part of UniCredit's strategy. With Road to Social Change we intend to foster collaboration between the corporate world, non-profit associations and public bodies with educational paths for the training of new professionals centred on the social dimension of business."

Francesca Perrone
Head of ESG and Start Lab Italy

Italy

Read more on the microsite

Launching a new dashboard for ESG assessment

In 2023 we rolled out a new Group-wide ESG Digital Architecture capable of collecting, enriching and aggregating granular ESG Data – enabling us to integrate sustainability factors into lending and place our ESG principles at the heart of our processes.

A key tool of our ESG Digital Architecture is the ESG Cockpit, a unique dashboard supporting colleagues during the credit origination by displaying a set of relevant information for the sustainability assessment of each client – including Environmental, Social and Governance factors, transition risk and physical risk. **This deepens our knowledge and understanding of clients' ESG performance** while also allowing us to correlate credit risk processes and decisions to sustainability assessments.

The ESG Cockpit also displays actual loans and credit lines clients have requested, leveraging the data collected from our sustainability front-end to help our colleagues assess whether a given credit line is sustainable according to EU Taxonomy or market standards such as ICMA.

Group

Next steps

We will continue to lead by example, **further embedding ESG in everything that we do and empowering our communities to progress**. We will keep supporting our clients in their transition towards more sustainable business models, **committing to specific ESG penetration on Lending, Investment Products and Sustainable Bonds** – which you can read more about on page 93.

On the social side, **we will spend today to collect tomorrow** – investing in projects and initiatives with a long-term horizon. In terms of measurable impacts on society, **we will focus on youth and education, financial inclusion and the health of vulnerable people and enterprises**, as well as supporting corporates to become more socially oriented.

Our Net Zero journey has continued with new climate ambitions for steel – the backbone of the European economy but also one of the primary contributors to CO_2 emissions – and will **progress in 2024 with new targets to be set on other carbon-intensive sectors in our loan portfolio**.

Moreover, as the traditional scope of ESG broadens, we also intend to sharpen our focus on the nascent topics of **biodiversity and the circular economy**. We are part of the United Nations Environment Programme Finance Initiative (UNEP FI), a network of banks, insurers and investors accelerating sustainable development, and were the **first Italian bank to sign up to the Finance for Biodiversity Pledge**, giving us fixed deadlines to support biodiversity by the end of 2024. As part of our commitment to the circular economy, we will launch working groups in 2024 to develop a tangible action plan.

Within the Bank, **we will bolster institutional awareness around ESG topics and reinforce our active ESG culture** – building on the success of our first ESG Day and evolving our training and workshops for colleagues.

Our sustainability governance has been significantly strengthened in recent years at both steering and execution levels, which will help us further integrate ESG criteria into the Group's overall business strategy.

Finally, we will take steps to further foster stakeholder dialogue while continuing to raise awareness of climate change and social inequalities, as well as **our own role in advancing the necessary change in mindset**.

Our ESG milestones

The case studies on the following pages highlight the key achievements and developments of 2023.

Playing a key role in Europe's largest IPO of the year

Milestone – July

"Thanks to this deal, UniCredit confirmed its unrivalled expertise in the European both European equity capital markets and renewable energy across its core countries, whilst simultaneously reinforcing its reputation in Romania and the region."

Alexandra Cristina Popa
Corporate Finance Advisory Head, UniCredit Bank Romania

"Hidroelectrica's IPO marked a landmark moment, representing the largest listing in recent years in Central and Eastern European countries, with the company valued at that time at over 54.3 billion lei. The participation in this transaction confirms the valuable experience of UniCredit Group in the European capital markets and renewable energy sector."

Karoly Borbely
CEO Hidroelectrica

We were proud to act as Joint Bookrunner in the landmark Hidroelectrica S.A. IPO, which re-opened the IPO market in Romania. This was the largest IPO in Europe during 2023 and the largest ever ECM deal in Romania. It was also the largest privatisation of the last ten years in any CE&EE country – and it confirmed our unrivalled expertise in the ECM space across our core countries.

Hidroelectrica is the largest pure-play hydro generation platform in Europe and one of the largest renewable energy companies, with its installed hydro capacity supplemented by extensive capabilities in onshore wind. The company is the leading generation platform in Romania, playing a critical role in energy supply and energy transition. It generates 100% green electricity with close to zero carbon footprint.

The foundations for the successful transaction were built on a tailored and well-structured marketing plan that brought investors on board at an early stage. Widely anticipated by the market, the deal was a key focus of the investor community with 80+ accounts involved in early marketing phase.

Romania

Unlocking transformation, together.

For the planet and future generations

Milestone – February

In February 2023, taking another crucial step in our Net Zero journey, we announced the disclosure of 2030 targets for three of the most carbon intensive sectors within our loan portfolio – Oil & Gas, Power Generation and Automotive – to reach our Net Zero ambition by 2050. In January 2024, we complemented this first set of goals with targets for the Steel sector, another carbon-intensive sector in our portfolio.

To support the achievement of these goals, we are now publishing our inaugural Transition Plan, explaining how we are turning our commitment into actions. It includes dedicated initiatives focusing on:

- Strengthening advisory services for corporates in high-emitting sectors
- Significantly boosting our sustainable lending (green loans and sustainability-linked loans) to support our clients in their journey to decarbonise their operations and diversify away from carbon-intensive sectors
- Supporting clients in the development and scaling-up of innovative climate solutions
- Targeted partnerships with companies specialised in sustainability for specific sectors

Our ambition is to announce the disclosure of targets for further sectors in 2024.

> "These targets reinforce our commitment to reach Net Zero on our own emissions by 2030 and on our financed emissions by 2050. This is alongside the action we have taken to drive forward a just and fair transition for all, particularly through green and sustainable financing and advisory activities."

Fiona Melrose
Head of Group Strategy & ESG

Group

How we became a single-use plastic-free bank

Milestone – February

In 2023 – and ahead of schedule – we reached our milestone of becoming a 100% single-use plastic-free bank. This was a major commitment to eliminating single-use plastic across the Group and saw us switch from plastic cups, bottles and packaging to paper, glass and wood – as well as installing water purifying machines and ensuring the separate collection and disposal of waste.

In a single year, thanks to the efforts of all our colleagues, we have saved millions of plastic bottles – replacing single-use plastic used in bottles, crockery, cups and spoons with re-usable or disposable alternatives. That includes products offered in more than 300 drink vending machines, 1,100 coffee machines and over 60 canteens and cafeterias.

UniCredit is now a more sustainable organisation, with increased institutional awareness throughout our markets. The single-use plastic-free initiative was embraced fully by all 13 countries, despite some of those local economies being further behind the curve than others.

"It was of course a challenging journey, monitored at central level but implemented thanks to the strong efforts of all our local colleagues and providers. Every country worked hard towards a plastic-free future, but naturally approached the project in different ways. We met our targets ahead of schedule, before our self-imposed deadline."

Salvatore Greco
Head of Group Real Estate

Group

Discover more about Natural Capital in our Integrated Report

See our microsite

Our green and social bonds are making an impact

Milestone – August

We believe in the importance of reporting on the impact our initiatives are making. In 2023 UniCredit SpA published its Sustainability Bond Report, related to the allocation and impact of three important, ESG-focused bonds: our €1 billion Senior Preferred Green Bond issued in June 2021, our €1 billion Senior Non-preferred Green Bond issued in November 2022, and our €155 million Retail Social Bond issued in October 2021.

The proceeds of the two green bonds have been allocated entirely towards the funding of renewable energy and green buildings, while the social bond has thus far financed 88 social impact initiatives in Italy. We continue to work towards having a positive social impact in line with our role and responsibilities as a social actor.

Our Sustainability Bond Report covers the allocation and impact of each bond in more detail, including our rationale for such financing and examples of eligible green and social assets.

"As a bank, we are committed to shaping a future for our clients and communities that is fairer, greener and more sustainable. This is by providing them with the tools, support and knowledge they need no matter where they are on their journey."

Massimo Catizone
Head of ESG Advisory

Group

For more information, read the full report

Download the Report

UniCredit becomes an official partner of the America's Cup

Milestone – September

We became an official Global Partner and the Global Banking Partner of the Louis Vuitton 37th America's Cup, which will be held in Barcelona from 12-20 October 2024. Our partnership with the long-running international sailing competition will help bring the excitement, drama, and triumphs of the race for the trophy to audiences worldwide.

The America's Cup is renowned for being both the world's oldest international sporting trophy, with the inaugural competition having taken place in 1851, and an incredible test of physical endurance for competitors. The last America's Cup was watched eagerly by an international audience of 931 million fans.

Our partnership is a powerful union based on shared values and a common focus on diversity, innovation and a steadfast commitment to sustainability. AC37 Event Ltd and World Sailing's sustainability agreement will ensure investments are made into community projects as part of Barcelona's innovative Blue Economy, which supports the region's marine environment, and that World Sailing's sustainability strategy, Agenda 2030, is supported.

This edition of the America's Cup will also see the **inaugural launch of the hydrogen-powered foiling chase boat** – a revolutionary new zero-emission foiling chase boat designed and built by Emirates Team New Zealand capable of over 50 knots.

Group

Read more on the microsite

“UniCredit is proud to be Global Partner of a competition with such a rich heritage as the America’s Cup. The trophy is symbolic of the incredible feats that can be achieved through teamwork and a determined pursuit of a common goal. These are also the driving forces behind everything we do at UniCredit – our recent successes in spite of ‘choppy waters’ in the macro-economic environment are proof of this – and so this is a natural partnership.”

Andrea Orcel
Group Chief Executive Officer and Head of Italy

“America’s Cup are excited to welcome the UniCredit Group to the family, as Global Banking Partner of the Louis Vuitton 37th America’s Cup in Barcelona. The UniCredit Group’s values of integrity, ownership and caring are mirrored in all we have set out to achieve with the competition. We are excited to work with a partner who shares so many of the same values as us, and we look forward to working with Andrea and his global team to bring audiences a remarkable journey in 2024.”

Grant Dalton
CEO of America’s Cup Events

Building new homes for vulnerable people

Milestone – April

In Germany, UniCredit HypoVereinsbank provided a social impact financing loan to Berlinovo for the construction of a new residential building for homeless people and those at risk of homelessness, as well as for single mothers and women in need of shelter in Berlin.

In April 2023 the construction project in Marchwitzastraße in Berlin-Marzahn was completed. It comprises 87 apartments, each with $20m^2$ of living space, with a total capacity to house 175 people.

“We are very proud to be Berlinovo’s financing partner in this socially sustainable flagship project in Berlin. It will offer affordable housing for people at risk of homelessness as well as single mothers and women in need of shelter.”

Antje Morgenstern McMaster
Head of Real Estate Berlin and customer advisor at UniCredit HypoVereinsbank

Germany

Read more on the microsite

Unlocking transformation, together.

For all our stakeholders to involve them in our decision-making

Milestone – November

We are convinced that, beyond financing alone, we have a responsibility to educate our stakeholders and bring them with us as we set new benchmarks for our industry. As such, we hosted our inaugural ESG Day on 9 November 2023.

Months in the making, the one-day event saw over **10,000 participants** join either online or in person at our Gae Aulenti and Lampugnano offices in Milan.

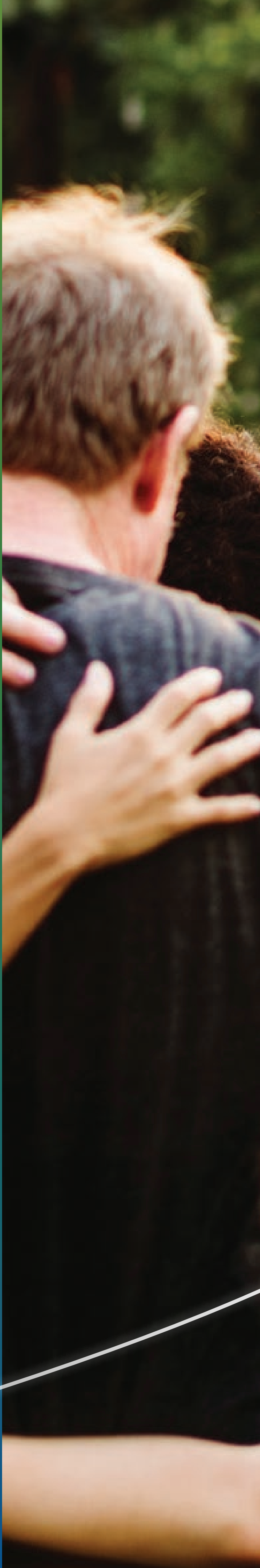
At its core, the event was an opportunity to foster stakeholder dialogue, while continuing to raise awareness of climate change, social inequalities, biodiversity and the circular economy, as well as our own role in fostering the necessary change in mindset.

Attendees included colleagues, clients and partners, alongside a host of renowned experts, diving into a series of engaging and impactful discussions covering the full spectrum of ESG topics.

"ESG is one of our five strategic imperatives and we seek to embed it in everything we do as a bank. The purpose of this event was to enrich our ongoing dialogue with key stakeholders by creating a space for impactful discussions around some of the most critical challenges we all face today. This dialogue is fundamental in helping us fine-tune our approach as we continue our path to be the bank for Europe's future."

Rossella Iorio
Head of ESG Service Excellence

Group



The art of social and economic development

Milestone – January

UniCredit is committed to promoting art in all its forms, and is the main sponsor of the San Carlo Theatre in Naples, Italy – a UNESCO World Heritage site and the oldest opera house in Europe and the world. The support of this prestigious opera house enriches our commitment to promoting art in all its forms and is part of our broader efforts to support culture as a driver of social and economic development.

We recognise that investing in cultural and economic development will lead to a more sustainable future, fostering participation, creating a sense of belonging, and promoting the well-being of the communities where we operate – making good on our Purpose of Empowering Communities to Progress. **Our Bank is proud to support culture as a driver of social, economic and sustainable development of the communities and territories we serve**.

In 2023 the San Carlo theatre organised an Open Day exclusively for 17-26-year-old family members of UniCredit employees. **The goal was to bring more young people to the theatre, making them aware of its inclusive nature and the many training courses and workshops open to those who want to develop and grow their talents**. The open day included a guided tour of the theatre, defined by National Geographic as one of the ten most beautiful in the world.

"This sponsorship further enhances our Group's cultural partnerships. As a bank, we have a long tradition of supporting the most prestigious cultural activities in the country, with the awareness that investing in culture can generate significant benefits for the sustainable social and economic development of our territories."

Annalisa Areni
Head of Client Strategies at UniCredit Italy

Italy

Read more on the microsite

Launching our new UniCredit Art Collection website

Milestone – November

In 2023 we announced our strategy to make art accessible for all, drawing on the Bank's long tradition of supporting arts and culture. This strategy reaffirms our commitment to cultural partnerships, educational programmes, and community projects which enable greater access to the arts and foster social development.

One of the first key initiatives was the **launch of the new UniCredit Art Collection website**. This is one of Europe's largest corporate art collections and includes over 200 artworks from more than 100 artists from our collections in Austria, Germany and Italy.

The collection was built through a passion for art shared by Italy, Austria and Germany, whose assets form most of the collection, but it has gradually grown to include countries in Central and Eastern Europe. It spans a wide range of periods, from old masters to a modern international dimension with artworks from the second half of the 20th Century, with strong territorial ties closely linked to the historical roots of each geographic area that UniCredit serves.

The new online platform leverages our digital infrastructure to share these masterpieces with a wider audience and educate people about our artistic heritage. The gallery also includes an educational section to educate and inspire children and adults to learn about our artists and their artworks.

"The UniCredit Art Collection, one of the largest corporate collections in Europe, has an important symbolic value. It reflects our Group's shared European identity and heritage. At UniCredit, we will continue to spread artistic knowledge and experience as a factor for cultural and social growth and development, enhancing the value of our UniCredit Art Collection through a wider public access."

Andrea Orcel
Group Chief Executive Officer and Head of Italy

Group

See the UniCredit Art Collection website

Discover more

Discover more about Social and Relationship Capital in our Integrated Report

See our microsite

Capturing rainwater to support our local ecosystem

Milestone – September

Our colleagues in Hungary do everything they can to support local communities with the tools at their disposal. But perhaps their most impactful project in 2023 was not a big financial investment – rather, they began watering the trees around their central office building on Liberty Square in the Belváros district of Budapest, in the spirit of sustainability.

They realised they could use the huge surface area of the roof of our building to collect rainwater and reuse it for the trees in the area. They have since built the necessary systems to allow this, and the cistern has also been connected. **Today they can provide a water supply to around 200 trees and their system has a throughput of 12-15m^3/h**.

But their support for the community did not end there. As part of the irrigation project they also installed 27 bicycle racks on both sides of our office building, which can be used by their colleagues and those working and living in the area.

"The cistern and the concept behind it are in line with our sustainability goals, so there was no question of finding a solution for rainwater collection on the roof of our headquarters. Our solution, executed in partnership with the local district, shows that small steps can go a long way in supporting local communities. Sustainability is also an increasingly important issue for our customers, and we are supporting our business and reputational objectives with this solution."

János Anschau
Head of Operations at UniCredit Hungary

Hungary

Creating the largest solar panel factory in Europe

Milestone – February

Large-scale renewable energy sources will be crucial in the transition to Net Zero. In February we signed a financing agreement for up to €560 million for the expansion of 3SUN's solar panel plant in Catania, Sicily – which will become Europe's largest high-performance photovoltaic module factory.

3SUN is an Enel Green Power company. The factory's production capacity is set to increase 15-fold from the current 200 MW/ year to 3 GW by July 2024. The project will promote the latest generation of high-efficiency solar technology in Europe and help reduce the continent's energy dependence.

"We are pleased to have made a decisive contribution to the success of this deal, which will provide our country with a high-tech production facility of a size that will help to significantly reduce its dependence on fossil fuels. In 2022 UniCredit generated €11.4 billion in new green and sustainability-related loans."

Andrea Orcel
Group Chief Executive Officer and Head of Italy

"We are proud to continue supporting the Enel Group, this time in Italy, and we are pleased to do so together with UniCredit for the expansion of Italy's largest solar panel factory. A strategic initiative that will contribute to the reduction of our country's energy dependence, developing domestic production in a high-tech sector and increasing employment in the Sicilian territory."

Alessandra Ricci
CEO of SACE

Italy

Read more on the microsite

An open alliance for sustainable growth and collaboration

Milestone – March

To further support our efforts to educate our stakeholders on the transition to Net Zero, in 2023 we partnered with Italian energy company Eni on its Open-es ecosystem. This initiative seeks to enhance cross-business collaboration and support companies in measuring and improving their ESG performance.

Open-es is an alliance that joins together entrepreneurial, financial and associative networks, supporting all stakeholders on their sustainable development path through a digital and innovative platform.

We act as a value-chain leader partner, playing a strategic role in the sustainable development of the Italian corporate sector – and, more broadly, with initiatives and solutions aimed at companies of every size.

Launched by Eni in 2021 and today involving more than 10,000 companies and 20 partners, Open-es represents an inclusive and collaborative community with a virtuous commitment on ESG targets.

Italy

"At UniCredit, we want to raise awareness and equip our clients with the information, tools and innovations that can support their climate transition plans. Our partnership with Eni as regards Open-es represents the latest step in this journey, and highlights the importance of collaboration up and down the value chain in these efforts."

Fiona Melrose
Head of Group Strategy & ESG

"We launched Open-es with the aim of creating an open and cross-industry alliance to foster the sustainable development of all companies with an inclusive approach. This new partnership confirms that when we join the efforts of big industrial and financial players, we can accelerate the energy transition with a systemic mindset that involves the entire production system."

Costantino Chessa
Head of Procurement at Eni

10,000

Open-es involves more than 10,000 companies and 20 partners

Spreading festive cheer for the children who need it most

Milestone – December

In partnership with local NGOs dedicated to child welfare, we ran two initiatives to spread joy and kindness during the festive season. Our new Kids4Kids event, alongside our traditional Donation Day, saw colleagues donate more than 8,500 gifts to children in need throughout the countries where we operate.

Kids4Kids culminated in 45 family events organised by our local banks, where children aged 3-10 enjoyed everything from art lessons, gift designing, and drawing to theatre, face painting, slime labs and photo booths. For those unable to participate in person, our Donation Day gave the opportunity to donate toys to children in their local area.

Our colleagues' contributions are a testament to our power to unite hearts beyond the boundaries of our geographies to support the communities we serve and make a difference – putting **integrity, ownership and caring** at the heart of our decision-making and everything we do.

Financing the construction of three new hospitals in Angola

Milestone – January

We provided a €222 million loan for the construction of three new hospitals in Angola, with a total capacity of 400 beds. The hospitals – which are being built in Cabinda, Luena and Huambo – represent the first projects implemented by Vamed Health Projects Italy, an Italian company active in the design, construction and supply of systems and medical equipment for turnkey hospital projects, as well as staff training, commissioning and start-up of the facilities. They primarily use Italian sub-suppliers.

Vamed Health Projects Italy was founded in 2017 in Florence, and is part of the **Vamed Group** which is active in the hospital sector across Europe, Asia, Africa, the Middle East, and Latin America, with branches in 40 countries. This project was a partnership between UniCredit, SACE and SIMEST.

"UniCredit's loan for these projects is fully in line with the Bank's activities in supporting Italian businesses engaged overseas. Considering, in addition, that the projects aim to improve the healthcare offering serving densely populated and developing geographic areas, there is full consistency with our UniCredit Unlocked plan, oriented to provide customers with suitable tools and to support investment projects with a positive social impact."

Francesca Beomonte
Global Head of Structured Trade & Export Finance

Italy

Supporting decarbonisation

Milestone – July

Our team in Germany played a major part in enabling the move to a decarbonised economy, acting as Structuring Advisor and Joint Bookrunner for the launch of Europe's largest-ever Subsovereign Green Bond, for the Federal State of Hesse.

Following the first successful issue which took place in 2021, this latest Green Bond raised €1 billion and showcased a large breadth of 30 different projects consistent with the State's Sustainability Strategy. This result is a testament to the strong investor perception of the **German State of Hesse** within its European investor base.

We were honoured to once again collaborate successfully with the State, drawing on our solid investor network and deep knowledge of ESG transactions. **Hesse** remains a pioneer in green financing. Back in 2021, **Hesse** was the first state to issue a green bond in the so-called benchmark size over 500 million euros and the second transaction was the largest green bond issued by a federal state.

The Green Bond covers several ecologically sustainable fields of action. These include, for example environmentally friendly public transport, measures for the forest, organic farming and nature conservation as well as CO_2-neutral state administration.

By issuing Green Bonds, **Hesse** aims to fulfil the increasing need of investors to invest financial resources in an ecologically sustainable manner. The result is a win-win-win situation: the State benefits from particularly favourable conditions for the bond and a broader investor base, while investors can acquire sought-after green bonds. **The main winners, however, are the climate and the environment**.

"The State of Hesse ticks all the boxes for green investors. Hesse is the first German State to issue a €1 billion green bond. The issuer prepared the ground for this very successful transaction with intense virtual investor work which was extraordinary well received. About 75% of the bonds were allocated to ESG investors, which speaks for the quality of the projects and the issuer."

Thomas Witzel
Director Public Sector Entities UniCredit Bank GmbH ("UniCredit HypoVereinsbank")

Germany

Leading by example

Milestone – July

In 2023 we continued our journey from laggards to leaders in ESG as MSCI, a leading international ESG rating company that assesses over 8,500 companies globally, upgraded UniCredit to an 'AA' rating. Companies are scored on an industry-relative AAA (leader) to CCC (laggard) scale, and this year we became a "leader" – moving up from an "average" A score previously.

The upgrade was driven largely by our efforts to strengthen our focus on social issues, with MSCI citing our industry-leading consumer protection practices and financial literacy programmes, as well as the fact we do not offer high-risk financial products to our retail customer base.

"This upgrade reflects the strides we have made to integrate all ESG factors into our bank's governance, business, risk and credit management, metrics and operations. On the social side, we know that banks such as ours have an important social function which goes far beyond lending, and we will continue to support impactful initiatives and hold ourselves to account."

Fiona Melrose
Head of Group Strategy & ESG

Group

Renewing our decades-long partnership with Filarmonica della Scala

Milestone – September

Our partnership with Filarmonica della Scala – the philharmonic orchestra of Milan, Italy – has been running for more than 20 years, bringing together culture and social responsibility to ensure a positive impact on social and economic development.

In 2024, having renewed our role as Main Partner, we will support Filarmonica della Scala in offering activities and projects aimed at improving the quality of life in the communities in which it operates. In addition, and further supporting our Purpose of Empowering Communities to Progress, we will fund scholarships for young musicians – giving them the opportunity to develop their talent and helping develop and promote the musical excellence of younger generations.

We are also introducing the UniCredit Award, recognising and supporting emerging musical talent.

"We firmly believe that a responsible financial institution should support the cultural and social fabric of the communities in which it operates, and that is why in recent years we have strengthened our commitment to social and cultural themes. Being alongside Filarmonica della Scala as Main Partner since 2003 reflects our commitment to contribute to cultural growth toward a more inclusive and prosperous world for present and future generations. Filarmonica della Scala, a symbol of musical excellence and passion, represents a priceless heritage. We are delighted to continue this partnership that embodies UniCredit's core values."

Andrea Orcel
Group Chief Executive Officer and Head of Italy

Italy

Discover more about Social and Relationship Capital in our Integrated Report

See our microsite

20 years

Our partnership with Filarmonica della Scala – the philharmonic orchestra of Milan, Italy – has been running for more than 20 years

Digital & Data

As a key part of our vision of being the bank for Europe's future, we are putting **Digital & Data at the heart of everything we do**. To better meet our customers' and clients' daily banking needs, and to support our colleagues' personal and professional development, we are creating innovative digital solutions, continually refining cybersecurity in the face of rapidly evolving threats, and building a digital culture throughout the Group.

Our ambitions

- **To optimise our investment model**, reducing complexity and implementing leaner governance while simplifying our Digital services
- **To bring core competencies in house**, upskilling our workforce and hiring top talent to develop strong technical competencies
- **To establish a new way of working**, increasing efficiency and lowering costs while delivering for our stakeholders
- **To implement a fresh client approach based on value creation**, aligning our services around products and functions that are closely aligned to our clients' needs

133
currencies with rapid conversion at realtime rates

700
new people have joined our digital team

Read more about how we are putting Digital & Data at the heart of everything we do:

See the microsite

Our progress so far

Laying the foundations for true Digital transformation

Under our UniCredit Unlocked strategy, the Bank's Digital transformation is well underway. But such a revolution in the way we approach Digital solutions is not as easy as simply flicking a switch.

Instead, our transformation is taking place in **two structured, considered phases: foundation then innovation**. We need to establish strong foundations that allow us to be truly innovative, so we can develop better solutions, faster and more efficiently.

For legacy banks across Europe, the complexity of their operations makes them particularly vulnerable to technological disruption. Many struggle to keep pace with the innovation their customers and clients demand.

Indeed, UniCredit is a large entity operating across 13 countries that has grown through many rounds of acquisitions over many years – and that brings Digital & Data-related challenges, especially in the form of complex and fragmented IT infrastructure. In such a rapidly evolving landscape, it is crucial that we are able to **quickly and effectively adapt to new developments and customers' needs as they arise**.

Therefore, our aim throughout 2023 has been to continue standardising our infrastructure – **with a focus on cloud-based technology** – to create a platform that not only delivers a high-quality experience in the here and now but is also flexible enough to support our future innovation.

Optimising and simplifying our investment model

As part of laying our foundations, the simplification of our digital processes remains a priority for the Bank. Indeed, **we believe digitalisation and simplification should go hand in hand** – the speed that digital innovation affords is only valuable if it is not disrupted by numerous manual checkpoints, for example.

To **reduce complexity and implement leaner governance**, we have reassessed the IT platforms and applications we pay for versus those we create in-house, as well as the consultants and suppliers we outsource to – with a view to ensuring we are investing our resources as efficiently and effectively as possible.

In addition to bringing cost efficiencies, these actions support the simpler, faster development of innovative new applications that bring us closer to our clients.

Broadening Digital accessibility

Caring is one of our three core values – and that means providing an inclusive Digital experience for everyone. In 2023 we have been working hard to increase the accessibility of our Digital touchpoints, with a view to embedding the necessary features and technical specifications to break down barriers to our services wherever they exist.

As part of this, we have also developed an **online training course on Digital Accessibility**, designed to introduce colleagues to the importance of designing and developing products and services that are accessible to all users. Colleagues can learn about common disabilities that can change the way users interact with apps and websites, as well as how to ensure their experience is smooth.

Accessibility matters to us because it reflects our commitment to our client and colleagues. It is about fostering inclusion within our company culture. **We believe everyone should have equal access to digital solutions** – and, by catering to the needs of people with disabilities, we embrace diversity in the workplace, fostering empathy and collaboration.

Group

Unlocking transformation, together.

For our corporate banking clients with more sophisticated needs

The needs of our corporate banking clients are always evolving. In 2023 we rolled out three integrated digital solutions to meet them.

Embedded banking: Our ambition is to make banking easier, faster, and more efficient. Embedded banking gives clients almost instant access to critical information and services – helping them take better decisions, faster.

By integrating our traditional Working Capital products into clients' SAP Enterprise Resource Planning systems, clients can gain insights into their balance sheets, cash positions and working capital KPIs, alongside advice on how to optimise them – without leaving their in-house digital portal.

Digital assets: We obtained a BaFin banking licence for an innovative project in Germany enabling our clients to invest in traditional securities, issued by UniCredit, using Distributed Ledger Technology (DLT).

This state-of the art approach enables clients to purchase fractionalised securities to diversify their investment portfolios, manage cluster risk, and lower entry barriers for alternative investments such as art. At the same time, this improves our operational efficiency and streamlines back-office processes by saving on issuance and registry fees.

Evolving our corporate channels: We developed a digital marketplace and a new eBanking interface to make it easier for clients to seamlessly integrate our digital products and services into their workflows. This supports our goal of creating digital solutions that are user friendly, flexible and adaptable to the unique needs of each client, thanks to our reusable, scalable platform and modular product offering.

Group

Embracing and fostering diversity within our Digital team

Diversity and inclusion are critical if we are to unlock the advantages of a modern workforce. We are a company in the market for top talent – and that talent comes in all forms. By being open to a fully diverse range of candidates we are ensuring we are open to the full range of skill sets, as well as to the full range of perspectives and ideas that different backgrounds bring.

We are reflecting diversity both in our intake of new talent – more than 700 new people have joined our Digital team since our transformation began under our UniCredit Unlocked strategy – as well as in our management and development of those already in house. We are doing so by **actively looking to create diverse teams** from the leadership level down, as well as through programmes such as reverse mentoring, targeted support groups and workshops.

"By embracing diversity we enrich the overall employee experience – not only by exposing people to new ideas, cultures, and perspectives, but by creating an environment where everyone feels welcome, safe and accepted. And what's good for our colleagues is good for our business – fostering an environment where we are comfortable and happy to commit to our work, while also working smarter and producing higher-quality work."

Joanna Pamphilis
Head of Investments & Securities Digital Products, and Accountable Executive, Diversity & Inclusion, Group Digital & Information

Group

And towards the end of 2023, as part of this optimisation, we delivered an **updated overall target architecture for the Bank's IT systems**. Based on the principles of cloud infrastructure and customer experience, this new architecture will support our further innovation throughout 2024.

To avoid administrative tasks becoming unnecessarily complex as the Bank evolves, the Digital team is focused on continually **streamlining processes to minimise administrative burdens** and maximise speed and efficiency. Read more on page 120.

Developing strong technical competencies

Our successful Digital transformation will also require an upskilled workforce with strong technical competencies. Historically, as a large Bank with many different functions, we have outsourced a significant portion of our Digital development. Now, our goal is to bring these skills in house through a **concerted programme of training and hiring**.

And to date, under our UniCredit Unlocked strategy, **more than 700 new people have joined our Digital team** as we bolster our technical competencies – including experts in various fields needed to build, maintain and innovate on our digital platforms.

We are also **upskilling existing employees through our UniCredit University Digital**. Developing strong technical competencies in-house supports our optimisation efforts, too, by reducing the need to hire consultants, use suppliers or buy software, for example.

Establishing a new way of working

The way our digital team works directly impacts what we can deliver to stakeholders. We have rolled out a new agile way of working, enabling us to **increase efficiency through shorter development cycles and lower overall costs**. This also involves the promotion of reusable components to drive economies of scale when developing innovative new digital products and services.

This approach, as adopted by many tech companies, reflects our ambition to set a benchmark as an innovative, flexible and technology-focused bank – and to be seen as an employer of choice for candidates pursuing an exciting and fulfilling career in tech who may not otherwise have considered a role in the financial services sector.

Separately, in 2023 we created and implemented a **new digital operating model**. Directly aligned with the needs of our users across all our business lines, this model is **based on technical competencies** – encouraging the development of skills in house, reducing management overheads, and providing a direct line to execution for the business.

Improving our in-house Digital expertise

A major part of the Bank's Digital strategy is to insource our IT talent, making sure we have the expertise to build, manage and maintain our own technology in house. Over the course of 2023 we have done much to expand the impact of our UniCredit University Digital, which was established to empower our colleagues with new digital skills.

Training is provided both with the help of our existing in-house experts and through top external academics. UniCredit University Digital consists of two broad offerings: **knowledge sharing**, through events and content that give an overview of different topics and trends; and **dedicated development plans** for specific Digital roles.

Courses cover everything from how to use basic digital tools to Artificial Intelligence (AI), design thinking, digital accessibility, and how to have an innovation mindset. The platform also provides **access to academic research from Bocconi and MIT**.

Group

Unlocking transformation, together.

For our retail banking customers who want quick, easy, accessible banking

In 2023 we brought a range of game-changing developments to retail banking customers across mobile banking, cards, investments and loans – making banking quicker, easier and more accessible.

Standardising and improving the customer experience
We are particularly focused on further improving our customer experience by creating a new digitally native experience that is **consistent from end to end** across different devices and all channels, to meet the need for simplification, interoperability and automation.

This is being developed on our new customer experience platform, UCX, which uses the new architectural principles of **composable software development** to standardise customer experience across countries.

Simplifying the loan application process
We introduced new digital features to simplify and speed up the loan application process for all our clients – whether they are new or longstanding, and whether they prefer to interact in-branch, online, or through our mobile app. For example, thanks to improvements to our UCX platform, we have **reduced the average time it takes to get a credit evaluation** confirmed to around **60 minutes** on all channels – with times as fast as 16 minutes when using assisted channels, such as in branches.

We have also **reduced the number of fields required** to be filled in to just 10 and reduced the number of clients required to produce income documentation to under 20%, thanks to the introduction of income models that determine affordability based on information already available to the Bank.

Fully online account opening
Our new account opening process makes it easier and more convenient for customers to open new accounts entirely online – and even via comparison portals like Germany's Check24 – in just a few minutes. This process is available 24/7, so customers can open new accounts wherever and whenever is convenient for them.

Change on the cards
We rolled out a series of new innovations around card products this year. For example, the Genius Pay prepaid card is an instant digital card built on the Bank's state-of-the-art UCX architecture, providing customers with a unified digital journey across all channels. We also enriched the functionalities of our regular card services – adding instant virtual card issuance, digital wallet enrolment, card delivery and PIN setting.

Digital investments
In Germany, we introduced a **fully digital and paperless process for customers to manage their investments** right from contract creation and advisory through to reporting. We provide advanced analytics, in-depth scenario analysis, portfolio optimisation and customised on-demand reports, ensuring our teams are fully equipped to hold effective conversations with customers about their investments.

In Italy, we added new features enabling our team to use advanced risk metrics and analytics when performing their preliminary assessment of clients' investment portfolios – improving risk assessment and monitoring.

New features and a new look for mobile banking
We rolled out visual improvements to the Homepage, Product Area, Payment Area, and More sections of the mobile app. The refreshed design has been configured to **simplify interaction for customers** – making it quicker and easier to address their needs, while providing a more engaging user experience for customers looking into our insights, features, and products.

Group

Innovation has not taken a back seat

While much of 2023 has been dedicated to establishing the foundations of the Bank's Digital transformation, we have **continued to innovate and improve the Digital experience for our clients**.

For example, with our retail client base in mind, our newly developed **UCX platform** leverages the latest technology and **operates in the cloud**, giving customers access to all our new products. On the back end, the platform's API connectivity and microservices structure allows for easy and flexible integration, while **colleagues can quickly adapt and reuse individual components** across various channels, products, and countries – meaning we can develop new solutions and bring them to market quicker and more effectively than ever before.

We also launched several brand-new solutions in 2023, including our **Global Bank Insurance platform** designed and offered in partnership with Allianz. **Built on our own tech platform**, this new solution makes insurance products available via a seamless omnichannel digital sales experience in multiple countries – read more on page 124.

For business clients, we have implemented a new back end for the **UniCredit PayFX** application, a market-leading solution that enables clients to make **payments in 133 currencies** with rapid conversion from their domestic currency at real-time rates.

We also continue to innovate on behalf of our colleagues within the Bank. For instance, in 2023 we rolled out a proof of concept for an innovative **AI search tool** for one of our key knowledge bases, UniContact.

Much like ChatGPT, the tool recognises and interprets natural-language queries and provides tailored, natural-language responses informed by the extensive UniContact database – saving hours of administrative time and improving the speed colleagues can access information, as well as the quality and completeness of that information.

You can read more about our innovations in retail banking on page 117 and corporate banking on page 113.

Simplifying digital processes at Bank Austria

To support the simplification of our Digital processes, Bank Austria launched a number of new initiatives in 2023, partnering with Zscaler to improve IT performance, and improving customer data visualisation through the '360° Tool'.

Zscaler aims to increase the performance and stability of Microsoft Office365 applications like Outlook, Teams and OneDrive by using cloud technology – improving and **optimising the digital experience** for our colleagues. The 360° Tool, meanwhile, offers a holistic overview of customer data on a single screen, allowing colleagues to see important customer data at a glance – reducing the time spent searching for information in disparate systems.

"I am proud of the energy and commitment the team has showed in implementing these initiatives. Thanks to their work, we have taken important steps towards simplification, making daily life easier for our colleagues."

Michael Landolt
Chief Digital & Information Officer

Austria

Digital innovation improves mobile banking for customers in Croatia

In Croatia, Zagrebačka banka has introduced several new digital innovations to make daily banking faster and more efficient for customers.

Within the m-Zaba app, innovations have included **real-time notifications for incoming payments** and a **streamlined credit card application process**. We also digitally migrated more than 50% of clients to contracted overdrafts – eliminating the need for physical branch visits – and unified four distinct overdraft processes into one cohesive system, accessible both in branch and on mobile.

"We remain committed to maintaining our position as market leader, tracking global trends and technological advances to ensure that our clients have access to the best possible banking experience."

Slaven Rukavina
Member of the Management Board of Zagrebačka banka and Head of Retail

"We are continuously improving our m-zaba app by integrating new, advanced features."

Ivan Hećimović
Head of Alternative Channels of Zagrebačka banka

Croatia

Read more on the microsite

Next steps

In 2024, thanks to the groundwork carried out so far, we are moving into the innovation phase of our Digital transformation – switching focus to concentrate on driving value for clients from exciting new technologies such as cloud, data and AI.

Our focus is now on implementing a **new digital infrastructure based in the cloud** and revamp our data platform to put us in a position to maximise the value of AI solutions – capturing more, higher-quality data to feed Digital innovation and support strategic decision-making for top-level management. While in 2023 we achieved a rate of 48% high-quality data available in the Bank's new modern data platform – a number we aim to improve on again in 2024.

We will also continue our work on key elements of the foundation phase – the process of building our in-house technical competencies, for example, is an ongoing journey. **Our aim is to be fully in control of both our Digital technology and our Digital talent**, making UniCredit far more nimble, adaptable and efficient.

Unlocking transformation, together.

For our colleagues who enable faster data-driven decision making

We are streamlining and modernising processes across the Digital team to minimise administrative tasks, standardise regulatory compliance, and drive greater speed and efficiency.

To support our efforts in 2023 we ran a survey of 2,500 end users of our Digital processes – those inputting data and those using it – to garner a broad perspective on how they could be simplified. Feedback included automating certain steps and deleting others altogether, while **adapting processes to reflect an agile working model** – and we have made significant changes in response.

Previously, the Digital team ran three separate processes in parallel when developing products: project management, change management and release management. This involved submitting a lot of the same data several times over. Today, we run a single 'End-to-End Delivery' process – reducing associated administrative activity by 40%, cutting complexity and enabling project managers and software developers to focus on innovation.

At a more granular level, we have also introduced a single monitoring functionality known as 'Digital End-to-End Execution Monitoring'. This replaces several different processes for monitoring the time teams are devoting to different projects, how tasks are being in- or outsourced, project progress, and financial investment.

Again, this is significantly reducing the workload for project managers – while enabling senior management to quickly review how resources are being deployed and how work is progressing on all fronts. This provides **high-quality, standardised information to top management**, enabling them to make well-informed, data-driven decisions.

For simplification to remain effective it must be a continuous process of review and optimisation. We will continue streamlining and refining to ensure the right data flows through our systems as efficiently as possible, driving better and faster results for our colleagues, our clients and the whole Group.

Group

40%
reduction in administrative activity

Our Digital & Data milestones

The case studies on the following pages highlight the key achievements and developments of 2023.

Our new Innovation Hub launches at UniCredit HypoVereinsbank

Milestone – October

"Our new Innovation Hub represents our commitment to foster innovation and awareness around the immense opportunities of technology, data and AI. It is the next milestone on our path to excel in banking for our clients. Our colleagues will enjoy broader access to best practices from different industries and an environment where ideas for growth can be collectively nurtured."

Artur Gruca
Chief Digital & Operating Officer

In Germany, UniCredit HypoVereinsbank launched its new Innovation Hub – a physical space where colleagues can actively shape the future of the Bank. The Hub helps colleagues put innovation into practice, networking with others and gaining new perspectives.

The Innovation Hub features:

- **Collaboration areas:** Several spaces suitable for everything from workshops to team events or idea-sharing sessions. These areas include an Idea Lab – an open space with high-top tables and a multi-touch board for hybrid meetings – and an enclosed Think Tank for focus work.
- **An 'Expo' area:** Here, innovations and impulses from the external world are presented in a vivid way. Employees can expect a mixture of installations, practical applications and interactive elements.
- **Content sessions:** All employees are empowered to suggest a topic for 'Food for Thought' sessions, during which colleagues can share their knowledge on digital or innovative topics.
- **Meet-ups and lounge area:** The Innovation Hub offers numerous opportunities to network with others – regardless of department or hierarchy. Events with an external audience are also planned for this space, for example to engage customers or recruitment candidates.
- **A stage:** Inspiring speakers, new perspectives and trending topics – the stage area offers a range of interactive discussions on innovation, transformation and digitisation. Talks take place in a hybrid format so all colleagues can participate.

Germany

Global Bank Insurance platform launched in partnership with Allianz

Milestone – June

In January 2023 we launched a multi-year programme in partnership with Allianz and CNP that aims to renew the commercial offer of more than 20 insurance products – making them available through a seamless omnichannel digital sales experience across multiple countries. The programme, known as the Global Protection Platform, will run from 2023 to 2027.

After just six months, we rolled out the first two products under the programme: the TermLife and Privatschutz products, released in Italy and Germany respectively. **These are the first of several new products we plan to launch**, each taking advantage of the omnichannel features of our Global Platform – such as bundling insurance offerings together with other banking products to provide customers with a more flexible and complete sales journey.

Group

Bank iD enables fast, simple interface with authorities

Milestone – January

At the beginning of 2023 we launched our Bank iD service in the Czech Republic, allowing all our clients to easily and securely log into the online services of authorities and state institutions, and public administration portals.

For example, our clients can check the validity of their documents, review the driver's points system, obtain a criminal record extract, apply for a parental allowance, pick up an e-prescription, explore the Cadastre of Real Estate – a state-administered real estate information system – file a tax declaration or open a personal databox.

Since November, **communication with the authorities has been even easier and more user-friendly** thanks to a new way of logging in on mobile devices that speeds up the log-in process for mobile users and removes the need to enter log-in details. We are the first bank in the Czech Republic using the full potential of mobile banking to provide access to public institutions, making access to our digital channels even more convenient for our clients.

"Bank iD is essentially a digital ID that makes it easier for people to authenticate themselves with authorities such as the Government. Our clients can save hours of time when communicating with the e-Government authorities and a whole range of tasks can be handled online with just a few clicks, all from the comfort of their home."

Lucie Janderová
Bank iD Product Owner

Czech Republic and Slovakia

A new partnership to help prevent B2B payments fraud

Milestone – July

We announced a new partnership with Trustpair, the leading platform in Italy preventing B2B payments fraud. Now, Trustpair can enrich its digital platform by offering IBAN Check – a UniCredit solution related to Open Banking developed in conjunction with CBI S.c.p.a.

Thanks to IBAN Check, Trustpair's clients will be able to check in real time the correct association between the IBAN and Fiscal or VAT Code of Italian beneficiaries. This level of control **adds security and efficiency to onboarding and payment operations**, and minimises inefficient manual interventions and the risk of fraud.

IBAN Check is **one of the first in an ecosystem of value-added services based on API technology**, which UniCredit is pivoting towards as part of its Group digitalisation strategy.

"One of the strands of our digital strategy is to improve the client experience through simplification and a laser focus on customer needs. Payment solutions will be paramount for us moving forward, with API connectivity and Open Banking key areas where we will continue to invest."

Raphael Barisaac
UniCredit's Global Head of Payments & Cash Management

Italy

UniCredit Foundation

Unlocking the potential of Europe's next generation
Education is one of the most powerful tools that humanity has for shaping a brighter future. Through the UniCredit Foundation, we aim **to unlock the potential of Europe's next generation** by providing them with equal education opportunities.

Our ambitions

- **To build better futures** for our young people and their communities across Europe
- **To ensure growth and development** across all of society by investing in education
- **To leverage our extensive educational network**, our partnerships and our in-depth knowledge of our communities to **create equal opportunities in education**
- **To give Europe's next generation the keys to unlock their innate potential** and empower them to become the changemakers of our society

1,700
UniCredit employees contributed to helping support organisations

€20m
of Group funding to the Foundation in 2023

Read more about how we are unlocking the potential of Europe's next generation:

See the microsite

Our progress so far

The UniCredit Purpose is to empower communities to progress – and the Foundation is a key component in that ambition. Its aim is to **equip Europe's students with the tools they need to build a better future for themselves and their communities**. We made good progress over the last 12 months, thanks in particular to an increase in Group funding from €4 million in previous years to **€20 million**. This welcome boost enabled us to make a real difference in more ways than ever before.

The Foundation's Purpose is to **unlock the potential of Europe's next generation** by providing them with equal education opportunities in three priority areas:

School

High quality schooling is the starting point in the battle to reduce inequalities. A **quality school**, where students are placed firmly at the centre of the learning experience, can be a transformative force where the individual is empowered to thrive and is valued and respected, regardless of background – paving the way for a more equitable and just society.

Job

Young people with low levels of education have historically had difficulty in entering the labour market. The school-to-work transition is a particular problem for vocational school students, whose employment rates remain consistently lower than those of other high school graduates.

University

We strive to **support the best talents** in the fields of economics and finance through scholarships, and via research grants and awards in the countries where we operate.

We made good progress in 2023, investing a total of €20 million in these priority areas.

Our approach

Education can never be a short-term fix. It is a long-term process that requires sustained commitment and support. The bank's decision to sanction a fivefold increase in our budget for 2023 not only gave us greater confidence to plan ahead, it also increased our responsibility to achieve the results we are all looking for. In 2023, we targeted our support via four distinct channels:

Entering into partnerships

At a Group level we have established **major long-term partnerships** that can deliver sustainable outcomes across the full range of our operating countries. These partnerships are with established organisations with proven track records of achievement. (See the 'For the students who quit studying' and 'For the teachers changing futures' case studies.)

Working at grassroots level

We also support initiatives at a **much more local level**, leveraging the practical grassroots knowledge of our teams and networks in individual countries and regions to address specific local issues. (See the '€3 million makes a difference' case study.)

Creating opportunities

We offer **scholarships, research grants, and awards** to give young people the chance to study at top class institutions abroad. The aim is to foster a research environment that advances knowledge, publishes high quality research and makes a real, lasting impact on communities as well as on the young people themselves. (See the 'Giving students the skills to succeed' case study.)

Engaging with our people

We give our people a range of opportunities to enhance their own lives and those of others across the world. We not only offer a **gift matching scheme ("Gift Matching Program")** that doubles employee donations, but have also developed summer school scholarships that can improve employees' skills and knowledge. In 2023, the number of scholarship schemes doubled from 10 to 20. Furthermore, we also provide a framework through which our people can donate funds to **help communities affected by humanitarian emergencies**. Early in 2023, more than 1,700 employees contributed to help organisations such as Red Cross, Save the Children and UNHCR support victims of the earthquake in Turkey and Syria. Total donations amounted to more than **€300,000**.

Double the impact

Since 2003 we have doubled all donations made by employees to non-profit organisations chosen by colleagues themselves.

In total, our financial support via the Gift Matching Program has amounted to €52.91 million*.

"As a manager I truly believe that **financial performance goes hand in hand with corporate culture**, creating the grounds for sustainable performance over time and motivating people to unleash their potential. Gift Matching Program gives me a sense of accomplishment in seeing people expressing themselves and exchanging proposals on initiatives that we choose to support with enthusiasm over time."

Gabriele Zuccarello
UniCredit Compliance Quality Assurance

Group

*This amount includes the donations made by colleagues and the corresponding matching provided by the Foundation.

Giving students the skills to succeed

Over the last decade, the Foundation has granted more than 300 scholarships and fellowships to support almost 1,200 young students and researchers, with total funds provided now standing at €25.5 million. Many of these projects enable young people from countries across Europe to study at some of the world's leading academic institutions.

Investing in research to fight inequality in education
Our commitment continued through 2023 with a further €1.1 million funding research projects on education, including collaboration with **CID at Harvard University**.

While there is abundant research into educational needs in developing countries, much less exists on the challenges faced in Europe. The aim of these grants is to improve understanding of how education can fight inequalities – and then to bring that knowledge back to our operating countries where it can become the foundation that drives future progress.

Promoting talent in economics and finance
During 2023 we gave students the chance to apply for around **30 prestigious scholarships and fellowships focusing on economics and finance**. Based on ten separate competitions with total funding of **€1.9 million** available, these grants enable students to pursue Doctoral or Masters programmes at renowned universities in Europe and the USA. One of our key aims is to encourage 'brain gain'. After their studies, we want these talented students to return home and use their new knowledge to make a difference in their own countries.

Group

Next steps

Firm believers in the transformative power of education, we want to touch lives and change them for the better through a focus on long-term programmes. And while we are proud of our progress and sure of our direction, we have only scratched the surface of what is possible – there is still so much more we can do to unlock the potential of Europe's next generation.

Many of the achievements of the last 12 months were built on our in-depth knowledge and connections with the communities in which we operate – and we will now work hard to make these connections even more robust and proactive.

Based on clear, demonstrable knowledge and understanding, guided by academic research and enabled by local insights that sit within our country organisations and teams, our future work will focus on:

- Continuing to leverage the work of the academics we have supported, while also providing funding for **new research**
- Developing **targeted programmes** that meet the educational needs of young people in all the countries where we operate
- Tackling the diverse aspects of educational poverty through a **multifaceted, community-level approach**
- **Building even stronger relationships** between the central Foundation team and our colleagues working in the territories at a local level – continually striving for and measuring our impact

Our UniCredit Foundation milestones

The case studies on the following pages highlight the key achievements and developments of 2023.

€3 million makes a difference

Milestone – June

2023 was the first year we issued a general Call for Education that invited non-profit organisations to apply for funding **to tackle school dropout rates and encourage lower and upper secondary school students to acquire skills for university or the job market**. We **contributed €3.2 million** to **18 programmes** during the year, across the countries where we operate.

"It is our responsibility to consistently **recognise and support young talents** within the communities where we operate, as they will lay the foundation for the progress and success of our continent in the years to come."

Andrea Orcel
Chairman of UniCredit Foundation

Group

Unlocking transformation, together.

For underprivileged students eager to continue learning

Milestone – July

School dropout is one of the biggest challenges facing Europe's educators. It not only stifles employment opportunities – it leaves a lasting impact on lifetime earnings.

We have teamed up with **Junior Achievement (JA) Europe** to provide practical hands-on engagement with over **400,000 students** in **10 countries** where we operate, inspiring young people through the transformative power of learning.

A **€6.5 million** programme over three years, the main objective of "Re-power your future" is to **support students aged 10-19 by involving them in school activities** – improving outcomes, preventing them from dropping out of school and guiding them in an informed choice about future careers. The initiative has been built on strong partnerships with local schools, businesses and community organisations. Its focus is on teaching students how to think entrepreneurially, **inspiring young minds to pursue careers aligned with their passions and envisioning a future of possibilities for themselves**. From 2024 onwards, we have added a new volunteering aspect to the project, enabling our employees to donate their time and skills to support the **JA Europe** team.

"We can achieve a more equal and prosperous Europe only when every young European has access to opportunities and resources to thrive and succeed. Together, UniCredit Foundation and JA Europe have the ambition to change the landscape of Europe's education systems by significantly preventing and reducing the current rates of school dropout."

Salvatore Nigro
CEO of JA Europe

Group

Discover more about Social and Relationship Capital in our Integrated Report

See our microsite

216,000+

Total cumulative students trained over the period 2022-2026

2,000+

Total cumulative teachers selected and trained over the period 2022-2026

Unlocking transformation, together.

For the teachers who are changing futures

Milestone – November

More than any other single intervention, education has the power to reduce inequalities and transform lives.

Our three-year **€5.5 million** partnership with global education network **Teach For All** aims to promote **fairness in education – nurturing collective leadership in young people** and, in the long term, transforming society. **Teach For All** is a global network of 61 independent, locally led and funded partner organisations whose stated shared mission is to "expand educational opportunity around the world by increasing and accelerating the impact of social enterprises that are cultivating the leadership necessary for change."

Active in six of our operating countries – Austria, Bulgaria, Germany, Italy, Romania and Slovakia – **our partnership focuses on training educators to work in underserved schools in order to alleviate educational disparities and cut dropout rates**.

Building on the robust existing relationship established between Teach For All and the UniCredit Group in 2022 – which has already trained and supported 592 teachers and improved the educational experiences of over 40,600 students – our new and extended partnership will train over **2,000 extraordinary teachers**, providing education to over **216,000 students** by 2026. In addition, Teach For All's network partners will develop the leadership skills of more than **3,600 alumni** and more than **10,870 system-wide teachers**. In 2023, our employees also played their part by volunteering their time and expertise to support Teach For All's efforts, and many more will be engaged in the years to come.

"We are proud of this partnership with UniCredit Foundation. Its support will be instrumental in helping us to scale our work and develop a pipeline of teacher-leaders who continue to change educational outcomes for some of the most marginalised students in Europe. Together, we are committed to ensuring that every child has access to opportunities to fulfil their potential and shape better futures for themselves and the world."

Wendy Kopp
Co-Founder and CEO, Teach For All

Group

Discover more about Social and Relationship Capital in our Integrated Report

See our microsite

Unlocking **transformation,** together.

For our clients, our people, and our communities.

See our microsite for more information on how we have progressed against our UniCredit Unlocked plan across the following focus areas:

- Financial progress
- Clients
- People & Culture
- ESG
- Digital & Data
- UniCredit Foundation

Preliminary notes

UniCredit prepares a single document called “Annual report and accounts” replacing the two documents relating to the UniCredit group consolidated financial statements and the UniCredit S.p.A. company financial statements.
The integration of the contents of the two financial statements documents into a single one leads to the elimination of duplications of the qualitative information presented in both files and, in order to facilitate the reading, the adoption of a system of cross-references between the chapters dedicated to the consolidated financial statements and the company ones; pursuant to these references the contents of the each referenced paragraph is entirely reported in the paragraph containing the reference.
The chapter “Incorporations of qualitative information by reference” reports the list of the references.

General aspects

The UniCredit group’s Consolidated financial statements and UniCredit S.p.A. financial statements as at 31 December 2023 were drafted in accordance with the IAS/IFRS international accounting standards, in compliance with the instructions of Banca d’Italia with the Circular No.262 of 22 December 2005 (and subsequent amendments). These instructions define binding requirements for the related fulfilling methods as well as regarding the minimal contents of the Notes to the accounts.

The Consolidated financial statements is made up of the Balance sheet, the Income statement, the Statement of Other comprehensive income, the Statement of changes in Shareholders’ Equity, the Cash flow statement, the Notes to the accounts, as well as the Report on operations, the economic results achieved, the Group’s financial situation and Annexes.

A section dedicated to Corporate Governance is also included within the document.

The Consolidated financial statements include:
- the Consolidated financial statements certification pursuant to Art.81-ter of Consob Regulation No.11971/99 as amended;
- the Independent Auditor’s Report pursuant to Art.14 of Legislative Decree No.39 of 27 January 2010 and Art.10 of the (EU) Regulation No.537/2014.

UniCredit S.p.A. financial statements is made up of the Balance sheet, the Income statement, the Statement of other comprehensive income, the Statement of changes in Shareholder’s Equity, the Cash flow statement, the Notes to the accounts as well as the Report on operation, the economic results achieved, the Bank’s financial situation and Annexes.

UniCredit S.p.A. financial statements include:
- the Annual financial statements certification pursuant to Art.81-ter of Consob Regulation No.11971/99, as amended;
- the Report of the Board of Statutory Auditors pursuant to Art.153 of Legislative Decree No.58/1998;
- the Independent Auditor’s Report pursuant to Art.14 of Legislative Decree No.39 of 27 January 2010 and Art.10 of the (EU) Regulation No.537/2014.

UniCredit’s group website also contains the press releases concerning the main events of the period, the market presentation of Group results and the UniCredit group Disclosure (Pillar III), this latter is subject of joint publication with this document.

For the declaration of a non-financial nature, refer to the Integrated Report published on the company website.

2023 Consolidated
Report and Accounts
of UniCredit Group

Unlocking **transformation,** together.

For our clients, our people,
and our communities.

Empowering
Communities to Progress.

UniCredit

Consolidated report and accounts 2023 of UniCredit Group

Unlocking **transformation,** together.

For our clients, our people, and our communities.

See our microsite for more information on how we have progressed against our UniCredit Unlocked plan across the following focus areas:

- Financial progress
- Clients
- People & Culture
- ESG
- Digital & Data
- UniCredit Foundation

Introduction and Group highlights

Introduction to the Consolidated report on operations of UniCredit group

The Consolidated report on operations illustrates the performance of UniCredit group and the related amounts and results. It includes financial information such as Group highlights, Reclassified Consolidated accounts and their Quarterly figures, Summary results by business segment, Group and UniCredit share historical data series as well as a comment on “Group results”.

To further illustrate the results of the period, the Consolidated report on operations includes Reclassified Consolidated accounts prepared using the same criteria of previous quarterly reports.

In order to provide further evidences about the performance achieved by the Group, the Consolidated report on operations is also supported by some Alternative Performance Indicators (API) such as: Cost/Income ratio, Economic Value Added (EVA), Return On Tangible Equity (RoTE), Net bad loans to customers/Loans to customers, Net non-performing loans to customers/Loans to customers, Absorbed capital, Return On Allocated Capital (ROAC), Return On Assets (ROA), Cost of risk.
Although some of this information, including certain APIs, is neither extracted nor directly reconciled with the Consolidated financial statements, it is worth mentioning that the Consolidated report on operations, the Annexes and the Glossary provide explanatory descriptions of the contents and, in case, the calculation methods used, in accordance with European Securities and Markets Authority Guidelines (ESMA/2015/1415) of 5 October 2015.
In particular the Annex 1 includes the reconciliation between the reclassified accounts and the mandatory reporting schedule, as required by Consob Notice No.6064293 of 28 July 2006.

The amounts related to year 2022 Reclassified consolidated income statement and to Profitability ratios differ from the ones published at that time. For further details refer to “Reconciliation principles followed for the Reclassified consolidated income statement” and to “Reconciliation principles followed for the reclassified consolidated balance sheet”.

For information on relations and transactions with related-party, it shall be referred to the Notes to the consolidated accounts, Part H - Related-party transactions.
For a complete description of risks and uncertainties that the Group has to face in the current market situation, it shall be referred to the specific paragraph of this Consolidated report on operations and to the Notes to the consolidated accounts, Part E - Information on risks and related hedging policies and paragraph “Risks and uncertainty relating to the use of estimates”, Part A - Accounting policies, A.1 - General, Section 2 - General preparation criteria

Group highlights, alternative performance indicators and other measures

Income statement figures

(€ million)

	YEAR		
	2023	2022	% CHANGE
Revenue	23,843	20,329	+ 17.3%
of which:			
- Net interest	*14,005*	*10,669*	*+ 31.3%*
- Dividends	*459*	*306*	*+ 49.9%*
- Fees	*7,463*	*7,625*	*- 2.1%*
Operating costs	(9,471)	(9,547)	- 0.8%
Gross operating profit (loss)	14,372	10,782	+ 33.3%
Loan Loss Provisions (LLPs)	(548)	(1,894)	- 71.0%
Net operating profit (loss)	13,823	8,888	+ 55.5%
Profit (Loss) before tax	11,451	7,289	+ 57.1%
Group stated net profit (loss)	9,507	6,458	+ 47.2%

The figures in this table refer to the Reclassified consolidated income statement.

Introduction and Group highlights

Balance sheet figures

(€ million)

	AMOUNTS AS AT		
	31.12.2023	31.12.2022	% CHANGE
Total assets	784,974	857,773	- 8.5%
Financial assets held for trading	57,274	64,443	- 11.1%
Loans to customers	429,452	455,781	- 5.8%
Financial liabilities held for trading	38,022	51,234	- 25.8%
Deposits from customers and debt securities issued	585,561	594,300	- 1.5%
of which:			-
- deposits from customers	*495,716*	*510,093*	*- 2.8%*
- debt securities issued	*89,845*	*84,207*	*+ 6.7%*
Group shareholders' equity	64,079	63,339	+ 1.2%

The figures in the table above refer to the reclassified consolidated balance sheet.

Profitability ratios

	YEAR		
	2023	2022	CHANGE
EPS (€)	5.105	3.085	2.020
Cost/Income ratio	39.7%	47.0%	- 7.2%
EVA (€ million)	4,157	1,561	2,596
RoTE	16.6%	10.7%	+ 5.8%
ROA	1.2%	0.8%	+ 0.5%

Notes:
EPS: Earnings Per Share. For further details refer to Part C - Section 25.
Cost/Income ratio: ratio between Operating costs and Revenue.
EVA (Economic Value Added): equal to the difference between Net operating profit after tax (NOPAT) and the Cost of the absorbed capital.
RoTE: ratio between the net profit and the average tangible equity.
ROA (Return On Assets): calculated as the ratio between Net profit (loss) for the period and Total assets pursuant to Art. 90 of CRD IV.

Risk ratios

	AS AT		
	31.12.2023	31.12.2022	% CHANGE
Net bad loans to customers/Loans to customers	0.18%	0.13%	0.04%
Net non-performing loans to customers/Loans to customers	1.44%	1.42%	0.01%

For the amounts, refer to the table “Loans to customers - Asset quality” reported in the paragraph “Net write-downs on loans and provisions for guarantees and commitments” of this Consolidated report on operations of the UniCredit group.

Introduction and Group highlights

Staff and Branches

	AS AT		
	31.12.2023	31.12.2022	CHANGE
Number of employees	70,752	75,040	(4,288)
Number of branches	3,082	3,175	(93)
of which:			
- Italy	*1,950*	*1,986*	(36)
- Other countries	*1,132*	*1,189*	(57)

Notes:
Number of employees counted for the rate of presence (FTEs - Full Time Equivalent).
Number of branches includes only Retail branches.

Group transitional capital ratios

	AS AT		
DESCRIPTION	31.12.2023	31.12.2022	CHANGE
Total Own Funds (€ million)	59,472	66,062	(6,590)
Total RWEA (€ million)	284,548	308,466	(23,918)
Common Equity Tier 1 Capital ratio	**16.14%**	**16.68%**	**-0.54%**
Total Capital ratio	**20.90%**	**21.42%**	**-0.52%**

Notes:
- Transitional own funds and capital ratios including all transitional adjustments according to the yearly applicable percentages.
- Furthermore, starting from 30 June 2020, UniCredit group has decided to apply the IFRS9 transitional approach as reported in article 473a of the Regulation (UE) No.873/2020 that amends the Regulation (EU) No.575/2013 and Regulation (EU) No.876/2019. Therefore the values here reported reflect the impact of the transitional arrangements provisioned in such Regulation.

For further details refer to the paragraph "Capital and value management - Capital ratios" of this Consolidated report on operations.

Ratings

	SHORT-TERM DEBT	MEDIUM AND LONG-TERM	OUTLOOK	STANDALONE RATING
Fitch Ratings	F2	BBB	stable	bbb
Moody's Investors Service	P-2	Baa1	stable	baa3
Standard & Poor's	A-2	BBB	stable	bbb+

Note:
For Moody's Investors Services the stable outlook refers to Long Term Bank Deposits. Senior Unsecured (Preferred) outlook is negative.

Ratings updated as at 31 January 2024.

Reclassified consolidated accounts

Changes occurred in the scope of consolidation

During 2023, with reference to the consolidation perimeter, the following changes were recorded:

- the number of fully consolidated companies, including those ones classified as non-current assets and asset disposal groups based on the accounting principle IFRS5, decreases for 33 (5 in and 38 out) changing from 358, as at 31 December 2022, to 325 as at 31 December 2023;
- the number of companies consolidated by using the equity method, including those ones classified as non-current assets and asset disposal groups, presents a decrease of 1 (1 out) changing from 28, as at 31 December 2022, to 27 as at 31 December 2023.

For additional information, reference is made in Notes to the consolidated accounts, Part A - Accounting Policies, A.1 - General, Section 3 - Consolidation scope and methods and in Part B - Consolidated balance sheet - Assets, Section 7 - Equity investments - Item 70.

Non-current assets and disposal groups classified as held for sale

As at 31 December 2023, the main assets which, based on the application of IFRS5 accounting standard, were classified as non-current assets and asset disposal groups, regard the following individual assets and liabilities held for sale and groups of assets held for sale and associated liabilities which do not satisfy IFRS5 requirements for the classification as discontinued operations:

- the associated companies Risanamento S.p.A. and Barn B.V.;
- the loans included in some sale's initiatives of portfolios;
- the real estate properties held by certain companies in the Group. It should be noted that during the period the assets and liabilities belonging to the Wealthcap group were reclassified out of held for sale as a result of the approval by UniCredit Bank GmbH of the discontinuation of the sale process.

For additional information, reference is made in Notes to the consolidated accounts, Part B - Consolidated balance sheet - Assets, Section 12 - Non-current assets and disposal groups classified as held for sale and Liabilities associated with assets classified as held for sale - Item 120 (Assets) and Item 70 (Liabilities).

Reconciliation principles followed for the reclassified consolidated balance sheet

The main reclassifications, whose amounts are provided analytically in the tables enclosed with this report, involve:

- the inclusion in "Loans to banks" of item "Financial assets at amortised cost: a) loans and advances to banks", net of debt securities reclassified in "Other financial assets", and of loans related to item "Financial assets at fair value through profit or loss: c) other financial assets mandatorily at fair value";
- the inclusion in "Loans to customers" of item "Financial assets at amortised cost: b) Loans and advances to customers", net of debt securities and of IFRS16 leasing assets reclassified in "Other financial assets", and of loans related to item "Financial assets at fair value through profit or loss: c) other financial assets mandatorily at fair value";
- the aggregation as "Other financial assets" of items (i) "Financial assets at fair value through profit or loss: b) financial assets designated at fair value and c) other financial assets mandatorily at fair value", net of loans reclassified in "Loans to banks and to customers", of (ii) "Financial assets at fair value through other comprehensive income", of (iii) "Equity investments", besides reclassifications of (iv) debt securities from item "Financial assets at amortised cost: a) loans and advances to banks and b) loans and advances to customers" and of (v) IFRS16 leasing assets from item "Financial assets at amortised cost: a) loans and advances to banks and b) loans and advances to customers";
- the inclusion in "Other financial liabilities" of leasing liabilities pursuant to accounting standard IFRS16 relating to item "Financial liabilities at amortised cost: a) deposits from banks and b) deposits from customers";
- grouping under "Hedging instruments", both assets and liabilities, of items "Hedging derivatives" and "Changes in fair value of portfolio hedged items" in the assets and "Value adjustment of hedged financial liabilities" in the liabilities;
- the inclusion of items "Provision for employee severance pay" and "Provisions for risks and charges" under "Other liabilities".

It should be noted that figures of Reclassified Consolidated balance sheet have not been restated following the exit of the companies of the WealthCap group out of the non-current assets held for sale.

Reclassified consolidated accounts

Reclassified consolidated balance sheet

(€ million)

ASSETS	AMOUNTS AS AT 31.12.2023	AMOUNTS AS AT 31.12.2022	CHANGE AMOUNT	CHANGE %
Cash and cash balances	61,000	111,776	- 50,776	- 45.4%
Financial assets held for trading	57,274	64,443	- 7,169	- 11.1%
Loans to banks	39,434	45,707	- 6,274	- 13.7%
Loans to customers	429,452	455,781	- 26,328	- 5.8%
Other financial assets	162,953	148,116	+ 14,837	+ 10.0%
Hedging instruments	(1,340)	(3,725)	+ 2,386	- 64.0%
Property, plant and equipment	8,628	9,164	- 536	- 5.8%
Goodwill	-	-	-	n.m.
Other intangible assets	2,272	2,350	- 78	- 3.3%
Tax assets	11,818	13,120	- 1,302	- 9.9%
Non-current assets and disposal groups classified as held for sale	370	1,229	- 859	- 69.9%
Other assets	13,112	9,812	+ 3,300	+ 33.6%
Total assets	**784,974**	**857,773**	**- 72,799**	**- 8.5%**

(€ million)

LIABILITIES AND SHAREHOLDERS' EQUITY	AMOUNTS AS AT 31.12.2023	AMOUNTS AS AT 31.12.2022	CHANGE AMOUNT	CHANGE %
Deposits from banks	71,042	131,324	- 60,282	- 45.9%
Deposits from customers	495,716	510,093	- 14,377	- 2.8%
Debt securities issued	89,845	84,207	+ 5,638	+ 6.7%
Financial liabilities held for trading	38,022	51,234	- 13,212	- 25.8%
Other financial liabilities	13,751	12,041	+ 1,710	+ 14.2%
Hedging instruments	(10,573)	(18,101)	+ 7,528	- 41.6%
Tax liabilities	1,483	1,681	- 198	- 11.8%
Liabilities included in disposal groups classified as held for sale	-	579	- 579	n.m.
Other liabilities	21,445	21,218	+ 227	+ 1.1%
Minorities	164	158	+ 6	+ 3.9%
Group shareholders' equity	64,079	63,339	+ 740	+ 1.2%
of which:				
- capital and reserves	*54,572*	*56,881*	*- 2,309*	*- 4.1%*
- Group stated net profit (loss)	*9,507*	*6,458*	*+ 3,049*	*+ 47.2%*
Total liabilities and shareholders' equity	**784,974**	**857,773**	**- 72,799**	**- 8.5%**

Reclassified consolidated accounts

Reclassified consolidated balance sheet - Quarterly figures

(€ million)

	AMOUNTS AS AT				AMOUNTS AS AT			
ASSETS	**31.12.2023**	**30.09.2023**	**30.06.2023**	**31.03.2023**	**31.12.2022**	**30.09.2022**	**30.06.2022**	**31.03.2022**
Cash and cash balances	61,000	87,357	76,069	126,377	111,776	140,619	122,114	125,875
Financial assets held for trading	57,274	62,938	66,942	62,293	64,443	79,136	74,668	76,144
Loans to banks	39,434	54,309	66,895	71,905	45,707	73,410	97,973	101,664
Loans to customers	429,452	436,512	450,846	453,754	455,781	461,782	461,909	455,762
Other financial assets	162,953	152,793	150,468	148,239	148,116	154,883	157,014	154,861
Hedging instruments	(1,340)	(3,711)	(3,334)	(3,679)	(3,725)	(3,428)	(1,097)	1,706
Property, plant and equipment	8,628	8,849	8,936	9,095	9,164	9,222	9,400	9,374
Goodwill	-	-	-	-	-	-	-	-
Other intangible assets	2,272	2,230	2,255	2,300	2,350	2,295	2,263	2,204
Tax assets	11,818	11,337	12,003	12,560	13,120	12,680	12,743	13,229
Non-current assets and disposal groups classified as held for sale	370	1,198	1,410	1,126	1,229	980	802	2,075
Other assets	13,112	11,832	11,016	11,357	9,812	11,224	7,967	6,960
Total assets	**784,974**	**825,644**	**843,506**	**895,327**	**857,773**	**942,803**	**945,756**	**949,854**

(€ million)

	AMOUNTS AS AT				AMOUNTS AS AT			
LIABILITIES AND SHAREHOLDERS' EQUITY	**31.12.2023**	**30.09.2023**	**30.06.2023**	**31.03.2023**	**31.12.2022**	**30.09.2022**	**30.06.2022**	**31.03.2022**
Deposits from banks	71,042	96,928	97,781	148,933	131,324	175,267	181,872	181,471
Deposits from customers	495,716	510,626	514,138	522,514	510,093	533,927	529,499	523,000
Debt securities issued	89,845	92,551	92,987	88,980	84,207	85,033	85,982	90,415
Financial liabilities held for trading	38,022	44,162	50,769	50,061	51,234	64,592	53,882	56,987
Other financial liabilities	13,751	13,005	12,983	12,705	12,041	11,427	11,368	11,338
Hedging instruments	(10,573)	(17,316)	(17,343)	(17,240)	(18,101)	(18,309)	(10,496)	(3,202)
Tax liabilities	1,483	1,698	1,773	1,804	1,681	1,802	1,533	1,481
Liabilities included in disposal groups classified as held for sale	-	500	524	490	579	557	553	518
Other liabilities	21,445	20,608	27,865	23,276	21,218	25,363	28,939	25,712
Minorities	164	157	148	163	158	155	424	465
Group shareholders' equity	64,079	62,726	61,881	63,641	63,339	62,989	62,200	61,669
of which:								
- capital and reserves	*54,572*	*56,030*	*57,507*	*61,577*	*56,881*	*58,995*	*59,915*	*61,395*
- Group stated net profit (loss)	*9,507*	*6,696*	*4,374*	*2,064*	*6,458*	*3,994*	*2,285*	*274*
Total liabilities and shareholders' equity	**784,974**	**825,644**	**843,506**	**895,327**	**857,773**	**942,803**	**945,756**	**949,854**

Reclassified consolidated accounts

Reconciliation principles followed for the reclassified consolidated income statement

The main reclassifications, whose amounts are provided analytically in the tables enclosed with this report, involve:

- the inclusion in "Dividends" of "Profit (Loss) of equity investments valued at equity" and the exclusion of (i) "Dividends from held for trading equity instruments" and (ii) "Dividends on equity investments, shares and equity instruments mandatorily at fair value" which are included in "Trading income";
- the inclusion in the "Other expenses/income" of "Other operating expenses/income", excluding "Recovery of expenses" which is classified under its own item, the exclusion of the costs for "Net value adjustments/write-backs on leasehold improvements" classified among "Other administrative expenses", the inclusion of result of industrial companies and of gains/losses on disposal and repurchase of financial assets at amortised cost represented by performing loans;
- presentation of "Other expenses/income", "HR costs", "Non HR costs", "Amortisations and depreciations" and "Other charges and provisions" net of any "Integration costs" relating to the reorganisation operations, classified as a separate item;
- the exclusion from the "Non HR costs" of the Contributions to the Resolution Funds (SRF), the Deposit Guarantee Schemes (DGS), the Bank Levy and the Guarantee fees for DTA reclassified in item "Other charges and provisions";
- the exclusion from "Amortisations and depreciations" of impairment/writebacks related to (i) inventories assets (IAS2) obtained from recovery procedures of NPE, (ii) rights of use of land and buildings used in the business (both classified in item "Net income from investments") and (iii) tangible in operating lease assets (classified in item "Other expenses/income");
- in "Loan Loss Provisions", the inclusion of net losses/recoveries on financial assets at amortised cost and at fair value through other comprehensive income net of debt securities, of the gains (losses) on disposal and repurchase of financial assets at amortised cost net of debt securities and of performing loans, of the "Net provisions for risks and charges" related to commitments and financial guarantees given;
- the inclusion in "Net income from investments" of net losses/recoveries on financial assets at amortised cost and at fair value through other comprehensive income - debt securities, of gains (losses) on tangible and intangible assets measured at fair value as well as gains (losses) of equity investments and on disposal on investments, including impacts from revaluation arising from IFRS5 non-current assets and disposal groups related to equity investment consolidated line by line and at net equity method not presented to item "Profit (Loss) after tax from discontinued operations";
- the inclusion among "Trading income" (i) of the net gains (losses) on trading, (ii) of the net gains (losses) on hedge accounting, (iii) of the net gains/losses on other financial assets/liabilities at fair value through profit or loss, (iv) of the gains/losses on disposal or repurchase of financial assets at fair value through other comprehensive income, (v) of gains/losses on disposal and repurchase of financial assets at amortised cost represented by debt securities, (vi) of gains/losses on disposal and repurchase of financial liabilities at amortised cost, (vii) of the interest income and expenses deriving from Trading Book instruments, excluded the economical hedging or funding banking book positions and (viii) of the gain/losses on commodities held with a trading intent;
- the inclusion in the "Fees" (i) of the Structuring and mandate fees on certificates, and the connected derivatives, issued or placed by the Group and (ii) of Mark-up fees on client hedging activities;
- the inclusion in the "Net interest" of interest component of the DBO (Defined Benefit Obligation), TFR (Trattamento di Fine Rapporto) and Jubilee deriving from HR costs.

Figures of Reclassified consolidated income statement relating to 2022 have been restated with the effects of the:

- shift from Trading Income to Fees of the client hedging mark-up (commercial margin between final price to the client and the offer price, the latter being quoted by the trader and containing bid/offer, market risk hedging costs and day one XVA) for FX spot operations, plain vanilla derivatives on FX, Fixed Income and Equity, Commodities derivatives;
- shift from Other expenses/income to Net interest of the interest on cash collaterals;
- shift from Non HR costs to Fees of some costs related to transaction and payment services;
- shift from Recovery of expenses to Non HR costs of the cost reimbursements of postal services in Germany.

At a glance Chairman & CEO Letters 2023 Timeline Strategy & Financial Progress Clients People & Culture ESG Digital & Data Foundation Consolidated Report Company Report Other

Reclassified consolidated accounts

Reclassified consolidated income statement

(€ million)

	YEAR		CHANGE		
	2023	2022	P&L	%	% AT CONSTANT FX(*) RATES
Net interest	14,005	10,669	+ 3,336	+ 31.3%	+ 32.8%
Dividends	459	306	+ 153	+ 49.9%	+ 49.9%
Fees	7,463	7,625	- 161	- 2.1%	- 1.7%
Trading income	1,845	1,776	+ 68	+ 3.8%	+ 7.3%
Other expenses/income	72	(47)	+ 118	n.m.	n.m.
Revenue	**23,843**	**20,329**	**+ 3,514**	**+ 17.3%**	**+ 18.5%**
HR costs	(5,861)	(5,918)	+ 57	- 1.0%	- 0.6%
Non HR costs	(3,075)	(2,984)	- 91	+ 3.0%	+ 3.5%
Recovery of expenses	542	503	+ 38	+ 7.6%	+ 7.4%
Amortisations and depreciations	(1,078)	(1,149)	+ 71	- 6.2%	- 5.5%
Operating costs	**(9,471)**	**(9,547)**	**+ 76**	**- 0.8%**	**- 0.3%**
GROSS OPERATING PROFIT (LOSS)	**14,372**	**10,782**	**+ 3,590**	**+ 33.3%**	**+ 35.3%**
Loan Loss Provisions (LLPs)	(548)	(1,894)	+ 1,346	- 71.0%	- 70.4%
NET OPERATING PROFIT (LOSS)	**13,823**	**8,888**	**+ 4,935**	**+ 55.5%**	**+ 57.8%**
Other charges and provisions	(1,041)	(1,093)	+ 53	- 4.8%	- 4.6%
of which: systemic charges	*(955)*	*(1,085)*	*+ 130*	*- 12.0%*	*- 11.7%*
Integration costs	(1,060)	(324)	- 736	n.m.	n.m.
Net income from investments	(272)	(182)	- 90	+ 49.5%	+ 95.0%
PROFIT (LOSS) BEFORE TAX	**11,451**	**7,289**	**+ 4,162**	**+ 57.1%**	**+ 58.8%**
Income taxes	(1,914)	(819)	- 1,095	n.m.	n.m.
Profit (Loss) of discontinued operations	-	3	- 3	- 100.0%	- 100.0%
NET PROFIT (LOSS) FOR THE PERIOD	**9,537**	**6,473**	**+ 3,065**	+ 47.3%	+ 48.4%
Minorities	(27)	(15)	- 12	+ 80.7%	+ 80.6%
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA	**9,510**	**6,458**	**+ 3,053**	**+ 47.3%**	**+ 48.4%**
Purchase Price Allocation (PPA)	(4)	-	- 4	-	n.m.
Goodwill impairment	-	-	-	-	-
GROUP STATED NET PROFIT (LOSS)	**9,507**	**6,458**	**+ 3,049**	**+ 47.2%**	**+ 48.3%**

Note:
(*) Foreign Exchange.

Reclassified consolidated accounts

Reclassified consolidated income statement - Quarterly figures

(€ million)

	2023				2022			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net interest	3,610	3,600	3,497	3,298	3,415	2,483	2,475	2,296
Dividends	93	113	129	124	57	77	83	90
Fees	1,793	1,769	1,905	1,996	1,803	1,865	1,918	2,038
Trading income	360	499	485	500	427	394	368	588
Other expenses/income	122	(14)	(48)	11	13	5	(67)	2
Revenue	**5,979**	**5,967**	**5,967**	**5,930**	**5,715**	**4,824**	**4,777**	**5,013**
HR costs	(1,576)	(1,437)	(1,426)	(1,422)	(1,563)	(1,459)	(1,440)	(1,456)
Non HR costs	(827)	(752)	(748)	(748)	(742)	(761)	(748)	(732)
Recovery of expenses	151	132	132	127	135	122	120	126
Amortisations and depreciations	(237)	(270)	(286)	(284)	(300)	(284)	(287)	(278)
Operating costs	**(2,489)**	**(2,327)**	**(2,328)**	**(2,327)**	**(2,470)**	**(2,382)**	**(2,355)**	**(2,341)**
GROSS OPERATING PROFIT (LOSS)	**3,490**	**3,640**	**3,639**	**3,603**	**3,246**	**2,442**	**2,422**	**2,672**
Loan Loss Provisions (LLPs)	(300)	(135)	(21)	(93)	(528)	(84)	2	(1,284)
NET OPERATING PROFIT (LOSS)	**3,190**	**3,505**	**3,619**	**3,510**	**2,717**	**2,358**	**2,424**	**1,389**
Other charges and provisions	82	(285)	(92)	(745)	(144)	(281)	56	(725)
of which: systemic charges	*(35)*	*(232)*	*(48)*	*(640)*	*(38)*	*(265)*	*(63)*	*(719)*
Integration costs	(788)	(41)	(214)	(17)	(287)	(38)	4	(3)
Net income from investments	(134)	(11)	(109)	(17)	(176)	27	(3)	(30)
PROFIT (LOSS) BEFORE TAX	**2,349**	**3,168**	**3,204**	**2,731**	**2,111**	**2,067**	**2,481**	**630**
Income taxes	468	(837)	(883)	(661)	355	(367)	(461)	(346)
Profit (Loss) of discontinued operations	-	-	-	-	-	-	-	3
NET PROFIT (LOSS) FOR THE PERIOD	**2,817**	**2,331**	**2,320**	**2,070**	**2,466**	**1,700**	**2,020**	**287**
Minorities	(6)	(9)	(6)	(6)	(2)	10	(10)	(13)
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA	**2,810**	**2,322**	**2,314**	**2,064**	**2,464**	**1,709**	**2,010**	**274**
Purchase Price Allocation (PPA)	-	-	(4)	-	-	-	-	-
Goodwill impairment	-	-	-	-	-	-	-	-
GROUP STATED NET PROFIT (LOSS)	**2,810**	**2,322**	**2,310**	**2,064**	**2,464**	**1,709**	**2,010**	**274**

Reclassified consolidated accounts

Reclassified consolidated income statement - Comparison of Q4 2023/2022

(€ million)

	Q4		CHANGE		
	2023	2022	P&L	%	% AT CONSTANT FX(*) RATES
Net interest	3,610	3,415	+ 195	+ 5.7%	+ 8.0%
Dividends	93	57	+ 37	+ 64.7%	+ 64.8%
Fees	1,793	1,803	- 10	- 0.6%	+ 0.4%
Trading income	360	427	- 67	- 15.7%	- 10.4%
Other expenses/income	122	13	+ 109	n.m.	n.m.
Revenue	**5,979**	**5,715**	**+ 264**	**+ 4.6%**	**+ 6.7%**
HR costs	(1,576)	(1,563)	- 13	+ 0.8%	+ 1.7%
Non HR costs	(827)	(742)	- 85	+ 11.4%	+ 12.3%
Recovery of expenses	151	135	+ 16	+ 11.7%	+ 10.9%
Amortisations and depreciations	(237)	(300)	+ 62	- 20.8%	- 19.4%
Operating costs	**(2,489)**	**(2,470)**	**- 19**	**+ 0.8%**	**+ 1.8%**
GROSS OPERATING PROFIT (LOSS)	**3,490**	**3,246**	**+ 244**	**+ 7.5%**	**+ 10.5%**
Loan Loss Provisions (LLPs)	(300)	(528)	+ 229	- 43.2%	- 40.3%
NET OPERATING PROFIT (LOSS)	**3,190**	**2,717**	**+ 473**	**+ 17.4%**	**+ 20.3%**
Other charges and provisions	82	(144)	+ 225	n.m.	n.m.
of which: systemic charges	*(35)*	*(38)*	*+ 3*	*- 8.6%*	*- 5.8%*
Integration costs	(788)	(287)	- 501	n.m.	n.m.
Net income from investments	(134)	(176)	+ 41	- 23.6%	- 3.4%
PROFIT (LOSS) BEFORE TAX	**2,349**	**2,111**	**+ 238**	**+ 11.3%**	**+ 13.2%**
Income taxes	468	355	+ 113	+ 31.7%	+ 25.9%
Profit (Loss) of discontinued operations	-	-	-	-	-
NET PROFIT (LOSS) FOR THE PERIOD	**2,817**	**2,466**	**+ 351**	+ 14.2%	+ 15.1%
Minorities	(6)	(2)	- 4	n.m.	n.m.
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA	**2,810**	**2,464**	**+ 347**	**+ 14.1%**	**+ 14.9%**
Purchase Price Allocation (PPA)	-	-	-	-	-
Goodwill impairment	-	-	-	-	-
GROUP STATED NET PROFIT (LOSS)	**2,810**	**2,464**	**+ 347**	**+ 14.1%**	**+ 14.9%**

Note:
(*) Foreign Exchange.

Summary results by business segments

Key figures by business segment

	ITALY	GERMANY	CENTRAL EUROPE	EASTERN EUROPE	RUSSIA	GROUP CORPORATE CENTRE(*)	CONSOLIDATED GROUP TOTAL
Income statement							
Revenue							
2023	10,864	5,430	4,260	2,591	1,183	(484)	**23,843**
2022	*9,096*	*5,050*	*3,410*	*1,987*	*1,257*	*(471)*	***20,329***
Operating costs							
2023	(3,893)	(2,408)	(1,625)	(853)	(228)	(464)	**(9,471)**
2022	*(3,966)*	*(2,518)*	*(1,603)*	*(813)*	*(283)*	*(364)*	***(9,547)***
GROSS OPERATING PROFIT (LOSS)							
2023	6,970	3,022	2,635	1,737	955	(948)	**14,372**
2022	*5,131*	*2,532*	*1,807*	*1,174*	*974*	*(835)*	***10,782***
PROFIT (LOSS) BEFORE TAX							
2023	5,579	2,128	2,226	1,710	886	(1,077)	**11,451**
2022	*4,337*	*1,801*	*1,359*	*881*	*(273)*	*(816)*	***7,289***
Balance sheet							
CUSTOMERS LOANS(**)							
as at 31 December 2023	152,055	125,125	95,367	33,570	3,152	208	**409,478**
as at 31 December 2022	*168,369*	*129,871*	*95,832*	*31,425*	*6,596*	*349*	***432,441***
CUSTOMERS DEPOS(**)							
as at 31 December 2023	188,434	138,192	93,450	47,104	7,208	(5)	**474,383**
as at 31 December 2022	*198,962*	*146,580*	*93,651*	*43,954*	*8,677*	*(7)*	***491,817***
TOTAL RWEA							
as at 31 December 2023	106,470	69,520	60,492	28,743	14,283	5,039	**284,548**
as at 31 December 2022	*118,926*	*81,130*	*60,756*	*26,866*	*16,143*	*4,645*	***308,466***
EVA							
2023	2,208	705	858	894	107	(614)	**4,157**
2022	*1,362*	*361*	*465*	*330*	*(646)*	*(311)*	***1,561***
Cost/income ratio							
2023	35.8%	44.3%	38.1%	32.9%	19.3%	n.m.	**39.7%**
2022	*43.6%*	*49.9%*	*47.0%*	*40.9%*	*22.5%*	n.m.	***47.0%***
Employees							
as at 31 December 2023	26,678	9,548	10,201	13,031	3,153	8,141	**70,752**
as at 31 December 2022	*27,989*	*10,779*	*10,542*	*13,595*	*3,416*	*8,719*	***75,040***

Notes:
(*) The item "Group Corporate Centre" comprehend Corporate Centre Global Functions, inter-segment adjustments and consolidation adjustments not attributable to individual segments.
(**) The Customer loans and the Customers depos are net of repos, intercompany transactions.

The amounts related to year 2022 differ from the ones published at that time. For further details refer to “Reconciliation principles followed for the Reclassified consolidated income statement” and to “Reconciliation principles followed for the reclassified consolidated balance sheet”.
Figures as of 2022 were recast, where necessary, on a like-to-like basis to consider changes in scope of business segment and methodological rules.
With reference to perimeters of business sectors refer to Notes to the consolidated accounts, Part L - Segment reporting, Organisational structure.

Group and UniCredit share historical data series

Group figures 2013 - 2023

	IAS/IFRS										
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Reclassified income statement (€ million)											
Revenue	23,843	20,343	17,954	17,140	18,839	19,723	19,619	18,801	22,405	22,513	23,973
Operating costs	(9,471)	(9,560)	(9,797)	(9,805)	(9,929)	(10,698)	(11,350)	(12,453)	(13,618)	(13,838)	(14,801)
Gross operating profit (loss)	14,372	10,782	8,158	7,335	8,910	9,025	8,268	6,348	8,787	8,675	9,172
Profit (Loss) before tax	11,451	7,289	1,236	(1,546)	3,065	3,619	4,148	(10,978)	2,671	4,091	(4,888)
Net profit (loss) for the period	9,537	6,473	1,570	(1,842)	3,559	4,112	5,790	(11,061)	2,239	2,669	(3,920)
Group stated net profit (loss)	9,507	6,458	1,540	(2,785)	3,373	3,892	5,473	(11,790)	1,694	2,008	(13,965)
Reclassified balance sheet (€ million)											
Total assets	784,974	857,773	916,671	931,456	855,647	831,469	836,790	859,533	860,433	844,217	845,838
Loans to customers	429,452	455,781	437,544	450,550	482,574	471,839	447,727	444,607	473,999	470,569	503,142
of which: bad exposures	*753*	*601*	*1,121*	*1,645*	*2,956*	*5,787*	*9,499*	*10,945*	*19,924*	*19,701*	*18,058*
Deposits from customers and debt securities issued	585,561	594,300	596,402	600,964	566,871	560,141	561,498	567,855	584,268	560,688	571,024
Group shareholders' equity	64,079	63,339	61,628	59,507	61,416	55,841	59,331	39,336	50,087	49,390	46,841
Profitability ratios (%)											
Gross operating profit (loss)/Total assets	1.83	1.26	0.89	0.79	1.04	1.09	0.99	0.74	1.02	1.03	1.08
Cost/Income ratio	39.7	47.0	54.6	57.2	52.7	54.2	57.9	66.2	60.8	61.5	61.7

The figures here reported refer to the information published in the reference year.

Group and UniCredit share historical data series

Share information

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Share price (€)											
- maximum	25.565	15.850	13.576	14.174	13.494	18.212	18.350	25.733	32.824	34.427	28.213
- minimum	13.446	8.021	7.420	6.213	9.190	9.596	12.160	8.785	24.605	25.583	16.227
- average	20.463	11.087	10.088	8.650	11.193	14.635	15.801	13.820	29.509	30.015	22.067
- end of period	24.565	13.272	13.544	7.648	13.020	9.894	15.580	13.701	25.733	26.735	26.961
Number of outstanding shares (million)											
- at period end	1,712	1,935	2,211	2,237	2,233	2,230	2,226	6,180	5,970	5,866	5,792
- shares cum dividend	1,703	1,926	2,201	2,228	2,224	2,220	2,216	6,084	5,873	5,769	5,695
of which: savings shares	-	-	-	-	-	-	*0.25*	*2.52*	*2.48*	*2.45*	*2.42*
- average	1,838	2,079	2,231	2,236	2,233	2,229	1,957	6,110	5,927	5,837	5,791
Dividend											
- total dividends (€ million)	-	1,875	1,170	268	-	601	726	-	706	697	570
- dividend per ordinary share	-	0.987	0.538	0.120	-	0.270	0.320	-	0.120	0.120	0.100
- dividend per savings share	-	-	-	-	-	-	-	-	0.120	1.065	0.100

Notes:
Due to extraordinary corporate operations involving the detachment of rights, splitting or grouping of shares, demerger operations as well as distributions of extraordinary dividends, share prices might systematically change being no longer comparable with each other. The historical series of share prices have been therefore adjusted to restore price continuity.

The number of shares, existing at the end of the reference period, is net of treasury shares and included No.9.675.645 of shares held under a contract of usufruct signed with Mediobanca S.p.A. supporting the issuance of convertible securities denominated “Cashes”. The shares held under a contract of usufruct are excluded from the shares cum dividend highlighted at the row “shares cum dividend”.

With reference to the dividend amount for the year 2023, subject to approval by the Shareholders' Meeting scheduled for 12 April 2024, refer to the paragraph “Capital and value management - Capital ratios” of this Consolidated report on operations.

It’s reported below detailed information concerning shares capital changes and dividends pay-out paid during the year 2023.

On 27 February 2023 was registered with the Company Register the resolution to increase the share capital for €57,704,548.00 relating to the issue of No.5,508,167 ordinary free shares for the execution of Group Incentive System.

On 26 April 2023 was paid the cash dividend approved by shareholders’ meeting held on 31 March 2023 for a total consideration of €1,875 million from allocation of the net profit of the year 2022, equal a dividend of €0.9872 for each share outstanding and entitled to dividend at payment date.

On 31 March 2023 the Shareholders’ Meeting of the Company approved the share buy-back programme for a total expenditure up to €3,343 million and not exceeding No.230,000,000 of UniCredit shares (the “Buy-Back Programme 2022”), as part of the overall remuneration to shareholders for the financial year 2022. The share buy-back was priorly authorised by ECB on 28 March 2023 and the company decided to execute the purchases in two tranches, respectively for €2,343 million (the “First Tranche of the Buy-Back Programme 2022") and €1,000 million (the “Second Tranche of the Buy-Back Programme 2022”). The first tranche of treasury shares purchases has been launched on 3 April 2023 and completed on 29 June 2023 with the purchase of No.125,036,173 UniCredit ordinary shares, for a total consideration equal to the maximum expenditure authorized (€2,343 million) while the execution of the second tranche was started on 30 June 2023 and completed on 29 September 2023 with the purchase of No.45,138,320 UniCredit ordinary shares for a total consideration equal to the residual available amount authorized (€1,000 million).

On 12 September 2023, with a view to submitting for the approval by the shareholders of the Company the launch within the current year of a share buyback programme as part of the distribution for the financial year 2023, the cancellation of the treasury shares in portfolio purchased up to date in execution of the second tranche of the buy-back program 2022 was ordered (No.156,114,828 shares for total consideration of €3,031 million).

On 27 October 2023 the Shareholders’ Meeting of the Company approved the purchase of treasury shares for a maximum amount of €2.5 billion and not exceeding No.160,000,000 of UniCredit shares (the “First Tranche of the Buy-Back Programme 2023"). The initiative, previously authorised by the ECB on 26 October 2023, is part of the overall distribution expected for the year 2023, equal to or greater than €6.5 billion announced in the context of the presentation of the results for the first half of 2023 which highlighted a significant organic generation of capital.
The purchase transactions started on 30 October 2023 and it is expected to be completed by the end of the first quarter of 2024.

As at 31 December 2023, the treasury shares in portfolio amounted to a total of No.72,239,501 for an amount of €1,727 million, resulting from the purchases made at the completion of the 2022 Buy-Back Program (No.14,059,665) and from the purchases made for the ongoing 2023 Buy-Back Program (No.58,179,836).
For completeness of information, the above treasury shares outstanding at the end of the year 2023 were canceled on 16 January 2024.

Group and UniCredit share historical data series

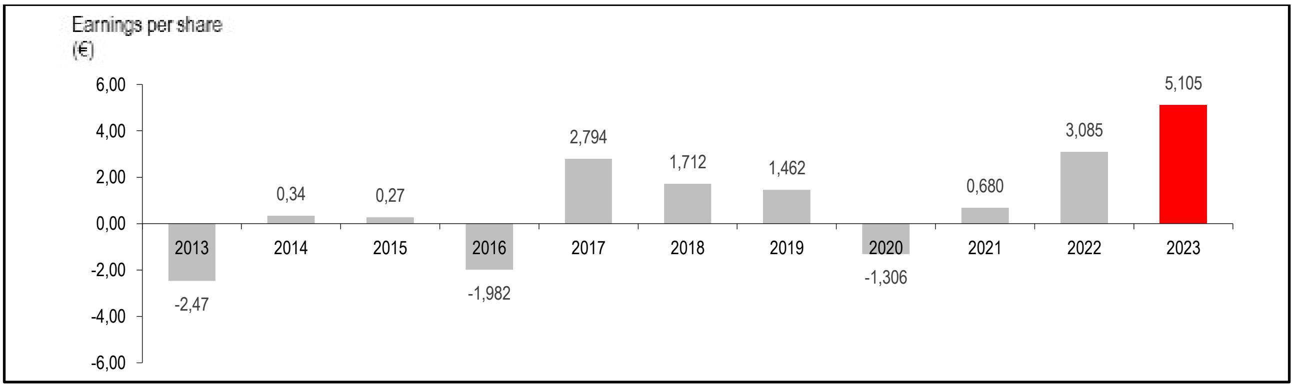
Earnings ratios

	IAS/IFRS										
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Shareholders' equity (€ million)	64,079	63,339	61,628	59,507	61,416	55,841	59,331	39,336	50,087	49,390	46,841
Net profit (loss) attributable to the Group (€ million)	9,507	6,458	1,540	(2,785)	3,373	3,892	5,473	(11,790)	1,694	2,008	(13,965)
Shareholders' equity per share (€)	37.42	32.73	27.87	26.60	27.50	25.04	26.65	6.36	8.39	8.42	8.09
Price/Book value	0.66	0.41	0.49	0.29	0.47	0.40	0.58	0.43	0.61	0.63	0.67
Earnings per share (€)	5.105	3.085	0.680	(1.306)	1.462	1.712	2.794	(1.982)	0.27	0.34	(2.47)
Payout ratio (%)	-	29.0	76.0	-	-	15.4	13.3	-	41.7	34.7	-
Dividend yield on average price per ordinary share (%)	-	8.90	5.33	1.39	-	1.84	2.03	-	2.04	2.00	2.27

Notes:
For further details on Earnings per share (EPS) refer to Part C - Section 25 Earnings per share.
For what concern to the amount of dividend related to 2023, subject to the 12 April 2024 General Shareholders Meeting approval, refer to the paragraph "Capital and value management - Capital ratios" of this Consolidated report on operations.

The amounts shown in the table are "historical figures" published in different periods and they should be read taking into account the context of the period at which they refer to.

The net profit for the period used to calculate EPS is reduced for the following amounts related to the cash-out, charged to equity, related to the usufruct contract signed with Mediobanca S.p.A. on UniCredit shares for supporting the issuance of convertible securities denominated “Cashes”: €105 million for 2013, €35 million for 2014, €100 million for 2015, €128 million for 2016, €32 million for 2017, €93 million for 2018, €124 million for 2019, €122 million for 2020 and €30 million for 2021, related to the last payment referred to 2019 results, €74 million for 2022, referred to 2021 results, and €175 million for 2023, referred to 2022 results.



Group results

Macroeconomic situation, banking and financial markets

International situation

In 2023 global economic activity was moderate thanks to strong private consumption and resilient labor market. In the second half of the year, however, economic growth lost momentum as a result of stagnation in the eurozone and decelerating activity in China. Core inflation continued to make substantial progress towards the 2% target across advanced economies, inducing investors to anticipate rate cuts in 2024 by the major central banks. The outbreak of the war between Israel and Hamas in early October caused some short-lived market volatility, involving particularly energy commodities.

After a rebound in economic activity in the first quarter 2023 that followed the sudden lifting of all Covid-19-related restrictions, the Chinese economy has since surprised to the downside. Part of this disappointment had to do with timid Chinese consumers, whose confidence was at its lowest since 1991. There are at least four factors weighed on consumption: 1) the Chinese government has not announced any all-out fiscal stimulus, resorting to a piecemeal approach at a time of stagnating wages; 2) around 70% of household wealth in China is tied up in property. Consequently, declining property values created negative wealth effects and dragging down consumer spending; 3) the effects of regulatory tightening on real estate, education and tech, which used to be a major employment-driver, affected confidence; 4) the youth unemployment rate is at historically high levels, and younger generations have a high propensity to spend. As a result of weak aggregate demand, consumer prices stagnated and were in contractionary territory for some months in second half 2023, inducing the People Bank of China to adopt supportive monetary measures but not particularly ambitious.

In Japan, the economic recovery stalled in the third quarter 2023, with the decline in economic activity continuing towards the end of 2023. In the meantime, at its October meeting, the Bank of Japan loosened its control over the bond market, stating that its 1% cap on 10-year government debt yields was now a “reference”, rather than a hard limit. Meanwhile, the policy rate was left unchanged at -0.10%. In the UK, economic activity continued to disappoint as a result of tighter monetary policy by the Bank of England in the face of stubbornly high inflation, with the last rate hike that was announced in August, bringing the policy rate to 5.25%.

Economic activity in the eurozone broadly stagnated in the second half of 2023 as the impact of higher interest rates broadened across sectors, global demand remained weak, weakness in manufacturing increasingly spilled over to services and the stimulus from reopening faded. The outbreak of the conflict between Israel and Hamas renewed upside risks on oil and gas prices, although its impact on future prices has been contained. Surveys pointed to a gradual but steady improvement in consumer confidence as consumers anticipated an improvement in their financial situation, due to improving purchasing power on the back of falling inflation and still resilient labor market. Real GDP stabilised in the last quarter of the year, following a light decline in the third quarter of the year.

A decline in energy prices, which was amplified by base effects, contributed to reduce inflationary pressures in the eurozone, with CPI inflation dropping to 2.8% in December, the lowest level since mid-2021. Disinflationary pressures broadened in the second half of the year, reflecting weaker demand amid tighter monetary policy, healed supply chains in global manufacturing and a moderation of demand-supply mismatches in contact-intensive sectors. Underlying inflation eased, with the core rate declining to 3.4% in December, with stickiness in services inflation preventing a major decline.
With the inflation rate still hovering above its 2% target, the European Central Bank (ECB) continued to rise its policy rate, bringing it to 4% by December. The recalibration of the terms and conditions of the third series of Targeted Long-Term Refinancing Operations (TLTRO III) maintained pressure on banks to repay outstanding loans, contributing to drain excess liquidity from the system. Since July, the discontinuation of reinvestments of maturing securities bought under the Asset Purchase Programme (APP) has further helped mop up liquidity. At its December meeting, the ECB decided to accelerate the normalization of the Eurosystem’s Balance sheet by announcing the intention: 1) to reduce the PEPP (Pandemic Emergency Purchase Program) portfolio by €7.5 billion per month on average in the second half of the year and 2) to discontinue reinvestments under the program at the end of 2024.

In the US, economic growth last year was more resilient than previously anticipated but moderated towards the end of 2023 as a result of tighter monetary policy, the rundown of household savings buffers and fading support from fiscal policy. The labor market remained tight, with firms reducing the number of job vacancies instead of shrinking their staff as they found difficult to find qualified and available workers in the past few years. Both headline and core consumer inflation continued to decline, moving towards 3%. While core goods prices contracted for most of the second half 2023, the disinflationary process proved to be slower for core services prices. The Fed hiked interest rate for the last time in July, when it boosted the federal funds rate from 5.25% to 5.5%. The Fed kept reducing the size of its Balance sheet by allowing its asset holdings to mature up to monthly caps of USD 60 billion for treasuries and USD 35 billion for mortgage-backed securities.

Banking and financial markets

Lending to the private sector in the eurozone showed a clear deceleration trend during 2023, with the annual growth rate at 0.5% in December compared to an increase of around 5.5% yoy in December 2022. High interest rates, a tightening of credit conditions and the ongoing slowdown in investment have weakened the dynamics of both loans to households and to non-financial corporations. However, at the end of 2023, there was a stabilization at a modest growth pace, thus a further deterioration into negative territory was avoided.

In 2023, loans to the private sector were characterised by a significant slowdown in the main reference countries of UniCredit group (Austria, Germany and Italy). Loans to non-financial corporations were particularly weak in Italy amid the surge in financing costs, with the contraction peaking at around -7% yoy in September and settling at around -4% yoy at the end of the year. A slowdown also characterised loans to households in Italy, with the deceleration intensifying towards the end of 2023, reaching -1.3% yoy compared to growth of more than 3% yoy in December 2022. In Germany, loans to non-financial corporations mainly expanded during 2023, albeit with a decline in their annual growth rate from around 10% at the end of 2022 to around 1% yoy at the end of 2023. Loans to households also declined, but still showed modest growth of around 0.6% yoy at the end of the year. In Austria, while slowing, corporate loans continued to grow, by around 2.5% yoy at the end of 2023, while the growth of loans to households moved progressively into negative territory, declining by around 2% yoy at the end of 2023.

With respect to bank funding at a system level, the growth of deposits from households and non-financial corporations in the euro area slowed down during 2023, with some divergences prevailing among the main reference countries of UniCredit group. In detail, in Italy, the growth rate of deposits from households and non-financial corporations reached a peak in mid-2022, then started to decline, also due to households trying to diversify their financial asset portfolios amid more favorable yields. In contrast, in Germany, the stock of deposits from both households and non-financial corporations continued to grow, albeit at a declining rate, especially for corporates, while household deposits in Germany continued to benefit from an increase in savings.

Interest rates applied to bank loans rose in 2023 in the three reference countries of UniCredit group, reflecting the ECB's restrictive monetary-policy stance. Interest rates applied to bank loans to non-financial companies in all the reference countries of the Group have risen above 5%, in Italy even above 5.5%, with an increase of around 2 percentage points compared to the end of 2022. Lending rates to households, especially interest rates on loans for home purchases, increased progressively, moving above 4% at the end of 2023 in all three Group reference countries, with relatively higher levels in Italy. Given a more gradual increase in the interest rates applied to bank deposits in all the reference countries of the Group, a progressive widening of bank spreads (i.e., the difference between the average interest rate applied to loans and the average rate applied to deposits) was observed in 2023, a dynamic that continued until the end of the year.

Expectations regarding monetary-policy decisions by central banks and the resulting increases in policy rates, to return inflation towards the 2% target, drove the dynamics of financial markets during 2023. Expectations of a higher level of policy rates for a longer period of time (than initially expected) fueled risk aversion in the market, particularly in September and October, with a significant increase in yields. The market mood improved towards the end of 2023, with the intensification of expectations of a reversal of monetary policy during 2024. The improved market environment in the final part of the year allowed the stock markets in the main countries of the Group to close the year with largely positive performances. The Italian stock market showed the biggest gain with an increase of around 25% at the end of 2023 compared to December 2022, while the German stock market recorded a gain of around 20%. The rise was more contained for the Austrian stock market, with an increase of around 10%.

Group results

CEE countries

Economic growth slowed in all EU-CEE[1] countries and the Western Balkans in 2023, with Czechia and Hungary estimated to have experienced a full-year GDP contraction in 2023. The slowdown was mainly driven by private consumption and inventories. The weakness in consumption reflected: 1) the exhaustion of precautionary savings accumulated during the Covid-19 pandemic by mid-2023; 2) falling real wages in the first half of the year and, in some countries, in the third quarter 2023; and 3) tight financial conditions. Private consumption fell in Czechia, Hungary, Poland and Slovakia and was very weak in Serbia and Slovenia. In Croatia and Romania, it remained more resilient, although growth still slowed from the previous year. Falling inventories provided a sizeable drag on overall economic growth, reflecting companies' destocking amid better-functioning supply chains and the rerouting of energy supply. At the same time, net exports provided a significant contribution to growth, as the contraction in imports more than offset the deterioration in exports, which either contracted by a smaller extent or continued to growth at a modest pace. Investment remained overall weak reflecting uncertainty, tight financial conditions, and weak external demand, although government investment was supported by efforts to spend the EU budget allocations for 2014-2020 in some countries. In Russia, economic activity is expected to have rebounded by 2.5% after contracting 2.1% in 2022, with domestic demand outpacing supply amid loose fiscal policy.

We expect the economies in EU-CEE to grow by around 3.0% this year and in 2025, with similar growth rates in the Western Balkans. Private consumption is likely to lead the growth rebound, helped by faster real wage growth, rising borrowing amid lower interest rates, a positive wealth effect from house prices and fiscal spending in a busy election year. Investment could recover amid larger Foreign Direct Investments (FDI) and transfers from the Recovery and Resilience Facility (RRF), but we expect capex and exports to contribute to growth from the second half 2024 at the earliest. In Russia, we expect GDP growth to slow to 1.3% as the fiscal impulse is likely to turn negative.

In 2023, government fiscal deficits remained high in most countries. Most CEE governments are yet to remove the support given to households following the pandemic and 2022's energy shock. In addition, CEE governments, enjoying abundant liquidity, postponed fiscal adjustment. Thus, 2024 starts with limited scope for fiscal stimulus, but also for lowering budget deficits. The take-up from the RRF and REPowerEU remained underwhelming, with Slovakia, Romania and Croatia having made the most of the opportunity. We expect disbursements from EU to accelerate in 2024-25, led by Poland, Croatia and Romania.

Inflation peaked in the first quarter of 2023 in Hungary, Slovakia and Serbia, while peak levels were already reached in 2022 in other CEE countries. Inflation returned to single-digit rates in all countries by the end of the year, with disinflation driven mainly by lower food and energy prices, and, to a lesser extent, by core inflation. In the last quarter 2023, weaker global demand resulted in falling import prices for goods, which helped reduce core inflation, while service-price inflation remained high due to rising labor costs. Low inflation also reflected temporary inflation suppression by governments, be it through price caps (Bulgaria, Hungary, Poland, Romania, Serbia and Slovenia), compulsory price discounts (Hungary), indirect-tax cuts (Hungary and Poland) or large subsidies for energy prices (Hungary, Serbia, Slovakia and Turkey). These measures have a fiscal cost that governments cannot support if they want to reduce budget deficits. Thus, we expect most of these measures to be reversed. Disinflation is likely to continue although at a more moderate pace, with inflation targets likely to be missed in most countries in 2024.

CEE central banks with inflation targets ended their rate hike cycles in early 2023 (Romania and Serbia), if not already in 2022 (Czechia and Hungary). The first-rate cuts were delivered in 2023 in Czechia, Hungary and Poland. The Central Bank of Romania delivered the last 25 bps increase to 7.00% in January. The National Bank of Serbia delivered 125 bps of additional hikes in the first half 2023, followed by another 25 bps to 6.50% in July, which marked the peak of this cycle. The National Bank of Hungary started a rate normalization process by lowering the overnight deposit tender rate from 18% and aligning it with the policy rate at 10.75% by the end of 2023. The Czech National Bank delivered its first reduction of the policy rate by 25 bp to 6.75% in December. The National Bank of Poland cut the policy rate by 1 pp to 5.75% before the parliamentary elections held in October 2023. All CEE central banks are expected to cut their policy rates in 2024. In Russia, monetary conditions were tightened significantly in the second half 2023 with the key rate increasing from 7.50% to 16.00% as the central bank tried to curb demand growth, in excess of domestic supply, which remains affected by sanctions and crowding out by defence spending.

1 Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania, Slovakia and Slovenia.

Group results

Main results and performance for the period

Introduction

The Group continued to successfully pursue the strategic guidelines identified by the "UniCredit Unlocked" Plan, whose objectives are:

- grow in the geographical areas of reference and develop the network of customers, transforming the business model and operating methods of the Group;
- achieve economies of scale from the Group's network of banks, through a technological transformation focused on Digital & Data and operating with a view to sustainability;
- driving financial performance through three interconnected levers under full managerial control: streamlining and improvement of efficiency throughout the organization with very rigorous cost management, organic capital generation[2], increase in revenues net of loan loss provisions to achieve profitability above the cost of capital;
- to enable, through the new business model, a high organic generation of capital with a significantly higher and progressively growing distribution to shareholders[3], maintaining or exceeding the CET1 ratio of 12.5-13 percent.

The results achieved in FY23 show that the UniCredit group is successfully transforming, achieving record profitability while taking a conservative approach and investing to support its future. This has been made possible thanks to the strengthening of the entire commercial machine, an objective envisaged by phase 1 of the Transformation Plan whose implementation is now advanced. The Group is now entered the second phase of the industrial plan that aims to significantly improve the efficiency and effectiveness of the operating machine by redesigning it to further support the Group's activities, generating other potential to be exploited. The combination of these elements will create further value for all Stakeholders.

In 2023, the Group recorded a stated net profit of €9,507 million, compared to €6,458 million in 2022.
The Group's net profit[4] on the other hand, stands at €8,614 million, compared to €5,599 million achieved in the previous year increasing by €3,014 million (53.8% at current exchange rates, 55.1% at constant exchange rates). The figure includes a positive result of €665 million attributable to Russia[5] which in 2022 had recorded a loss of -€200 million.

Operating income

In 2023, the Group recorded robust revenue growth of €23,843 million, up by 17.3% compared to 2022 (18.5% at constant exchange rates).
In particular, the net interest of Group was equal to €14,005 million, up by 31.3% (€3,336 million) compared with the previous year (32.8% at constant exchange rates) despite the loss, in the current year, of the positive contribution of the TLTRO and the *excess liquidity fee*. This growth was supported by the favorable interest rate environment combined with prudent deposit beta[6] management and a selective activity of commercial development. In detail, the growth in market rates (the average 3-month Euribor of 2023 is 308 basis points higher than that of 2022) has led to an increase in interest rates on loans to customers and on the proprietary securities portfolio; at the same time, the cost of funding increased, also affected by the greater propensity of customers towards more profitable forms of funding, which led to a gradual increase in the volumes of term products, especially in Germany. However, this increase was contained through a careful policy of repricing on deposits, made possible also thanks to the Bank's solid liquidity position, the granularity of the stock of outstanding deposits, in which the Retail and Small and Medium-sized Enterprises component is predominant especially in Italy, as well as the prevalence of sight components. Credit spreads, which were favourably affected by these dynamics as well as by the effects of the commercial actions implemented, supported the growth in net interest income in all the geographies in which the Group operates.

The Group's loans to customers decreased by €26.3 billion, equal to a drop of 5.8% (down 5.5% at constant exchange rates), going from €455.8 billion as at 31 December 2022 to €429.5 billion as at December 31, 2023. The repurchase agreement component affected the Group's decline by a decrease of €3.4 billion, while other loans to customers recorded a contraction of €23.0 billion equal to a decrease of 5.3% (down 5.0% at constant exchange rates) reaching €409.5 billion. This trend was impacted by the lower demand for credit from customers, especially corporates, following the context of higher interest rates, as well as by the Bank's constant attention towards more profitable and capital efficient forms of lending.
At the geographical level, Italy loans fell by 9.7% equal to -€16.3 billion; the decrease in the stock is mainly explained by the general reduction in the demand for credit by customers as a result of the increase in interest rates and secondly by the capital efficiency actions implemented (negative sEva portfolio optimization and portfolio disposals) and by the performance of some Top clients, partially offset by the commercial development actions on the positive sEva clients and consumer finance. Germany recorded a contraction of €4.7 billion, mainly explained by the Large Corporate and institutional clients and secondly by the Small and Medium Enterprises.

2 "Organic capital generation" means the evolution of CET1 deriving from (i) Net accounting profit excluding DTAs from losses carried forward and (ii) RWEA dynamics net of adverse regulatory impact.
3 Distribution to shareholders subject to approval by supervisory bodies, the shareholders' meeting and non-organic growth opportunities.
4 Group net accounting result net of DTA write-up or cancellations on losses carried forward deriving from the update of sustainability tests.
5 Russia includes AO UniCredit Bank with the other local legal entities and the cross-border exposures accounted for in UniCredit S.p.A.
6 The Beta on deposits is the percentage of the short-term interbank rate returned to customers and is expressed as the ratio between the cost of deposits and the 3-month Euribor or equivalent market rate depending on the geographies.

Group results

Central Europe remained stable overall, recording a negative change of €0.5 billion compared to last year (corresponding to a decrease of 0.5% at current exchange rates and of 0.2% at constant rates); among the contributing countries, the Czech Republic recorded an increase of €1.6 billion equal to 7.3% at current exchange rates, i.e. 10.0% at constant rate, Hungary increased by €0.4 billion equal to 7.9% (3.0% at constant exchange rates) while Austria recorded a decline of €2.2 billion equal to 3.3%. The contribution of Eastern Europe was positive, with annual growth in loans, net of the repurchase agreement, of €2.1 billion (6.8% at current exchange rates, i.e., 6.8% at constant), supported by Bulgaria, Croatia and Romania.

The Group's customer deposits as at 31 December 2023 stood at €495.7 billion, decreasing by €14.4 billion compared to last year; excluding the repo component, which increased by €3.1 billion, the contraction is equal to €17.4 billion (equal to a decrease of 3.5% at current exchange rates and the 3.1% at constants). The decline reflects the Bank's focus on pricing as well as a greater diversification of savings by customers with a rotation towards other forms of assets under custody. In terms of geography, Italy recorded a decline of 5.3% equal to €10.5 billion compared to the 2022 financial year, strongly influenced by the simultaneous increase in assets under custody (primarily government bonds); in Germany the contraction was 5.7% (€8.4 billion) mainly concentrated in the Large Corporate segment, while Central Europe recorded a decrease of 0.2% equal to €0.2 billion (equivalent to a decrease of the 0.1% at constant exchange rates) with the Czech Republic increasing by €2.1 billion (representing an increase of 10.0% at current exchange rates, i.e. 12.7% at constant exchange rates) offset by Austria, which declined by 5.0% equal to €3.1 billion. Eastern Europe, bucking the trend, recorded an increase of 7.2% (7.2% at constant exchange rates) equal to €3.2 billion, of which €0.7 billion in Croatia (up by 4.3% or 4.0% at constant exchange rates), €0,8 billion in Bulgaria (+6.9% at current and constant exchange rates) and €1.1 billion in Romania (with an increase of 11.9% at current exchange rates and 12.5% at constants). Finally, Russia recorded a decrease of 16.9% equal to €1.5 billion at current exchange rates, mainly explained by the exchange rate effect (up 5.8% measured at constant exchange rates).

Group dividends and other income on equity investments (which include the profits of companies accounted for by the equity method) as at 31 December 2023 stood at €459 million, up by €153 million or 49.9% (49.9% at constant exchange rates) compared to the previous year. This trend is mainly explained by the increased contribution in Austria by Oberbank AG, BKS Bank AG e Bank Fuer Tirol and Vorarlberg Aktiengesellschaft.

The Group's fees in 2023 amounted to €7,463 million, down by €161 million or down by 2.1% (decreasing 1.7% at constant exchange rates) compared to the previous year; this trend was mainly affected by the decline in commissions on current accounts, penalised by the repricing as a result of the changed market interest rate scenario, higher costs related to securitisation transactions in line with the Group's strategic choices, as well as a lower contribution from commissions on investment services. Excluding the negative impact on current accounts and the higher costs related to securitisations, commissions increased by 1.0% compared to the previous year.
In detail, commissions on investment services decreased compared to 2022 by €74 million down by 2.8%, (2.8% at constant exchange rates) as a result of the reduction in the average stock of assets under management (due to markets effect), which led to a drop in management fees, and the prudent management of customer portfolios in a still uncertain macroeconomic context that led to lower commissions on the placement of asset management products, especially in Germany. The trend in commissions from assets under custody was positive compared to 2022, affected by the greater propensity of customers towards these forms of funding compared to demand deposits.
Fees on transactional services decreased by just €9 million (down 0.4% compared to 2022, equal to a positive change of 0.1% at constant exchange rates) despite the significant decrease in current account fees for the reasons mentioned above; this is thanks to the progress of commissions from cards and payment services as well as from non-life insurance products, all of which show a marked increase on an annual basis.
The credit component increased by €1 million, equal to a change of the 0.0% compared to 2022 (0.2% at constant exchange rates); this development was characterised by a marked increase in fees on advisory and capital markets transactions thanks to the intense activity recorded during the year in Italy and Germany, as well as the growth in commissions on loans, offset by lower commissions on guarantees and loan protection insurance, as well as higher costs related to securitisation transactions (mainly in Italy) in line with the Group's strategic choices.
Finally, commissions on hedging products for clients stood at €718 million, recording an annual decrease of 9.9%; the change reflects the lower clients' need to hedge currencies, interest rates and commodities following a market and macroeconomic context characterized by lower volatility.

The Group's trading profit as at 31 December 2023 showed an increase compared to the previous year of €68 million, going from €1,776 million in 2022 to €1,845 million in the current year (with an increase of 3.8% or 7.3% at constant exchange rates). This trend was supported by higher revenues from trading with clients in Germany, mainly driven by hedging transactions by Corporate, Large Corporate and Institutional counterparties; on the other hand, Russia recorded a gradual normalization of trading results after the extraordinary performance recorded last year when the high volatility on the markets, originating from the particular geopolitical context, had led to an increase in transactions, especially on foreign exchange, supported by the clients' need for hedging. It should be noted that the Group, excluding Russia, recorded an increase of 31.2% (31.3% at constant exchange rates) from €1,374 million last year to the €1,803 million of the current year.

Group results

Finally, in 2023, the Group's other income and expenses were positive for €72 million, compared to the negative balance of €47 million in the same period of 2022; the figure for the year 2023 includes the positive effects of the sale of performing credit exposures related to Russian counterparties; the amount recorded in the previous year was affected by some losses related to the activities to reduce exposure linked to Russian counterparties due to the geopolitical context.

Revenue

(€ million)

	YEAR		%	2023	% CHANGE
	2023	2022	CHANGE	Q4	ON Q3 2023
Net interest	14,005	10,669	+ 31.3%	3,610	+ 0.3%
Dividends	459	306	+ 49.9%	93	- 17.1%
Fees	7,463	7,625	- 2.1%	1,793	+ 1.3%
Trading income	1,845	1,776	+ 3.8%	360	- 27.9%
Other expenses/income	72	(47)	n.m.	122	n.m.
Revenue	**23,843**	**20,329**	**+ 17.3%**	**5,979**	**+ 0.2%**

Operating costs

The Group's operating costs during the year amounted to €9,471 million, down by 0.8% (0.3% decrease at constant exchange rates), equal to €76 million compared to the previous year, thanks to the continuation of the staff downsizing and the proactive measures taken on non Human Resources costs to counter inflationary pressures.

In detail, Human Resources costs in 2023 amounted to €5,861 million, down by 1.0% compared with the previous year (0.6% at constant exchange rates). This result was mainly due to the positive effects generated by the continuing trend of staff reductions, characterised by a decline of 4,288 FTE (equivalent to 3,535 average FTEs) compared to 2022, equal to a decrease of 5.7% more than offsetting the higher costs linked to salary increases.

Non Human Resources costs during the year amounted to €3,075 million, up by 3.0% compared to the previous year (equal to €91 million); the increase is explained by the higher energy costs, the general inflationary impact and the higher Information & Technology expenses mainly related to the activation of projects and licenses. The discipline and rigour adopted, as well as the structural efficiency of the cost base implemented, have however made it possible to significantly counteract the increases linked to high inflation; significant rationalisation measures have been carried out in particular in the real estate as well as discretionary expenses, consultancy costs firstly.

Recovery of expenses in 2023 amounted to €542 million, up from €503 million of last year (7.6%) mainly for the higher recoveries of taxes accounted for.

Finally, depreciation and amortizations were carried out in 2023 for €1,078 million, decreasing by €71 million equal to 6.2% compared to the €1,149 million in the previous year. It should be noted that these amounts are mostly made up of depreciation. As evolution of fair value measurement, the Group has introduced the periodical review of assets' useful life (at least at each financial year-end), based on periodical external appraisals, since it better reflects the real assets useful life and related depreciation, especially considering continuous enhancement/maintenance executed on instrumental properties. Since the approach was already partially used at UniCredit group, a homogeneous approach is now applied Group-wide. The new approach led in 2023 to a positive impact in depreciation and amortizations item of the Income statement for approx. €35 million.

Operating costs

(€ million)

	YEAR		%	2023	% CHANGE
	2023	2022	CHANGE	Q4	ON Q3 2023
HR costs	(5,861)	(5,918)	- 1.0%	(1,576)	+ 9.7%
Non HR costs	(3,075)	(2,984)	+ 3.0%	(827)	+ 10.0%
Recovery of expenses	542	503	+ 7.6%	151	+ 14.6%
Amortisations and depreciations	(1,078)	(1,149)	- 6.2%	(237)	- 12.3%
Operating costs	**(9,471)**	**(9,547)**	**- 0.8%**	**(2,489)**	**+ 6.9%**

Thanks to sustained revenue growth (up by 17.3%) and cost containment (down by 0.8%), the Group's gross operating profit of €14,372 million marked an increase of 33.3% compared to last year (35.3% at constant exchange rates).

The cost income ratio of Group, benefiting from this dynamic, fell to 39.7%, with a decline of 7.2 percentage points compared to 2022.

Group results

Net write-downs on loans and provisions for guarantees and commitments

The Group's provisions for credit losses amounted to €548 million in 2023, compared to €1,894 million in 2022, which included €882 million of provisions for the Russia segment, mainly deriving from the actions taken to deal with the Russia-Ukraine crisis, and provisions due to the introduction of "geopolitical overlays" in the calculation of the expected loss on the Group's other segments. Excluding the Russia segment, provisions in 2023 amounted to €543 million, compared to €1,012 million in 2022.

The amount of provisions as at 31 December 2023 was determined by the combined effect of the following events: (i) provisions related to defaults of €1,178 million, (ii) recoveries related to performing returns of €406 million, mainly in Italy and Central-Eastern Europe, and (iii) recoveries related to other portfolio dynamics of €224 million, mainly explained by the evolution of the non-performing portfolio, and including provisions related to the update of the macroeconomic scenarios for IFRS9 purposes, which was carried out in the second and fourth quarters as part of the ordinary process of adjusting provisions for credit losses to the most recent macroeconomic projections.

The amount of provisions includes:

- write downs arising from the update of the macroeconomic scenarios for IFRS9 purposes (-€93million), which was carried out in the second and fourth quarters as part of the ordinary process of adjusting provisions for credit losses to the most recent macroeconomic projections;
- the recognition of an overlay on Commercial Real Estate Financing that together with the update to the Geopolitical overlay, led to a total amount of overlays stock in fourth quarter 2023 equal to €1,818 million (€1,314 million Geopolitical overlay and €505 million Commercial Real Estate Financing Overlay):
- the evolution of IFRS9 methodological framework with the finalization of the punctual implementation of the IFRS9 model component applicable to Bullet/Balloon loans that led to write backs for €77 million;
- application of a new lifetime PD curve to the Acquisition and Leverage Finance (ALF) portfolio of UniCredit Bank GmbH. This results in an LLPs release for €98 million.

The Group's cost of risk in 2023 was 12 basis points, down from 41 basis points in 2022. Excluding Russia, the cost of risk stood at 12 basis points, down from 23 basis points in 2022.
More specifically, the Italy division has a cost of risk of 22 basis points, higher than the 16 basis points of 2022 mainly due to higher provisions due to the update of the IFRS9 macroeconomic scenarios. Germany recorded a cost of risk of 14 basis points, lower than the 30 basis points in 2022 which included the effects of the Russia-Ukraine crisis; Central Europe recorded a cost of risk of 4 basis points, lower than 12 basis points in 2022; Eastern Europe recorded a cost of risk of -22 basis points, mainly explained by the dynamics of the non-performing portfolio, lower than the 59 basis points in 2022. Finally, Russia recorded a cost of risk of 11 basis points.

The Group's gross non-performing loans at 31 December 2023 amounted to €11.7 billion, down (€0.9 billion) compared to €12.5 billion at 31 December 2022, thanks to disposals finalised during the year, regularisations and further actions aimed at reducing risk.
As a result of this reduction, the ratio of gross non-performing loans to total loans decreased from 2.68% in December 2022 to 2.66% in December 2023.
The Group's gross non-performing loan coverage ratio at 31 December 2023 was 47.2%, slightly down (1.0 percentage point) compared to 48.2% at 31 December 2022, mainly as a result of disposals completed during the year.
Gross bad loans as at 31 December 2023 stood at €2.9 billion, representing only 25% of total gross impaired loans, with a coverage ratio of 74.0%.

Group results

Loans to customers - Asset quality

(€ million)

	BAD EXPOSURES	UNLIKELY TO PAY	NON-PERFORMING PAST-DUE	TOTAL NON-PERFORMING	PERFORMING	TOTAL LOANS
As at 31.12.2023						
Gross exposure	2,894	7,842	958	**11,693**	427,955	**439,648**
as a percentage of total loans	*0.66%*	*1.78%*	*0.22%*	***2.66%***	*97.34%*	
Writedowns	2,141	3,110	272	**5,523**	4,673	**10,196**
as a percentage of gross value	*73.97%*	*39.67%*	*28.35%*	***47.23%***	*1.09%*	
Carrying value	753	4,731	686	**6,171**	423,282	**429,452**
as a percentage of total loans	*0.18%*	*1.10%*	*0.16%*	***1.44%***	*98.56%*	
As at 31.12.2022						
Gross exposure	2,572	9,100	877	**12,549**	454,891	**467,439**
as a percentage of total loans	*0.55%*	*1.95%*	*0.19%*	***2.68%***	*97.32%*	
Writedowns	1,971	3,841	242	**6,055**	5,604	**11,658**
as a percentage of gross value	*76.64%*	*42.21%*	*27.63%*	***48.25%***	*1.23%*	
Carrying value	601	5,259	635	**6,494**	449,287	**455,781**
as a percentage of total loans	*0.13%*	*1.15%*	*0.14%*	***1.42%***	*98.58%*	

Note:
Total loans to customers exclude the receivables arising from subleases recognised due to the application of IFRS16.

Group results

From net operating profit to profit before tax

The improvement in gross operating profit (equal to €14,372 million in the year 2023 compared to €10,782 million in 2022) and lower provisions for credit losses (down by €1,346 million) resulted in a net operating profit of €13,823 million, up by €4,935 million compared to 2022 with an increase of 55.5% (or 57.8% at constant exchange rates).

The Group's other charges and provisions amount to -€1.041 million and compare with -€1.093 million of 2022.
This item includes net provisions for legal proceedings and estimated liabilities of various kinds of -€86 million which are compared with the -€8 million of 2022 financial year that had benefited from the release of provisions made in previous years. The same item includes systemic charges, which amount to -€955 million down by €130 million compared to -€1.085 million of 2022 due, firstly, to the lower contribution to the Single Resolution Fund (SRF) resulting mainly from the revision of the *target level* system-wide. This item also includes charges for Deposits Guarantee Scheme (DGS) and non-harmonised Deposits Guarantee Schemes (DGS) and Bank Levies. The systemic charges for 2023 also include, among other things, the tax on excess profits introduced by the Hungarian Government from 1 July 2022 and amounted to €75 million and that of Russia equal to approximately €6 million.

Group integration costs in 2023 amounted to -€1.060 million, mainly explained by the new staff exit plan defined with the update of the Strategic Plan and concentrated in Italy, Germany and Austria; in 2022 this item was equal to -€324 million.

Net income from Group investments in 2023 amounted to -€272 million, compared to -€182 million recorded in the same period of the previous year. The negative result in 2023 was mainly impacted by the update of the valuation of the real estate portfolio measured at fair value carried out in the fourth quarter of the year; secondly, the figure for Russia had a negative impact, recording a loss of -€31 million, mainly due to the effects of the sale of RN Bank by the associated company Barn BV (-€37 million), as well as the result of the valuation of the investee company CNP UniCredit Vita, which resulted in a loss of -€61 million. On the other hand, the valuation of the investments in BKS Bank AG and Bank Fuer Tirol Und Vorarlberg Aktiengesellschaft had a positive impact of €97 million. Finally, profits on disposals of €25 million were recorded, mainly attributable to the execution of two concurrent transactions: (i) acquisition from UnipolSai Assicurazioni S.p.A. of a 51% stake in Incontra Assicurazioni S.p.A. and (ii) sale to Allianz S.p.A. of a 50% stake in the share capital of Incontra Assicurazioni S.p.A. As a result, UniCredit S.p.A. participation in Incontra Assicurazioni S.p.A. has grown from 49% to 50% of the issued share capital.
The 2022 result had been impacted by Russia's figure which had recorded a loss of -€321 million mainly originated by the write-down of the stake held in BARN BV (-€111 million) and Russian government bonds, while the profits from the sale of CNP Vita Assicura S.p.A. had contributed positively by €193 million.

As a result of the items described above, during the year 2023 there was a profit before tax for the Group of €11,451 million, €4,162 million higher than €7,289 million recorded last year, equal to a growth of 57.1% (58.8% at constant exchange rates).

Profit (loss) before tax by business segment

(€ million)

	REVENUE	OPERATING COSTS	LOAN LOSS PROVISIONS (LLPs)	NET OPERATING PROFIT	PROFIT (LOSS) BEFORE TAX YEAR 2023	PROFIT (LOSS) BEFORE TAX YEAR 2022
Italy	10,864	(3,893)	(399)	6,572	5,579	4,337
Germany	5,430	(2,408)	(179)	2,844	2,128	1,801
Central Europe	4,260	(1,625)	(41)	2,594	2,226	1,359
Eastern Europe	2,591	(853)	72	1,810	1,710	881
Russia	1,183	(228)	(5)	950	886	(273)
Group Corporate Centre	(484)	(464)	3	(945)	(1,077)	(816)
Group Total	**23,843**	**(9,471)**	**(548)**	**13,823**	**11,451**	**7,289**

Group results

Profit (Loss) attributable to the Group

In 2023, the Group's income taxes amounted to -€1,914 million, compared to -€819 million in the same period last year, up by -€1,095 million. The increase mainly reflects the higher economic result for the period.
The figure for the current year was positively impacted by €893m relating to the recognition of new deferred tax assets on tax losses carried forward as a result of the update of the sustainability test of the Italian Tax Perimeter on the basis of the forecasts resulting from the 2024 budget, approved by the Board of Directors (BoD) at its meeting on 12 January 2024, and the projections for 2025-2026, presented to the Board of Directors at the same meeting.
Similarly, the taxes of the previous year were positively impacted by €650 million relating to the recognition of new deferred tax assets on tax losses carried forward in Italy and a further €196 million in Austria.

Profit from discontinued operations net of tax in 2023 amounted to €0 million and compares with the €3 million of the previous year.
The net result for the period of 2023 amounts to €9,537 million up by €3,065 compared to €6,473 million in 2022.
The result attributable to third parties, conventionally shown with a negative sign, was equal to -€27 million versus -€15 million of the previous year. The higher amount mainly reflects the growth in profit for the period.
La Purchase Price Allocation is equal to -€4 million while in the year 2022 €0 million were recorded. The 2023 financial year was not impacted by goodwill adjustments, in line with the previous year.
As a result, in 2023 the Group stated net profit was equal to €9,507 million up by €3,049 million compared to €6,458 million of 2022.

Group stated net profit (loss)

(€ million)

	YEAR		%	2023	% CHANGE
	2023	2022	CHANGE	Q4	ON Q3 2023
Revenue	**23,843**	**20,329**	**+ 17.3%**	**5,979**	**+ 0.2%**
Operating costs	(9,471)	(9,547)	- 0.8%	(2,489)	+ 6.9%
GROSS OPERATING PROFIT (LOSS)	**14,372**	**10,782**	**+ 33.3%**	**3,490**	**- 4.1%**
Loan loss provisions (LLPs)	(548)	(1,894)	- 71.0%	(300)	n.m.
NET OPERATING PROFIT (LOSS)	**13,823**	**8,888**	**+ 55.5%**	**3,190**	**- 9.0%**
Other charges and provisions	(1,041)	(1,093)	- 4.8%	82	n.m.
Integration costs	(1,060)	(324)	n.m.	(788)	n.m.
Net income from investments	(272)	(182)	+ 49.5%	(134)	n.m.
PROFIT (LOSS) BEFORE TAX	**11,451**	**7,289**	**+ 57.1%**	**2,349**	**- 25.8%**
Income taxes	(1,914)	(819)	n.m.	468	n.m.
Profit (loss) of discontinued operations	-	3	- 100.0%	-	n.m.
NET PROFIT (LOSS) FOR THE PERIOD	**9,537**	**6,473**	**+ 47.3%**	**2,817**	**+ 20.9%**
Minorities	(27)	(15)	+ 80.7%	(6)	- 26.0%
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA	**9,510**	**6,458**	**+ 47.3%**	**2,810**	**+ 21.0%**
Purchase Price Allocation (PPA)	(4)	-	n.m.	-	- 100.0%
Goodwill impairment	-	-	-	-	-
GROUP STATED NET PROFIT (LOSS)	**9,507**	**6,458**	**+ 47.2%**	**2,810**	**+ 21.0%**

Group results

Capital and value management

Principles of value creation and capital allocation

In order to create value for the shareholders, the Group's strategic guidelines aim at optimising the composition of the business portfolio.
This goal is pursued through a process of capital allocation to each business line in relation to its specific risk profile and ability to generate sustainable earnings measured as EVA (Economic Value Added), a performance indicator correlated to TSR (Total Shareholder Return). The capital allocated to business segments is quantified applying internal capitalization targets to Risk Weighted Exposure Amounts (RWEA).

The development of Group operations with a view to value creation requires a process of allocating and managing capital governed by different phases in the process of planning and control, articulated as:
- formulation of the proposed risk propensity and capitalisation targets;
- analysis of the risks associated with the value drivers and resulting allocation of capital to the different businesses of the Group;
- assignment of risk adjusted performance targets;
- analysis of the impact on the Group's value and of the creation of value for shareholders;
- drafting and proposal of the financial plan, capital plan and dividend policy.

The Group dynamically manages its capital base by monitoring regulatory capital ratios, anticipating the appropriate changes necessary to achieve its defined targets, and optimising the composition of its assets and equity. Planning and monitoring refer, on the one hand, to the total Own Funds (Common Equity Tier 1, Additional Tier 1 and Tier 2 Capital), Leverage Ratio, and Minimum requirement for eligible liabilities (MREL) and, on the other hand, to the Risk Weighted Exposure Amounts (RWEA) and Total Exposures. The RWEA, for credit portfolios managed using the internal models, do not only depend on the nominal value of the assets but also on the relevant credit parameters. Besides volume dynamics, it is also crucial to monitor and forecast the change in the asset quality of the portfolio in view of the macroeconomic scenario (the so-called pro-cyclical effect).

Following the financial crisis that unfolded in 2007-2008, the European Union implemented a substantial reform of the financial services regulatory framework to enhance the resilience of its financial institutions. This reform was largely based on international standards agreed in 2010 by the Basel Committee on Banking Supervision, known as the Basel 3 framework. Among its many measures, the reform package included the adoption of Regulation (EU) 575/2013 of the European Parliament and of the Council and Directive 2013/36/EU of the European Parliament and of the Council, which strengthened the prudential requirements for credit institutions and investment firms.
These rules have been modified by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 (so-called CRR2), amending Regulation (EU) 575/2013 and by Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 (so-called CRDV), amending Directive 2013/36/EU.

Group results

Capital ratios

Group transitional Own Funds and capital ratios

DESCRIPTION	AS AT 31.12.2023	AS AT 31.12.2022
Common Equity Tier 1 Capital (€ million)	45,913	51,442
Tier 1 Capital (€ million)	50,756	57,521
Total Own Funds (€ million)	59,472	66,062
Total RWEA (€ million)	284,548	308,466
Common Equity Tier 1 Capital ratio	**16.14%**	**16.68%**
Tier 1 Capital ratio	**17.84%**	**18.65%**
Total Capital ratio	**20.90%**	**21.42%**

Notes:
- Transitional own funds and capital ratios including all transitional adjustments according to the yearly applicable percentages.
- Furthermore, starting from 30 June 2020, UniCredit group has decided to apply the IFRS9 transitional approach as reported in article 473a of the Regulation (UE) 873/2020 that amends the Regulation (EU) 575/2013 and Regulation (EU) 876/2019. Therefore, the values here reported reflect the impact of the transitional arrangements provisioned in such Regulation.

The negative change with respect to 31 December 2022, equal to €5,529 million on Common Equity Tier 1 Capital, mainly reflects: (i) the negative effect of the deduction for €3,343 million connected to the “Share Buy-Back Programme 2022”; (ii) the negative effect of the deduction for €2,500 million connected to the “First tranche of Share Buy-Back Programme 2023”; (iii) the negative impact for €1,362 million stemming from the decrease of IFRS9 transitional adjustments mainly refers to the lower phase-in percentage applicable in 2023 (dynamic component from 50% in 2022 to 25% in 2023 and static component from 25% in 2022 to 0% in 2023); (iv) the higher deduction for €809 million on deferred tax assets that rely on future profitability and do not arise from temporary differences, resulting from the Deferred Tax Assets sustainability test related to tax losses carry forward (TLCF) carried out in the fourth quarter 2023; (v) negative impact for €725 million on exchange reserve, mainly due to the Ruble depreciation; (vi) other negative impacts for €0.2 billion; partially compensated by the profit of 2023 (equal to €9,507 million), net of foreseeable charges (equal to €6,135 million that include also €35 million of social and charity initiatives), computed for €3,372 million.
With reference to the Total Own Funds, the negative change with respect to 31 December 2022, equal to €6,590 million, in addition to the effects on Common Equity Tier 1 Capital, also reflects the negative impacts for €1,237 million related to the execution, on the 3 June 2023, of the authorization received by the competent authority to early redeem the AT1 instrument (ISIN XS1619015719).

The minimum capital requirements applicable to the Group as at 31 December 2023 in coherence with CRR article 92 are the following (Pillar 1):
- Common Equity Tier 1 Capital: **4.50%**
- Tier 1 Capital: **6.00%**
- Total Capital: **8.00%**

In addition to such requirements, for 2023 the Group shall also meet the following additional requirements:
- **2.00%,** as Pillar 2 Requirements in coherence with SREP results;
- **2.50%,** as Capital Conservation buffer (CCB) according to CRDIV article 129;
- **1.00%,** as Global Systemically Important Institutions (G-SII) buffer[7];
- **0.42%,** as Countercyclical Capital buffer[8] (CCyB) according to the CRDIV article 130, to be calculated on a quarterly basis;
- **0.03%,** as Systemic Risk Capital buffer[9] (SyRB) according to the CRDIV article 133, to be calculated on a quarterly basis.

7 It should be noted that UniCredit group was identified by the Banca d'Italia as an O-SII authorised to operate in Italy, and it has to maintain a CET1 capital buffer; such level is equal to 1.00% in 2023. Nevertheless, it is worth mentioning that according to the CRD IV article 131.14, the higher of the G-SII and the O-SII buffer will apply: hence, UniCredit group is subject to the application of 1.00% G-SII buffer for 2023.
8 Amount rounded to two decimal numbers. With reference to 31 December 2023: (I) countercyclical capital rates have generally been set at 0%, except for the following countries: France (0.50%); Ireland (1.00%); Luxembourg (0.50%); Romania (1.00%); Croatia (1.00%); Germany (0.75%); Estonia (1.50%); Hong Kong (1.00%); Netherlands (1.00%); Australia (1.00%); Bulgaria (2.00%); Slovakia (1.50%); United Kingdom (2.00%); Sweden (2.00%); Iceland (2.00%); Czech Republic (2.00%); Denmark (2.50%); Norway (2.50%); Cyprus (0.50%); Lithuania (1.00%); Slovenia (0.50%) (II) with reference to the exposures towards Italian counterparties, Banca d'Italia has set the rate equal to 0%.
9 Amount rounded to two decimal numbers.

Group results

Moreover, the article 104a.4 of CRDV allows banks to partially use capital instruments that do not qualify as CET1 capital (e.g., Additional Tier 1 or Tier 2 instruments) to meet the Pillar 2 Requirements (P2R). As consequence, in line with Pillar 2 Requirements, required in coherence with 2022 SREP results and equal to 2.00%, UniCredit group shall meet:
- at least the 1.13% of such requirement through Common Equity Tier 1 Capital in the assumption, fulfilled as at 31 December 2023, that the amount of AT1 Capital exceeds the regulatory minimum of 1.50% (i.e. being 1.70%)[10];
- at least the 1.50% of such requirement through Tier 1 capital in the assumption, fulfilled as at 31 December 2023, that the amount of T2 Capital exceeds the regulatory minimum of 2.00% (i.e. being 3.06%).

As at 31 December 2023, the Group shall meet the following overall capital requirements:
- Common Equity Tier 1 Capital: **9.58%**
- Tier 1 Capital: **11.45%**
- Total Capital: **13.95%**

Here below a scheme of the UniCredit group capital requirements and buffers which also provides evidence of the "Total SREP Capital Requirement" (TSCR) and the "Overall Capital Requirement" (OCR) related to the outcome of the SREP process held in 2022 and applicable for 2023.

Capital requirements and buffers for UniCredit group

REQUIREMENT	CET1	T1	TOTAL CAPITAL
A) Pillar 1 requirements	**4.50%**	**6.00%**	**8.00%**
B) Pillar 2 requirements	**1.13%**	**1.50%**	**2.00%**
C) TSCR (A+B)	**5.63%**	**7.50%**	**10.00%**
D) Combined capital buffer requirement:	**3.95%**	**3.95%**	**3.95%**
of which:			
1. Capital Conservation Buffer (CCB)	*2.50%*	*2.50%*	*2.50%*
2. Global Systemically Important Institution buffer (G-SII)	*1.00%*	*1.00%*	*1.00%*
3. Institution-specific Countercyclical Capital buffer (CCyB)	*0.42%*	*0.42%*	*0.42%*
4. Systemic risk buffer for UniCredit (SyRB)	*0.03%*	*0.03%*	*0.03%*
E) OCR (C+D)	**9.58%**	**11.45%**	**13.95%**

The above-mentioned requirements are the ones which are relevant for MDA purposes for UniCredit group as at 31 December 2023.

As at 31 December 2023, UniCredit group's ratios are compliant with all the above requirements.

- The Group consolidated net profit as at 31 December 2023 is equal to €9,507 million.
- As at 31 December 2023, the amount of the Group consolidated net profit to be included in the Own Funds is equal to €3,372 million; the reduction for €6,135 million is related to the approval by the UniCredit S.p.A. Board of Directors of the following items:
  (i) cash dividend for €3,015 million. The amount is coherent with the updated 2023 dividend policy, envisaging 35% cash pay-out ratio applied to the Net Profit. The latter means stated (i.e., accounting) consolidated net profit, adjusted for DTAs tax loss carry forward stemming from sustainability test. As of 31 December 2023, the consolidated stated net profit stands at €9,507 million, while the DTAs tax loss carry forward write-up recognised as a result of the sustainability test is €893 million; therefore, the Net Profit is equal to €8,614 million, and its 35% amounts to €3,015 million;
  (ii) Share Buy-Back of €3,085 million (additional to the €2,500 million Share Buy-back authorised by the Shareholders' Meeting on 27 October 2023, already deducted from the CET1 capital), classified as foreseeable charge as of 31 December 2023, in line with the EBA Q&A #6887;
  (iii) allocation for €35 million to support social and charity activities.

10 Following the authorization granted by the European Central Bank, UniCredit S.p.A. early redeemed in whole its AT1 Notes €1,250 million (ISIN XS1619015719) exercising the option on 3 June 2023 (the First Call Date). The early redemption was communicated to the market on 27 April 2023. The notes have been deducted from Own Funds from the date of the early redemption notice, i.e. with effect in the second quarter of 2023. As at 31 December 2023, following the deduction, the AT1 capital ratio (1.70%) is lower than the regulatory requirement (1.88%); as a consequence, the AT1 shortfall equal to 0.17% is covered through the CET1 capital.

Group results

Capital strengthening

With reference to the Additional Tier 1 instruments recognised in the "Equity Instruments" item of Shareholders' Equity (so-called "Non-Cumulative Temporary Write-Down Deeply Subordinated Fixed Rate Resettable Notes") on 3 June 2023 UniCredit S.p.A. exercised its option to early redeem in whole the Additional Tier 1 instruments issued on 22 May 2017 for a total amount of €1,25 billion in accordance with the relevant terms and conditions of the securities. The notes called up have been redeemed at par, together with accrued and unpaid interests.
During the year 2023, no further issues of Additional Tier 1 instruments were placed.

For additional information concerning shares capital changes and dividends pay-out of the year, both cash and through share buy-back programmes, refer to chapter "Group and UniCredit share historical data series" of this Consolidated report on operations.

Shareholders' equity attributable to the Group

The Shareholders' equity of the Group, including the result for the year equal to +€9,507 million, amounts to €64,079 million as at 31 December 2023, compared to €63,339 million as at 31 December 2022.

The following table shows the main changes occurred in 2023.

Shareholders' equity attributable to the Group

(€ million)

Shareholders' equity as at 31 December 2022	**63,339**
Dividends and other allocations	(1,895)
Equity instruments	(1,237)
Share buyback	(4,758)
Change in reserve related coupon on AT1 instruments	(250)
Charges related to transaction denominated "Cashes"	(175)
Change in the valuation reserve relating to the financial assets and liabilities at fair value	309
Change in the valuation reserve relating to property, plant and equipment	(147)
Change in the valuation reserve relating to cash flow hedges	270
Change in the valuation reserve relating to exchange differences	(712)
Change in the valuation reserve relating to the actuarial gains/losses on defined benefit plans	(186)
Other changes	14
Profit (loss) for the year	9,507
Shareholders' equity as at 31 December 2023	**64,079**

Note:
The change in the valuation reserve relating to exchange differences is mainly due to the impact of Russian Ruble for -€676 million.

For further information, refer to section Consolidated accounts - Statement of changes in the consolidated shareholders' equity.

Reconciliation parent company UniCredit S.p.A. - Consolidated accounts

The following table reconciles the Parent Company's shareholders' equity and Net profit to the corresponding consolidated figures.

Reconciliation of parent company UniCredit S.p.A. to Consolidated accounts

(€ million)

	SHAREHOLDERS' EQUITY	*of which: NET PROFIT*
Balance as at 31 December 2023 of parent company UniCredit S.p.A.	**60,303**	***11,264***
Consolidated contribution:	3,156	*2,075*
- fully consolidated subsidiaries	*967*	*1,653*
- investments valued at equity method	*2,189*	*422*
Reverse of ordinary dividends approved in the period:	-	*(3,374)*
- fully consolidated subsidiaries	-	*(3,274)*
- investments valued at equity method	-	*(100)*
Other consolidation adjustments	784	*(431)*
Balance as at 31 December 2023 (minorities included)	**64,243**	***9,534***
of which Group	*64,079*	*9,507*
of which minorities	*164*	*27*

Group results

Contribution of the sector of activity to the results of the Group

For the description of the organizational structure, refer to Notes to consolidated account, Part L - Segment reporting.

Italy

Income statement, key ratios and indicators

(€ million)

ITALY	YEAR 2023	YEAR 2022	% CHANGE	2023 Q4	% CHANGE ON Q3 2023
Revenue	10,864	9,096	+ 19.4%	2,732	+ 2.2%
Operating costs	(3,893)	(3,966)	- 1.8%	(998)	+ 4.2%
Loan loss provisions (LLPs)	(399)	(317)	+ 25.8%	(80)	- 8.8%
NET OPERATING PROFIT (LOSS)	6,572	4,813	+ 36.5%	1,654	+ 1.5%
PROFIT (LOSS) BEFORE TAX	5,579	4,337	+ 28.6%	1,328	- 3.7%
Customers loans (net Repos and IC)	152,055	168,369	- 9.7%	152,055	- 1.4%
Customers depos (net Repos and IC)	188,434	198,962	- 5.3%	188,434	- 0.3%
Total RWEA Eop	106,470	118,926	- 10.5%	106,470	- 3.9%
EVA (€ million)	2,208	1,362	+ 62.1%	592	+ 12.4%
Absorbed Capital (€ million)	14,767	16,804	- 12.1%	14,264	- 2.9%
ROAC	+ 25.7%	+ 17.2%	+ 8.5 pp	+ 27.4%	+ 2.3 pp
Cost/Income	35.8%	43.6%	- 7.8 pp	36.5%	0.7 pp
Cost of Risk	22 bps	16 bps	5 bps	19 bps	- 1 bps
Full Time Equivalent (eop)	26,678	27,989	- 4.7%	26,678	- 0.7%

Germany

Income statement, key ratios and indicators

(€ million)

GERMANY	YEAR 2023	YEAR 2022	% CHANGE	2023 Q4	% CHANGE ON Q3 2023
Revenue	5,430	5,050	+ 7.5%	1,208	- 8.7%
Operating costs	(2,408)	(2,518)	- 4.4%	(601)	+ 0.4%
Loan loss provisions (LLPs)	(179)	(392)	- 54.5%	(42)	- 47.5%
NET OPERATING PROFIT (LOSS)	2,844	2,140	+ 32.9%	565	- 12.3%
PROFIT (LOSS) BEFORE TAX	2,128	1,801	+ 18.2%	143	- 77.9%
Customers loans (net Repos and IC)	125,125	129,871	- 3.7%	125,125	- 2.2%
Customers depos (net Repos and IC)	138,192	146,580	- 5.7%	138,192	+ 2.0%
Total RWEA Eop	69,520	81,130	- 14.3%	69,520	- 2.4%
EVA (€ million)	705	361	+ 95.0%	27	- 84.9%
Absorbed Capital (€ million)	9,700	10,668	- 9.1%	9,152	- 3.3%
ROAC	+ 16.1%	+ 10.9%	+ 5.2 pp	+ 10.0%	- 6.3 pp
Cost/Income	44.3%	49.9%	- 5.5 pp	49.7%	4.5 pp
Cost of Risk	14 bps	30 bps	- 16 bps	13 bps	- 12 bps
Full Time Equivalent (eop)	9,548	10,779	- 11.4%	9,548	- 5.8%

Group results

Central Europe

Income statement, key ratios and indicators

(€ million)

CENTRAL EUROPE	YEAR 2023	YEAR 2022	% CHANGE	2023 Q4	% CHANGE ON Q3 2023
Revenue	4,260	3,410	+ 24.9%	1,064	- 6.3%
Operating costs	(1,625)	(1,603)	+ 1.4%	(427)	+ 6.0%
Loan loss provisions (LLPs)	(41)	(117)	- 64.7%	(86)	n.m.
NET OPERATING PROFIT (LOSS)	2,594	1,690	+ 53.4%	550	- 23.1%
PROFIT (LOSS) BEFORE TAX	2,226	1,359	+ 63.7%	446	- 33.9%
Customers loans (net Repos and IC)	95,367	95,832	- 0.5%	95,367	- 1.1%
Customers depos (net Repos and IC)	93,450	93,651	- 0.2%	93,450	+ 2.2%
Total RWEA Eop	60,492	60,756	- 0.4%	60,492	+ 0.4%
EVA (€ million)	858	465	+ 84.7%	78	- 78.4%
Absorbed Capital (€ million)	7,873	7,726	+ 1.9%	7,818	- 0.4%
ROAC	+ 21.0%	+ 14.2%	+ 6.8 pp	+ 14.2%	- 14.3 pp
Cost/Income	38.1%	47.0%	- 8.9 pp	40.2%	4.7 pp
Cost of Risk	4 bps	12 bps	- 8 bps	36 bps	29 bps
Full Time Equivalent (eop)	10,201	10,542	- 3.2%	10,201	- 2.0%

Eastern Europe

Income statement, key ratios and indicators

(€ million)

EASTERN EUROPE	YEAR 2023	YEAR 2022	% CHANGE	2023 Q4	% CHANGE ON Q3 2023
Revenue	2,591	1,987	+ 30.4%	683	- 1.3%
Operating costs	(853)	(813)	+ 4.9%	(230)	+ 9.9%
Loan loss provisions (LLPs)	72	(184)	n.m.	35	n.m.
NET OPERATING PROFIT (LOSS)	1,810	989	+ 83.0%	488	- 0.2%
PROFIT (LOSS) BEFORE TAX	1,710	881	+ 94.1%	459	- 3.2%
Customers loans (net Repos and IC)	33,570	31,425	+ 6.8%	33,570	+ 1.0%
Customers depos (net Repos and IC)	47,104	43,954	+ 7.2%	47,104	+ 3.6%
Total RWEA Eop	28,743	26,866	+ 7.0%	28,743	+ 1.9%
EVA (€ million)	894	330	n.m.	229	- 14.5%
Absorbed Capital (€ million)	3,540	3,534	+ 0.2%	3,634	+ 1.5%
ROAC	+ 36.9%	+ 19.2%	+ 17.7 pp	+ 37.0%	- 4.7 pp
Cost/Income	32.9%	40.9%	- 8.0 pp	33.6%	3.4 pp
Cost of Risk	- 22 bps	59 bps	- 81 bps	- 42 bps	- 35 bps
Full Time Equivalent (eop)	13,031	13,595	- 4.1%	13,031	- 0.9%

Group results

Russia

Income statement, key ratios and indicators

(€ million)

RUSSIA	YEAR 2023	YEAR 2022	% CHANGE	2023 Q4	% CHANGE ON Q3 2023
Revenue	1,183	1,257	- 5.9%	399	+ 59.9%
Operating costs	(228)	(283)	- 19.4%	(56)	+ 12.5%
Loan loss provisions (LLPs)	(5)	(882)	- 99.4%	(128)	n.m.
NET OPERATING PROFIT (LOSS)	950	92	n.m.	215	- 11.0%
PROFIT (LOSS) BEFORE TAX	886	(273)	n.m.	343	+ 75.0%
Customers loans (net Repos and IC)	3,152	6,596	- 52.2%	3,152	- 24.0%
Customers depos (net Repos and IC)	7,208	8,677	- 16.9%	7,208	- 7.2%
Total RWEA Eop	14,283	16,143	- 11.5%	14,283	- 4.6%
EVA (€ million)	107	(646)	n.m.	110	n.m.
Absorbed Capital (€ million)	1,922	2,293	- 16.2%	1,901	+ 2.4%
ROAC	+ 21.7%	- 14.4%	+ 36.1 pp	+ 39.7%	+ 18.9 pp
Cost/Income	19.3%	22.5%	- 3.2 pp	14.1%	- 6.0 pp
Cost of Risk	11 bps	924 bps	- 913 bps	n.m.	n.m.
Full Time Equivalent (eop)	3,153	3,416	- 7.7%	3,153	- 2.3%

Other information

Report on corporate governance and ownership structure

Within the meaning of Art.123-bis par.3 of the Legislative Decree No.58 dated 24 February 1998, the “Report on corporate governance and ownership structure” is available in the “Governance” section of the UniCredit website (https://www.unicreditgroup.eu).
An explanatory chapter on the corporate governance structure is likewise included in this document (“Corporate Governance”).

Report on remuneration

Pursuant to Art.123-ter of the Legislative Decree dated 24 February 1998 No.58 and of Art.84-quater, of the Consob Issuers’ Regulations, the “Group Remuneration Policy and Report” is available on UniCredit’s website (https://www.unicreditgroup.eu).

Non-financial information

For a detailed disclosure concerning UniCredit ESG strategy and 2023 achievements, refer to the 2023 Integrated Report that is published on UniCredit website (https://www.unicreditgroup.eu), and that, pursuant to articles 3 and 4 of Legislative Decree 254/2016, constitutes the Non-financial Declaration. The report also includes the disclosure obligations under article 8 of the Disclosures Delegated Act supplementing the EU Taxonomy Regulation (2020/852), which requires financial companies to report eligibility and alignment's key performance indicators (KPIs), for calendar year 2023.In terms of climate-related information, in August 2023 a separate document dedicated to disclosure aligned with TCFD (Task Force on Climate-related Financial Disclosures) recommendations has been issued.

Research and development projects

Research activities during 2023 were mainly focused on cryptography, streaming architectures and reinforcement learning. In detail:
- on cryptography our main topics were attribute-based, functional and homomorphic encryption. Attribute-based encryption was a key topic, with recent encryption schemes being implemented;
- research on streaming architectures was meant to support the Kite project, which is based on an ecosystem of event-based service components.

Other information

Group activities development operations and other corporate transactions

Transactions and initiatives involving shareholdings

Disposal of RN Bank

In June 2023, BARN B.V., the Dutch entity owned by AO UniCredit Bank with a 40% stake and RNSF (a joint venture between Renault and Nissan) with a 60% stake, completed the disposal of its entire (100%) shareholding in RN Bank, following the execution of a binding agreement at the end of March and the obtainment of regulatory approvals.

Acquisition of a non-qualifying shareholding in Alpha Services and Holdings

On 23 October 2023 UniCredit S.p.A. and Alpha Services and Holdings S.A. (Alpha), holding of Alpha Bank S.A. (Alpha Bank), announced the signing of a binding term-sheet for the creation of a strategic partnership in Romania and Greece.
In particular, the term-sheet provides:

- the merger of their respective Romanian subsidiaries and the creation of the third largest bank in Romania by total assets, cementing UniCredit's presence in a key growth market, with Alpha Bank retaining a minority stake;
- the establishment of a commercial partnership framework in Greece to distribute UniCredit's asset management and unit-linked products to Alpha Bank's 3.5 million clients and the creation of a joint venture in life and pension-saving products with UniCredit becoming a 51% shareholder in AlphaLife;
- the submission by UniCredit of an offer to the Hellenic Financial Stability Fund (HFSF) for all the shares it currently holds in Alpha.

The transaction will enable UniCredit to enhance its presence in Romania, a high growth potential country, and expand its product and platform reach to Greece, a country with strong growth prospects.

In November 2023, UniCredit acquired 9.6% of the share capital of Alpha in Greece, of which approximately 9% from the HFSF and 0.6% in the secondary market.

Acquisition of 51% of Incontra Assicurazioni S.p.A. and concurrent disposal of 50% to Allianz S.p.A.

On 30 November 2023, following the signing of the agreements occurred on 7 July 2023 regarding Incontra Assicurazioni S.p.A., UniCredit S.p.A. finalized two concurrent transactions, aimed at simplifying the current bancassurance set-up:

- acquisition from UnipolSai Assicurazioni S.p.A. of 51% of the issued share capital of Incontra Assicurazioni S.p.A.;
- disposal to Allianz S.p.A. of 50% of the issued share capital of Incontra Assicurazioni S.p.A.

As a result, UniCredit S.p.A.'s participation in Incontra Assicurazioni S.p.A. has grown from 49% to 50% of the issued share capital.

Sale initiatives of non-performing portfolios

Sale of a non-performing credit portfolio of UniCredit Bank GmbH

On 6 April 2023 UniCredit announced that, through a member of the UniCredit group, UniCredit Bank GmbH, the conclusion of an agreement in relation to the disposal on a non-recourse basis (pro-soluto) of a portfolio composed of German Corporate & SME loan exposures to funds managed by LCM Partners Limited.
The portfolio had a total claim value of approximately €240 million.
The portfolio sale is a part of the overall UniCredit group's strategy to keep non-performing exposure (NPE) at minimal levels.

Other information

Other information on Group activities

FINO project
In relation to the FINO Project (started in 2016 and completed in 2018), as at 31 December 2023, following the redemptions made, the Notes (Asset Backed Securities) owned by UniCredit S.p.A. amount to €70 million (€46 million recorded under item "30. Financial assets at fair value through other comprehensive income" pertaining to the Senior securities and in part to the Mezzanine securities, and €24 million recorded under item "20. Financial assets at fair value through profit or loss c) other financial assets mandatorily at fair value" in connection with the remaining Mezzanine securities and all the Junior Notes).
During the year 2023, the evaluation of the notes classified among other assets mandatorily at fair value led to a positive impact of €3 million while, for the Notes classified among financial assets at fair value through other comprehensive income, an impairment has been recognised for €10 million, both due to the change in estimation of expected cash flows of the underlying securitised loans.
The receivables related to the Deferred Subscription Price (DSP/Deferred Purchase Price-DPP), owed to UniCredit S.p.A. by third-party entities belonging to the relevant third-party investor's groups, and deriving from the securitisation transactions completed during 2017, have been fully reimbursed in 2020, according to the contractual provisions.

Prisma transaction
In relation to Prisma transaction, finalised in the fourth quarter 2019 and referring to the securitisation of a non-performing loan Residential Mortgage Portfolio of €4.1 billion gross book value originated by UniCredit S.p.A. and transferred to the securitisation vehicle Prisma SPV S.r.l., issuer of the Asset Backed Securities (named also ABS or Notes), it should be noted that as at 31 December 2023, following the redemptions made, the total amount of the Notes owned by UniCredit S.p.A. amount to €479 million (of which €478 million recorded under item "30. Financial assets at fair value through other comprehensive income" pertaining to the Senior securities, and €1 million recorded under item "20. Financial assets at fair value through profit or loss c) other financial assets mandatorily at fair value" in connection with the Mezzanine and Junior Notes).
During the year 2023, with reference to the notes recorded among the other financial assets mandatorily at fair value, a negative impact for €1 million was recognised in the Income statement while, for the Notes classified among financial assets at fair value through other comprehensive income, no impairment has been recognised in the Income statement.

Relais transaction
In relation to Relais transaction, realised in the fourth quarter 2020, and referring to the securitisation of a non-performing real estate lease portfolio of €1.6 billion claim originated by UniCredit Leasing S.p.A. (UCL) and transferred to the securitisation vehicle Relais SPV S.r.l., issuer of the Asset Backed Secured Notes (Senior, Mezzanine e Junior), it should be noted that, as at 31 December 2023, following the redemptions made, the notes amount to €283 million (Senior note for €268 million held by UniCredit S.p.A. and for €15 million held by UCL recognised in item "30. Financial asset at fair value through other comprehensive income", Mezzanine and Junior notes for €2 million held by UCL and recognised under item "20. Financial assets at fair value through profit or loss c) other financial assets mandatorily at fair value").
During the year 2023, with reference to both the notes recorded among the Other financial assets mandatorily at fair value and the notes classified among Financial assets at fair value through other comprehensive income, no significant amount was recognised in the Income statement.

Olympia transaction
In relation to Olympia transaction, finalised in the fourth quarter 2021, and referring to the securitisation of a non-performing secured and unsecured loans, of €1.6 billion in terms of gross book value originated by UniCredit S.p.A. and transferred to the securitisation vehicle Olympia SPV S.r.l., issuer of the Asset Backed Securities (named also ABS or Notes), it should be noted that, as at 31 December 2023, following the redemptions made, the total amount of the Notes owned by UniCredit S.p.A. amount to €167 million (of which €166 million recorded under item "30. Financial assets at fair value through other comprehensive income" pertaining to the Senior securities, and €1 million recorded under item "20. Financial assets at fair value through profit or loss c) other financial assets mandatorily at fair value" in connection with the Mezzanine and Junior Notes).
During the year 2023, with reference both to the notes recorded among the Other financial assets mandatorily at fair value and the notes classified among Financial assets at fair value through other comprehensive, no material impacts have been recognised in the Income statement.

Itaca transaction
In relation to Itaca transaction finalised in the second quarter 2022, and referring to the securitisation of a non-performing secured and unsecured loans of €0.9 billion in terms of gross book value originated by UniCredit S.p.A. and transferred to the securitisation vehicle Itaca SPV S.r.l., issuer of the Asset Backed Securities (named also ABS or Notes), it should be noted that, as at 31 December 2023, following the redemptions made, the total amount of the Notes owned by UniCredit S.p.A. amount to €71 million (of which €70 million recorded under item "30. Financial assets at fair value through other comprehensive income" pertaining to the Senior securities, and €1 million recorded under item "20. Financial assets at fair value through profit or loss c) other financial assets mandatorily at fair value" in connection with the Mezzanine and Junior Notes).

Other information

During the year 2023, with reference to both the notes recorded among the Other financial assets mandatorily at fair value and the notes classified among Financial assets at fair value through other comprehensive, no material impacts have been recognised in the Income statement.
With reference to the regulatory treatment applied, following the notification to the European Central Bank, starting from 30 June 2022, UniCredit represents the related significant risk transfer when reporting the transaction above outlined.
On 10 June 2022, the Ministry of Economy and Finance granted the GACS guarantee on the Senior notes.

Altea transaction (Panthers project)

In relation to Altea transaction, finalised in the second quarter 2022 and referring to the securitisation of Unlikely to Pay secured and unsecured loan Portfolio of €2 billion gross book value originated by UniCredit S.p.A. and transferred to the securitisation vehicle Altea SPV S.r.l., issuer of the Asset Backed Securities (named also ABS or Note), it should be noted that, as at 31 December 2023, following the redemptions made, the total amount of the Notes owned by UniCredit S.p.A. amount to €397 million (of which Senior notes for €390 million recorded under item "40. Financial assets at amortised cost", Mezzanine and Junior notes for €7 million recorded under item "20. Financial assets at fair value through profit or loss c) other financial assets mandatorily at fair value").
During the year 2023, with reference to both the notes recorded among the Financial assets at amortised cost and to the notes recorded in Other financial assets mandatorily at fair value, no material impacts was recognised in the Income statement.
With reference to the regulatory treatment applied, following the notification to the European Central Bank, starting from 30 June 2022, UniCredit represents the related significant risk transfer when reporting the transaction above outlined.

Issue of Senior Preferred Notes for €1 billion

On 10 January 2023 UniCredit S.p.A. issued a fix-to-floater Senior Preferred Bond for €1 billion with 6 years maturity and a call after year 5, targeted to institutional investors. The bond will have a one-time issuer call at year 5, as to maximize regulatory efficiency. A fixed coupon of 4.80% is annually paid and should the issuer not call the bond after 5 years, the coupons for the subsequent periods until maturity will reset to a floating rate equal to 3-months Euribor plus the initial spread of 190 bps.

Issue of Senior Non-Preferred Notes for €1 billion

On 9 February 2023 UniCredit S.p.A. issued a fix-to-floater Senior Non-Preferred Bond for €1 billion with 6 years maturity and a call after year 5, targeted to institutional investors. The bond will have a one-time issuer call at year 5, as to maximize regulatory efficiency. A fixed coupon of 4.45% is annually paid and should the issuer not call the bond after 5 years, the coupons for the subsequent periods until maturity will reset to a floating rate equal to 3-months Euribor plus the initial spread of 160 bps, paid quarterly.

Share Buy-Back Programmes

As per the authorisation granted by the Shareholders' Meeting of the Company held on 31 March 2023, and priorly authorised by ECB on 28 March 2023, UniCredit S.p.A. approved the share buy-back programme as part of the overall remuneration to shareholders for the financial year 2022 for a total expenditure up to €3,343 million and not exceeding No.230,000,000 of UniCredit shares to be executed in two tranches: the first one for a maximum amount of €2,343 million ("First Tranche of the Buy-Back Programme 2022") launched in April and completed on 29 June 2023 and the second one and for a maximum amount of €1,000 million (the "Second Tranche of the Buy-Back Programme 2022") started in June 2023 and completed on 29 September 2023.

In September 2023 UniCredit S.p.A., with a view to submitting for the approval by the shareholders of the Company the launch within the year of a share buyback programme as part of the distribution for the financial year 2023, ordered the cancellation of No.156,114,828 treasury shares in portfolio purchased up to date in execution of the second tranche of the buy-back program 2022, without reduction of the share capital, for a total amount of €3,031 million.
The first tranche of the buy-back ("First Tranche of the Buy-Back Programme 2023") for a maximum amount of €2.5 billion and not exceeding No.160,000,000 of UniCredit shares, previously authorised by the ECB on 26 October 2023, was approved by the Shareholders' Meeting of the Company on 27 October 2023. The purchase tranche started at the end of October and it is expected to be completed by the end of the first quarter of 2024.

For further information refer to paragraphs "Group and UniCredit share historical data series" and "Subsequent events" of this Consolidated report on operations.

Early redemption of notes for €1,250 million

On 27 April 2023 UniCredit S.p.A. announced the early redemption of Non-Cumulative Temporary Write-Down Deeply Subordinated Fixed Rate Resettable Notes (ISIN XS1619015719), issued on 22 May 2017, for €1,250 million. With reference to such notes and in accordance with the relevant terms and conditions, UniCredit S.p.A., having received the European Central Bank authorisation, exercised its option to early redeem in whole on 3 June 2023.The early redemption of the notes was at par, together with accrued and unpaid interest.

Other information

MREL requirements set by Resolution Authorities
On 15 May 2023 it has been announced that, following the communication received by the Single Resolution Board (SRB) and Banca d'Italia, the Minimum Requirements for Own Funds and Eligible Liabilities (MREL) to be applied to UniCredit S.p.A. on a consolidated basis.

Issue of *Obbligazioni Bancarie Garantite* (OBG) for a total amount of €3 billion
On 6 June 2023 UniCredit S.p.A. issued a dual tranche OBG for a combined amount of €3 billion with 3, 5 and 7 years maturities, targeted at institutional investors.
The bonds are the first European Covered Bond (Premium) issued out of Italy compliant with the new European directive which was implemented on the 30 March 2023, reopening the Italian covered bond market since then.

2023 EBA EU-Wide Stress Test Results
On 28 July UniCredit S.p.A. noted the publication of the 2023 EU-wide stress test results 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).
Despite the more severe stressed scenario applied this year, UniCredit's capital depletion is meaningfully lower than for the 2021 EU-wide stress test result thanks to a much stronger starting point based on a significant improvement in capital generation, sound asset quality and prudent overlays. This positions UniCredit well for potential macroeconomic shocks.

UniCredit's results are summarized below:
- baseline scenario:
  - 2025 fully loaded CET1r at 19.97% corresponding to 397 bps higher than fully loaded CET1r as of December 2022;
  - 2025 transitional CET1r at 19.97% corresponding to 329 bps higher than transitional CET1r as of December 2022;
- adverse scenario:
  - 2025 fully loaded CET1r at 12.51% corresponding to 349 bps lower than fully loaded CET1r as of December 2022;
  - 2025 transitional CET1r at 12.51%, corresponding to 417 bps lower than transitional CET1r as of December 2022.

UniCredit S.p.A. adopting new governance system
The Board of Directors of UniCredit, in its meeting held on 31 July 2023, resolved to adopt the one-tier governance system in lieu of the traditional one.
The Board of Directors assessed the transition to a one-tier system as it further enhances the quality of the current governance, ensuring a greater effectiveness of controls through the integration of the control body within the Board, which would fully appreciate the inputs of the members of the control body through their direct participation in decision-making processes of the Board.
Such governance system was also deemed corresponding to the systems largely adopted abroad.
The one-tier governance system is characterized by the presence of a Board of Directors, which performs the strategic supervision and management function, and an Audit Committee, established within the Board, which performs control functions.
The Board of Directors therefore resolved to submit to the approval of the Shareholders' Meeting the consequent amendments to the articles of Association and initiate the procedures to receive the necessary authorizations by competent authorities.

Standard & Poor's: upgrade of stand-alone credit profile from “bbb” to “bbb+”
On 25 October 2023 UniCredit S.p.A. announced that the rating agency Standard & Poor's (S&P) upgraded UniCredit S.p.A. stand-alone credit profile (SACP) from “bbb” to “bbb+”, one notch above the Italian sovereign rating.
UniCredit S.p.A. issuer credit rating (ICR) remains capped by the rating of Italy at “BBB” and the ratings on the Bank's instruments do not change. The outlook remains stable.

Issue of a Green Senior Preferred Bond for €750 million
On 7 November 2023 UniCredit S.p.A. (issuer rating Baa1/BBB/BBB) has successfully issued a fix-to-floater Senior Preferred Green Bond for €750 million with 6.25 years maturity and a call after 5.25 years, targeted to institutional investors.
The Senior Preferred Green Bond issuance took place under UniCredit's Sustainability Bond Framework (the Framework) published in 2021 and aligned with the Green and Social Bond Principles and the Sustainability Bond Guidelines of the International Capital Market Association. Annual reporting will ensure the transparent allocation and tracking of proceeds also in terms of impact achieved.
Proceeds are earmarked to fund eligible projects in renewable energy, clean transportation, and green buildings as outlined in our Framework.

Other information

Moody's: improvement financial profile and raising deposit outlook. T2 mechanical downgrade

On 22 November 2023 UniCredit informed that the rating agency Moody's has upgraded the assessment of UniCredit S.p.A.'s creditworthiness and overall financial profile above the level of the Italian sovereign rating (currently set at “Baa3”), while the Bank's stand-alone Baseline Credit Assessment is capped at Italy's rating.
The Bank's long-term deposit and senior preferred (unsecured) debt ratings were affirmed at “Baa1”. The outlook for deposits has improved to “stable”, while the outlook for senior preferred debt remains “negative”.
Moody's “Loss Given Failure” analysis of liability buffers leads mechanically to the downgrade of UniCredit S.p.A.'s subordinated Tier 2 debt to “Ba1” from “Baa3”.

Banca d’Italia methodological review of O-SII's capital buffers

On 24 November 2023, following the communication received from the Banca d’Italia in relation to its methodological review of Italian banking groups, UniCredit's O-SII (Other Systemically Important Institutions) capital buffer is 1.50 per cent from 1 January 2024.
There is no impact on UniCredit's 2023 or future shareholder distribution ambitions, funding plan or capital targets.

Specific capital requirements set by ECB

On 11 December 2023 UniCredit informed that, following the communication received from the ECB in relation to the 2023 Supervisory Review and Evaluation Process (SREP), UniCredit's Pillar 2 Capital Requirement (P2R) remains at 200 basis points.
From 1 January 2024 UniCredit will respect the following capital requirements on a consolidated basis:

- 10.03 per cent CET1 ratio;
- 11.90 per cent Tier 1 ratio;
- 14.40 per cent Total Capital ratio.

The above capital ratios include the Combined Buffer Requirement to be met with CET1 instruments, composed by 2.50 per cent Capital Conservation Buffer (CCB), 1.50 per cent O-SII buffer, 0.37 per cent Countercyclical Capital Buffer (CCyB) and 0.03 per cent Systemic Risk Capital buffer (SyRB).

2023 EU-wide Transparency Exercise

On 12 December 2023 UniCredit noted the announcements made by the European Banking Authority (EBA) and the European Central Bank (ECB) regarding the information of the 2023 EU-wide Transparency Exercise and fulfilment of the EBA Board of Supervisors' decision.
The EBA Board of Supervisors approved the package for the 2023 EU-wide Transparency Exercise, which since 2016 is performed on an annual basis and published along with the Risk Assessment Report (RAR). The annual transparency exercise will be based solely on COREP/FINREP data on the form and scope to assure a sufficient and appropriate level of information to market participants.
The 2023 Transparency Exercise covers four reference dates: 30 September and 31 December 2022, 31 March and 30 June 2023.

Other information

Organisational model

Significant organisational changes

During 2023, coherently with the Group simplification strategies and business, operating model strengthening, the detailed organizational set up review and definition continued (business/product line, service line, competence line).
The "Payments Solutions" (Payments, Cash Management, Acquiring, Issuing and Payment cards) activities and the "Trade & Correspondent Banking" (Trade Finance, Working Capital, Correspondent Banking e Global Securities Services) activities, within Group Client Solutions, have been reorganised to better steer and oversee at Group level the strategy, the management and the development of related products and services.
The "Empowerment" framework, already implemented as for "Italy" perimeter, has been applied also to Financial Institutions and Corporate CE&EE scope, reallocating the decisional powers on credit positions, in the context of credit decision process, according to its functioning and thresholds defined, to the business functions in charge of the transaction proposal, keeping the Group Risk Management functions the responsibility to issue credit risk opinions on credit proposal submitted by the business.
The Group Financial Institutions and Group International Network business lines, within Group Client Solutions, have been simplified/streamlined and merged into a single business line named "Group Financial Institutions & International Network" responsible to cater for the insurance and banking and financial institutions customers and for the Client Solutions segment in Americas, Asia-Pacific, UK, France and Iberia.
The overall role of the Central & Eastern Europe division has been reviewed to reinforce its steering and governance, shifting to countries the more operative business activities, accordingly streamlining the organizational set-up of the Division and reviewing the operating model for related Digital and Operations activities with the establishment of direct Group ownership (acted by Group Digital & Information and Group Operations functions) towards CE&EE Countries, and highlighting the activities connected to the coordination of ESG-related topics and customer experience activities in CE&EE Legal Entities.

Organisational structure

UniCredit adopts an organizational and business model that, while guaranteeing the autonomy of countries/local banks on specific activities in order to ensure greater proximity to customers and efficient decision-making processes, maintains a divisional structure for the governance of business/products, as well as global control over Digital and Operation functions.

More specifically, the current organizational structure of the Parent Company can be broken down into:

- Group Finance, Group Risk Management, Group Legal, Group Compliance, Group People and Culture, the Functions, identified as Competence Lines (CL), together with Internal Audit, aimed at guiding, coordinating and controlling, for their area of competence, the management of activities and related risks of the Group as a whole and of the single Legal Entities;
- Italy, Germany, Central & Eastern Europe: business functions, responsible for proposing and implementing the business strategies to maximise the risk adjusted value creation for the relevant perimeter; for this purpose, with reference to the related customer segments/geographies, these functions are assigned the responsibilities for service model definition as well as product development activities; Germany represents the synthesis point of the Group's business in the reference Country, maintaining an executive role at local level. Group Client Solutions supports the business functions of the Countries developing a complete range of best-in-class products for all types of customers;
- Group Digital & Information division defines and executes the Group Technology, Digital and Data related management and transformation, driving value through the capability of technology and data, embedded into digital solutions that optimise execution and improve customer experience;
- Group Operations, responsible for the oversight of the operating machine with a specific focus on costs, procurement, real estate, operations performance management, in coherence with the defined Group strategies, by ensuring at the same time synergies, savings and operational excellence;
- Group Stakeholder Engagement governs the Group's reputation and oversees all communication activities to ensure the delivery of coordinated and consistent messages across multiple stakeholder group (investor relations, identity and communication, relationships with institutional counterparties and with the European Banking Supervisory Authorities - e.g., EBA, ECB - and Banca d'Italia);
- Group Strategy & ESG, responsible for supporting strategic initiatives, including the integration of ESG into the Group's strategy.

The Group Strategy & ESG, Group Stakeholder Engagement and Group CEO Staff functions represent the "CEO Office" aimed at supporting CEO in the development and implementation of strategic initiatives.

Other information

Conversion of Deferred tax assets (DTAs) into tax credits

Referring to fiscal year 2022, UniCredit S.p.A., UniCredit Leasing S.p.A. and UniCredit Factoring S.p.A. registered a profit in their separate financial statements (respectively €3,107 million, €49 million and €64 million), therefore, the conditions to carry out a new transformation of deferred tax assets, for IRES and IRAP, into tax credits were not met. However, UniCredit Bank GmbH - Milan Branch registered for the fiscal year 2022 a loss of €-31 million in the financial statement, therefore the conditions to carry out a new transformation of deferred tax assets, for IRES and IRAP, into tax credits were verified.

In order to preserve for the future the regime of conversion of DTAs into tax credits and in order to overcome the issues raised by the European Commission in connection to the application of State Aid rules, Art.11 of Law Decree No.59/2016, converted into Law No.119/2016 (as modified by Law Decree No.237/2016, converted into Law No.15/2017) provides for the possibility, starting from 2016 till 2030, to elect for the payment of an annual fee equal to 1.5% of an aggregate amount deriving from the difference between:

- the increase in convertible DTAs recognised at the end of the fiscal year and the convertible DTAs existing as at the end of 2007 for IRES tax, and as at the end of 2012 for IRAP tax, taking into account the amounts already converted into tax credits (including those carried out pursuant to Art.44-bis Law Decree No.34/2019 as extended by Law Decree No.73/2021);
- taxes:
  - IRES paid starting by the Tax Group from 1 January 2008;
  - IRAP paid registered starting from 1 January 2013 by Legal Entities included in the Tax Group with convertible DTAs;
  - substitute taxes that generated convertible DTAs.

The fee due for the financial year 2023 has been paid on 15 June 2023 for an overall amount of €101.4 million relating to the whole Italian Tax Group, of which €97.3 million for UniCredit S.p.A., €3.9 million for UniCredit Leasing S.p.A., €0.2 million for UniCredit Factoring S.p.A. and €0.01 million for UniCredit Bank GmbH Milan Branch.

Certifications and other communications

With reference to the "Rules of Markets organised and managed by Borsa Italiana S.p.A." dated 4 January 2021 (Title 2.6 "Obligations of issuers", Art.2.6.2. "Disclosure requirements", paragraph 10) the satisfaction of conditions provided by article 15 of Consob Regulation No.20249/2017, letters a), b) and c) is hereby certified.

With reference to paragraph 8 of Art.5 - "Public information on transactions with related parties" of Consob Regulation containing provisions relating to transactions with related parties (adopted by Consob with Resolution No.17221 of 12 March 2010, as subsequently amended by Resolution No.21624 of 10 December 2020), it should be noted that:

a) according to the Global Policy "Transactions with related parties, associated persons and Corporate Officers ex Art.136 CBA[11]" updated by the Board of Directors of UniCredit S.p.A. on 8 November 2023, and published on the website www.unicreditgroup.eu, during 2023 the Bank's Presidio Unico received no reports of transactions of greater importance ended in the period;

b) during 2023, no transactions with related parties as defined by article 2427, paragraph 22-bis of the Civil Code were conducted, under different conditions from normal market conditions and materially affecting the Group's financial and economic situation;

c) during 2023, there were no changes or developments in the individual transactions with related parties already described in the latest annual report that had a material effect on the Group's financial position or results during the reference period.

For more information on related-party transactions refer to Part H - Related-party transactions of the Notes to the consolidated accounts.

Information on risks

For a complete description of the risks and uncertainties that the Group must face under the current market conditions, refer to Part E - Information on risks and related hedging policies of the Notes to the consolidated accounts.

11 Corresponding to Italian Testo Unico Bancario.

Subsequent events and outlook

Subsequent events[12]

On 2 January 2024, UniCredit S.p.A. perfected the purchase of the 100% of the quota of Fondo Aurora, a real estate fund, from Fondo Pensione UniCredit.

On 9 January 2024 UniCredit S.p.A. placed a €1.0 billion Tier 2 benchmark, targeted to institutional investors.
The bond, with 10.25 years maturity callable after 5.25 years, pays a fixed coupon of 5.375% until April 2029 and has an issue price of 99.847%, equivalent to a spread of 280bps over the reference mid swap rate. If not redeemed by the issuer, the coupon will be reset based on the then applicable 5-year swap rate, increased by the initial spread.

On 16 January UniCredit S.p.A. cancellation of No.72,239,501 treasury shares was ordered, without reduction of the share capital, pursuant to the resolutions passed by the Shareholders' Meeting on 31 March and 27 October 2023.
The number of shares cancelled is equal to the sum of the remaining shares purchased in execution of the 2022 Buy-Back Program and not previously cancelled and the shares purchased in execution of the First Tranche of the 2023 Buy-Back Program up to the date of 29 December 2023.
For further information refer to paragraph “Share Buy-Back Programmes” in the chapter Group activities development operations and other corporate transactions, Other information on Group activities of this Consolidated report on operations.

On 16 January UniCredit S.p.A. issued a fix-to-floater Senior Non-Preferred Bond for €1 billion with 7 years maturity and a call after year 6, targeted to institutional investors. A fixed coupon of 4.30% is paid with an issue/re-offer price of 99.751%.
The bond will have a one-time issuer call at year 6, as to maximise regulatory efficiency. Should the issuer not call the bond after 6 years, the coupons for the subsequent periods until maturity will reset to a floating rate equal to 3-months Euribor plus the initial spread of 180bps, paid quarterly.

On 23 January 2023 UniCredit S.p.A. announced, having received the European Central Bank authorisation, the early redemption of the notes (€1,000,000,000 Fixed Rate Resettable Tier 2 Subordinated Callable Notes due 20 February 2029 ISIN XS1953271225) on 20 February 2024.

On 27 February 2024 UniCredit S.p.A. issued a fixed rate Senior Preferred Bond for €1.25 billion with 10 years maturity, targeted to institutional investors.
The initial guidance of 170bps over the 10-year mid swap rate has been revised downwards and set at 125bps, resulting in a fixed coupon of 4.00% paid annually, with an issue/re-offer price of 99.935%.

12 Up to the date of approval by the Board of Directors' Meeting of 29 February 2024 which, on the same date, authorised the publication also in accordance with IAS10.

Subsequent events and outlook

Outlook

Global GDP expanded by about 3% in 2023, slightly better than initially expected, although still weak by historical standards. Global growth is likely to slow to 2.7% in 2024, due to the lagged impact of monetary tightening, reduced savings buffers (accumulated during the pandemic) and a structural slowdown in China. The US economy is expected to expand by 1.0% in 2024, from 2.4% in 2023, whereas Chinese GDP growth is forecasted to decline below 5%, to 4.5%, due to a deflating real estate market, low sentiment and deteriorating demographics.

In the Euro area, only modest growth is expected in 2024 (0.5%), the same pace as last year. Headwinds will remain strong as the transmission of ECB rate hikes continues to unfold, challenging the resilience of the labor market. Two factors are likely to support economic growth in 2024: disinflation and a tentative recovery in global trade from current, very weak, levels. In Italy, the economy should continue to grow moderately this year, expanding by 0.6% after growing by 0.7% in 2023. A recovery in private consumption will play a key role, as significantly lower inflation will support real household income. A gradual recovery in global trade will also support exports and investment.

Headline inflation in the eurozone is set to decline to 2.3%, on average, in 2024 and slightly below 2% in 2025. The ECB will probably start cutting rates in the second quarter 2024, when it will have seen enough evidence indicating that wage growth is on a downward trend consistent with the 2% inflation goal. The deposit rate is expected to be cut to 2.75% by end-2024 and to 2.25% by end-2025.

The Group, with its resilient and profitable model, high capitalization, and prudent level of provisions already in place, has been able to reap the benefits linked to the current macroeconomic environment. At the same time, it is well positioned to face the future and possible risks associated with the uncertainty of the global economic scenario. UniCredit will continue to follow the philosophy of its Strategic Plan “UniCredit Unlocked”, supporting its customers and the communities in which it operates, generating further value for all its Stakeholders.

Milan, 29 February 2024

THE BOARD OF DIRECTORS

CHAIRMAN
PIETRO CARLO PADOAN

CEO
ANDREA ORCEL

Governance structure

The information in this section refers to the date of 29 February 2024 (the approval date by the Board of Directors of the 2023 Report and Accounts - General Meeting Draft of UniCredit S.p.A. and of the 2023 Consolidated Report and Accounts of UniCredit group). Unless otherwise specified, such information refers to the Italian traditional management and control system in force at the above-mentioned date.

Introduction

UniCredit's overall corporate governance framework, i.e., the system of rules and procedures that its corporate bodies refer to steer the principles of their behavior and fulfil their various responsibilities towards the Group's stakeholders, has been defined in compliance with current national and european provisions, as well as the recommendations contained in the Italian Corporate Governance Code (hereinafter, also the "Code").
In line with practice on major international markets, the Code identifies goals for a sound corporate governance, as well as the behaviors deemed appropriate for their achievements recommended by the Italian Corporate Governance Committee to companies listed in Italy, to be applied according to the "comply or explain" principle that requires explanation in the corporate governance report of any reasons for failure to comply with one or more recommended best practices.

Moreover, UniCredit is subject to the provisions contained in the Supervisory Regulations issued by Banca d'Italia and, specifically with regards to corporate governance issues, to regulations on banks' corporate governance (Circular No.285/2013, First Part, Title IV, Chapter 1).
In compliance with the aforementioned Supervisory Regulations, as a significant bank subject to the direct prudential supervision of the European Central Bank, as well as being a listed bank, UniCredit qualifies as a bank of large size or operational complexity and consequently complies with provisions applicable to such banks.

Since 2001, UniCredit has adopted the Code, which is publicly available on the Italian Corporate Governance Committee website (https://www.borsaitaliana.it/comitato-corporate-governance/codice/codice.en.htm).

On an annual basis, UniCredit draws up a corporate governance report for its shareholders, institutional and non-institutional investors, and the market. The report conveys appropriate information about the UniCredit corporate governance system.

Consistently with applicable legal and regulatory obligations, and in line with the provisions of the Code, in its version as approved as at January 2020, the 2023 Report on corporate governance and ownership structure was drafted, in accordance with article 123/bis of the Legislative Decree No.58 dated 24 February 1998 (Consolidated Law on Finance, hereinafter also TUF).

The Report on corporate governance and ownership structure, approved by the Board of Directors in its meeting held on 29 February 2024, is disclosed at the same time as the Report on Operations via the Issuer's website (https://www.unicreditgroup.eu/en/governance/our-governance-system.html). For further information on the UniCredit corporate governance system see the first of the above documents.

As an issuer of shares that are also listed on the Frankfurt and Warsaw regulated markets, UniCredit also fulfils legal and regulatory obligations relating to listings on said markets, as well as the provisions on corporate governance stipulated under the Polish Corporate Governance Code issued by the Warsaw Stock Exchange.

Ever since its incorporation, UniCredit has adopted the Italian traditional management and control system, which is the default option envisaged by Italian law for corporations. The distinctive feature of the traditional model is that the strategic supervision and the management of the company, the overseeing of its management and the legal accounting supervision are separated. In particular, the Board of Directors is solely responsible for the strategic supervision and the management of the Company, while the Board of Statutory Auditors is entrusted with supervising its management. Legal accounting supervision is assigned to an external audit firm by the Shareholders' Meeting on the basis of a proposal from the Board of Statutory Auditors, in compliance with relevant current laws.

Moreover, the traditional management ascribes certain aspects to the sole responsibility of the Shareholders' Meeting, creating in this way an opportunity for dialogue and debate between shareholders and management about the fundamental elements of governance. These include the appointment and dismissal of directors, the appointment of the Board of Statutory Auditors members, the assignment of the mandate for the external auditing to an audit firm, the setting of the related remuneration, as well as the approval of the financial statements, the profit allocations, the resolutions on the remuneration and incentive policies and practices provided for by current provisions and the criteria to determine the compensation to be granted in the event of early termination of employment or early retirement from office.

Although this set-up has over time been efficient, the developments in the economic and regulatory context, the challenges that banks face today, the demands from market players and Regulators for an effective corporate governance ground the need for reassessing the Company's governance model.

Governance structure

As a result of the evaluations performed, the Board of Directors, in its meeting held on 31 July 2023, resolved to adopt the one-tier corporate governance system, in lieu of the traditional one. This model further improves the quality of the current governance, ensuring a greater effectiveness of controls through the integration of the control body within the Board and fully enhancing the role of the members of the control body through their direct participation in the Board's decision-making processes. The Board of Directors therefore resolved to submit to the approval of the UniCredit Shareholders' Meeting the adoption of the one-tier corporate governance system and the consequent amendments to the Articles of Association, which resolved them on 27 October 2023.

Such governance model is characterised by the presence of a Board of Directors, which performs the strategic supervision and management functions, and an Audit Committee, established within the Board, which performs control functions.

The above amendments to the Articles of Association shall become effective upon the first renewal of the corporate bodies to which they apply following the mentioned Shareholders' Meeting, except for Clause 20, concerning the procedures for the election of corporate bodies, which shall apply from the date of the notice convening the Shareholders' Meeting called to resolve on the appointment of the new corporate bodies. The first renewal of the Board of Directors will be resolved at the Shareholders' Meeting called to approve the financial statements for the year 2023.

Shareholders' Meeting

The ordinary Shareholders' Meeting of UniCredit is convened at least once a year within 180 days of the end of the financial year, to resolve upon the issues that current laws and the Articles of Association make it responsible for. An extraordinary Shareholders' Meeting is convened, instead, whenever it is necessary to resolve upon any of the matters that are exclusively attributed to it by current laws.

The Agenda of the Shareholders' Meeting is established pursuant to legal requirements and to the Articles of Association by whoever exercises the power to call a Meeting.

The ordinary Shareholders' Meeting has adopted Regulations governing ordinary and extraordinary Meetings in a functional and regular way.
The Regulations are available on the Governance/Shareholders Section of the UniCredit website.

Board of Directors

The Board of Directors of UniCredit may be comprised of between a minimum of 9 up to a maximum of 24 members. At the approval date of this document, UniCredit has 12 Directors.

Directors' term in office is 3 financial years, unless a shorter term is established at the time they are appointed and ends on the date of the Shareholders' Meeting called to approve the financial statements relating to the last year in which they are in office.

The term in office of the current Board of Directors, which was appointed by the Shareholders' Meeting of 15 April 2021, will end on the date of the Shareholders' Meeting called upon to approve the 2023 financial statements.

According to the current legal and regulatory provisions, the Directors shall be appointed on the basis of a proportional representation mechanism ("voto di lista") abiding to the membership criteria concerning, inter alia, minority and independent Directors, as well as the balance between genders, pursuant to the procedures specified in Clause 20 of the Articles of Association. Legitimate parties entitled to submit slates of candidates are the Board of Directors and shareholders, who individually, or jointly with others, represent at least 0.5% of share capital in the form of shares with voting rights at ordinary Shareholders' Meetings.

The UniCredit Articles of Association envisage that, regardless of the total number of Board members, two Directors shall be appointed from the second slate receiving the highest votes, without any connection with the shareholders who, even jointly, filed, or voted for, the slate first by number of votes, to ensure that the minority shareholders have a greater presence on the Board of Directors.

The Board establishes its qualitative and quantitative composition deemed to be optimal for the effective fulfillment of the duties and responsibilities entrusted to the Board of Directors by law, by the Supervisory Provisions and by the Articles of Association, according to current provisions applicable on such topics, also concerning the time commitments and the limits upon the maximum number of offices UniCredit Directors may hold.

Moreover, Directors must take into account the provisions of Art.36 of Law Decree No.201/2011 ("ban on interlocking directorships"), approved as statute by Law No.214/2011, which establishes that holders of a seat on managerial, supervisory and controlling bodies, as well as top management officers in companies or group of companies active in banking, insurance and financial markets are forbidden from holding similar offices, or to exercise similar duties, in competing companies or groups of companies.

The function and competencies of the Board of Directors are set forth in the UniCredit Corporate Bodies and Committees Regulation, available on the Governance/Corporate Bodies Section of the UniCredit website.

Governance structure

Independence of Directors

In compliance with the provisions in force from time to time as well as in line with the criteria envisaged under the Italian Corporate Governance Code (corresponding with those envisaged under the UniCredit Articles of Association), non-executive Directors' independence shall be assessed by the Board of Directors upon their appointment, as well as during the mandate upon the occurrence of circumstances concerning their independence and, in any case, at least once a year, on the basis of information provided by the Directors themselves or however available to the Company, also considering any circumstance that affects or could affect such requirement. The outcome of these Board assessments shall be disclosed to the market after the appointment, through a press release and, subsequently, via the Corporate Governance Report.

The Corporate Governance & Nomination Committee and the Board of Directors assessed with a positive outcome the Directors' independence requirement based on statements made by the parties concerned and on information available to the Company. In 2023, the Board of Directors ascertained the Directors' independence requirements during its yearly evaluation (meeting held on 5 July).

With specific reference to the independence requirements laid down by the Italian Corporate Governance Code, due consideration was given to the information relating to the existence of direct or indirect relationships (credit, business/professional and employee relationships, as well as significant offices held) that Directors and their other connected subjects may have with UniCredit and Group companies.

In order to assess the potential significance of the above-mentioned relationships, the Board of Directors has decided not to proceed with merely identifying predefined economic thresholds above which independence would be "automatically" compromised, as such assessment requires an overall evaluation of both objective and subjective aspects. Therefore, for this purpose, the following criteria should be taken into account: (i) the nature and characteristics of the relationship; (ii) the amount in absolute and relative terms of the transactions; and (iii) the subjective profile of the relationship.

More specifically, when assessing the significance of such a relationship, the following information, where available, is considered by the Board:
- as far as credit relationships are concerned, 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;
- as far as business/professional relationships are concerned, the nature of the transaction/relationship, the amount of the consideration and, where appropriate, the economic and financial situation of the counterparty;
- as far as offices held in Group companies are concerned, the total amount of any additional remuneration.

In all of the above cases, all the parties involved (Director or family member; UniCredit or Group company) and, for relationships with companies/entities, the nature of the "connection" (post held/controlling interest) with the Director or the family member were taken into account.

At the approval date of this document, the number of independent Directors according to the provisions of the Code is equal to 9.

At its meeting held on 18 July 2023, the Board of Statutory Auditors ascertained, with a positive outcome, the proper application of the criteria and procedures adopted by the Board of Directors to assess the independence of its own members.

Governance structure

Status and activities of the Directors

In the following chart the information regarding the members of the Board of Directors in office at the approval date of this document is reported.

POSITION	MEMBERS	IN OFFICE SINCE	IN OFFICE UNTIL (*)	SLATE (M/m) (**)	EXECUTIVE	NON-EXECUTIVE	INDEPENDENT AS CODE	INDEPENDENT AS TUB	INDEPENDENT AS TUF	BOARD MEETINGS ATTENDANCE % (***)	NUMBER OF OTHER POSITIONS (****)
Chairman	Padoan Pietro Carlo	04.15.2021	Approval of 2023 financial statements	M		X	X	X	X	100	--
Deputy Vice Chairman	Andreotti Lamberto	04.15.2021	Approval of 2023 financial statements	M		X	X	X	X	82.61	1
CEO	Orcel Andrea	04.15.2021	Approval of 2023 financial statements	M	X					95.65	1
Director	Cariello Vincenzo	04.15.2021	Approval of 2023 financial statements	m		X	X	X	X	95.65	1
Director	Carletti Elena	04.15.2021	Approval of 2023 financial statements	M		X	X	X	X	100	--
Director	Hedberg Jeffrey Alan	04.15.2021	Approval of 2023 financial statements	M		X	X	X	X	100	--
Director	Lara Bartolomé Beatriz Ángela	04.15.2021	Approval of 2023 financial statements	M		X	X	X	X	91.30	2
Director	Molinari Luca	04.15.2021	Approval of 2023 financial statements	M		X	X	X	X	100	1
Director	Pierdicchi Maria	04.15.2021	Approval of 2023 financial statements	M		X	X	X	X	95.65	2
Director	Tondi Francesca	04.15.2021	Approval of 2023 financial statements	m		X	X	X	X	91.30	--
Director	Wagner Renate	04.15.2021	Approval of 2023 financial statements	M		X		X	X	91.30	6
Director	Wolfgring Alexander	04.15.2021	Approval of 2023 financial statements	M		X			X	91.30	2
----- Directors who left during the Period -----											
Director	Gadhia Jayne-Anne (1)	04.15.2021	02.7.2023	M		X	X	X	X	100	1
Quorum required for the submission of the slates for the latest appointment: 0.5%											
Number of meetings held during the financial year: 23											

Notes:

(*) The UniCredit Shareholders' Meeting called to approve the 2023 financial statements is planned for 12 April 2024.

(**) M = Member elected from the slate that obtained the majority of the shareholders' votes.
m = Member elected from the slate voted by the shareholders' minority.

(***) Meetings' attendance percentage (number of meeting attended/number of meetings held during the concerned party's term of office with regard to the reference period).

(****) Number of positions as Director or Statutory Auditor held in other listed companies or large companies. A list of such companies for each Director is attached to the Report on corporate governance and ownership structure.

The CEO is the director in charge of the internal controls and risks management system.

(1) Resigned effective from 7 February 2023.

Governance structure

Committees of the Board of Directors

In order to foster an efficient information and advisory system to enable the Board of Directors better to assess the topics for which it is responsible, also in accordance with the provisions of the Code, the Board has established five Committees, vested with research, advisory and proposal-making powers diversified by sector of competence: the Internal Controls & Risks Committee, the Corporate Governance & Nomination Committee, the ESG Committee, the Remuneration Committee and the Related-Parties Committee. Their duties are undertaken based on terms of reference and procedures set forth by the Board.

The Committees consist, as a rule, of a number of members from 3 up to 5. More specifically, the Internal Controls & Risks Committee, the Corporate Governance & Nomination Committee, the ESG Committee and the Remuneration Committee, all set up in compliance with the provisions contained in the Banca d'Italia Supervisory Regulations on banks' corporate governance, are composed of non-executives Directors, mostly independent. Such Committees must be differentiated from each other by at least one member and, if a Director elected by the minorities is present, that Director is a member of at least one Committee. The Chair of each Committee shall be chosen from among the independent members. The Related-Parties Committee, set up for overseeing issues concerning transactions with related and associated parties, in compliance with the CONSOB regulatory provisions and the Banca d'Italia Supervisory Regulations, consists only of independent Directors pursuant to the Italian Corporate Governance Code.

None of the functions of one or more specialist committees on appointments, risks and remuneration envisaged by the Code has been reserved for the Board of Directors. Committee functions have been allocated among the various Committees consistently with the Code's provisions. None of these Committees, per se, performs the multiple functions of two or more committees as envisaged by the Code.

The Committee's tasks are coordinated by its Chair, who exercises all necessary powers for its proper functioning. Each Committee draws up an annual plan of activities to ensure the fulfillment of its tasks. Committee meetings are convened by the Chair with a frequency adequate to the fulfillment of its tasks and plan of activities, or when needed or requested in writing, with proper motivation, by at least two members of the Committee. The provisions set out for the Board of Directors' functioning shall apply, as compatible, to the Board Committees. In reference to the Related-Parties Committee's meetings, only for reasons of urgency, in specific cases dealing with transactions falling into the decision-making powers of the Board of Directors, a meeting may be convened at least twelve hours in advance.

Committee members have the necessary knowledge, skills and experience to perform the duties assigned to them and ensure that any other corporate positions they hold in other companies or entities (including non-Italian ones) are compatible with their availability and commitment to serve as a Committee member.

Upon invitation of each Committee Chair, the Chief Executive Officer, other Directors, the General Manager (when appointed), the Manager in charge of drafting the company financial reports, as well as personnel belonging to the Company and the Group, may attend Committee meetings on specific Agenda items. Without prejudice to the possibility for the other Statutory Auditors to attend the meetings, the Chair of the Board of Statutory Auditors, or any other Auditor designated by the latter, attends Board Committee meetings. Always at the invitation of each Committee Chair, personnel or externals appointed in the corporate bodies of the Group's subsidiaries may be called upon to attend Committee meetings.

To perform their duties, Board Committees have access to the financial resources necessary to guarantee their operational independence and, within the limitations of the budget approved by the Board of Directors, may consult independent external experts and invite them to attend meetings; in the event of specific requirements, the relevant budget may be supplemented.

The Chair of each Committee, at the first available Board of Directors meeting, reports on the activities carried out during the Committee meetings, with the support of specific documentation.

The Board Committees' composition, functions and competencies are set forth in the Corporate Bodies and Committees Regulation, available on the Governance/Corporate bodies Section of the UniCredit website.

Internal Controls & Risks Committee

The Internal Controls & Risks Committee consists of 4 non-executive Directors.

The composition of the Internal Controls & Risks Committee at the approval date of this document is the following: Ms. Elena Carletti (Chairwoman), Mr. Pietro Carlo Padoan, Ms. Francesca Tondi and Mr. Alexander Wolfgring.

The majority of the members of the Committee complies with the independence requirements provided by Section 2, recommendation 7 of the Italian Corporate Governance Code and Section 13 of the Decree issued by the Ministry of Economics and Finance No.169/2020; all the members are independent according to Section 148 of the Consolidated Law on Finance.

Governance structure

The majority of the members of the Committee has the experience required under applicable provisions, covering the provided areas of competence related to risk and control as well as accounting and audit.

Committee meetings are attended by the Chair of the Board of Statutory Auditors, the Head of Internal Audit, the Group Compliance Officer and the Group Risk Officer. Upon invitation of the Committee Chair, the Chief Executive Officer, other Directors, the Manager in charge of drafting the company financial reports, as well as personnel belonging to the Company and the Group, may attend Committee meetings. Representatives from the external audit firm may also be invited.

The Committee is responsible for setting up the necessary functional links with the Board of Statutory Auditors, so as to undertake activities deemed common to the two bodies, and to exchange information of mutual interest, within the purview of their respective competencies.

The Committee must be able to access relevant corporate information, consult external experts and, where necessary, communicate directly with the Heads of Internal Audit, Group Risk Management and Group Compliance.

In 2023, the Committee held 23 meetings.

Duties

The Committee supports the Board of Directors on risk management and control-related issues.

Among other things, the Committee:
a) with the support of the Corporate Governance & Nomination Committee, identifies and proposes to the Board the Heads of the corporate control functions to be appointed or assesses the evaluation of their dismissal; for the Head of Internal Audit function, issues its opinion on setting the remuneration and the performance goals associated with its variable portion in line with the Company policies;
b) pre-examines activity programmes (including audit plans) and annual reports from corporate control functions to be sent to the Board, as well as periodical reports prepared by these functions above and beyond legal or regulatory requirements;
c) evaluates and issues opinions to the Board on the compliance of the internal control system and corporate organization with the applicable rules and regulations, and on the requirements that must be complied with by the corporate control functions, drawing the Board's attention to any weaknesses and consequent corrective actions to be implemented; for this purpose, it assesses proposals put forward by the Chief Executive Officer;
d) through evaluations and opinions, contributes to defining Company policy on the outsourcing of corporate control functions;
e) verifies that the corporate control functions correctly comply with the Board's recommendations and guidelines, assisting the Board in drafting the coordination documents envisaged under Banca d'Italia Circular No.285/2013;
f) examines and assesses the correct use of accounting principles and their uniformity with regard to drafting the main accounting documents (such as, by way of example, operating and consolidated financial statements, interim operating reports, etc.), for this purpose coordinating with the Manager in charge of drafting the company financial reports and with the Board of Statutory Auditors;
g) examines the work carried out by the Group's external auditors and the results stated in their reports or any letters and suggestions;
h) assesses any findings reported by Internal Audit and Group Compliance, or that may arise from enquiries and/or investigations carried out by third parties;
i) may seek specific audit interventions, at such time informing the Chair of the Board of Statutory Auditors;
j) analyses Group guidelines for the Group Compliance function that fall within its remit, monitoring that they have been adopted and implemented;
k) requests that the Head of Internal Audit draft any proposals for the qualitative and quantitative improvement of the function itself;
l) is involved, within its specific remit, in the process of identifying material risk takers on an on-going basis.

With a special focus on risk management and control-related issues, the Committee supports the Board of Directors in:
- defining and approving strategic guidelines and risk management policies with specific reference to risk appetite and risk tolerance. For this purpose, it also examines the annual budget drafting guidelines;
- verifying that risk strategies, management policies and the Risk Appetite Framework (RAF) have been correctly implemented;
- defining policies and processes for evaluating corporate activities, including verification that the price and conditions of client transactions comply with the risk-related business model and strategies.

Without prejudice to the competencies of the Remuneration Committee, the Committee checks that the incentives underlying the remuneration and incentive system comply with the RAF, particularly taking into account risks, capital and liquidity.
Moreover, the Committee reports to the Board of Directors on the status of the Group's internal control system.
Furthermore, as regards investments in non-financial equities, the Committee assesses, supports and puts forward proposals with regard to organizing and enacting internal controls on the making and managing of equity investments in non-financial companies, in addition to verifying compliance within the framework of such equity investments in terms of strategic and operational guidelines.

Governance structure

Corporate Governance & Nomination Committee

The Corporate Governance & Nomination Committee consists of 3 non-executive Directors.

The composition of the Corporate Governance & Nomination Committee at the approval date of this document is the following: Mr. Lamberto Andreotti (Chairman), Ms. Maria Pierdicchi and Mr. Alexander Wolfgring.

The majority of the members of the Committee complies with the independence requirements provided by Section 2, recommendation 7 of the Italian Corporate Governance Code and Section 13 of the Decree issued by the Ministry of Economics and Finance No.169/2020; all members are independent according to Section 148 of the Consolidated Law on Finance.

In 2023, the Committee held 20 meetings.

Duties

Among other things, the Committee:
a) provides opinions and support to the Board regarding the definition of the UniCredit corporate governance system, corporate structure and Group governance models and guidelines;
b) drafts proposals to be submitted to the Board regarding the optimal qualitative and quantitative composition of the Board, and the maximum number of posts held by Directors in other companies considered compatible with effectively fulfilling these roles at UniCredit;
c) provides opinions and support regarding the Board self-assessment process, as directed by the Chair of the Board of Directors;
d) sets targets for the least well represented gender in corporate bodies as well as for management and staff belonging to the Group, and prepares a plan to bring this proportion up to set targets;
e) drafts proposals to be submitted to the Chair of the Board of Directors regarding the selection of staff appointed to conduct the Board's self-assessment process.

The Committee provides opinions and support to the Board also regarding:
a) the verification that UniCredit Directors comply with the requirements provided by applicable laws and the Articles of Association (including the ban on interlocking directorships laid down by applicable laws), and that they collectively and individually ensure abidance with the qualitative and quantitative composition of the Board deemed to be optimal;
b) the selection of candidates for the post of Chair, Chief Executive Officer and Director of UniCredit, in the event of co-optation, and, should the Board present its own list of candidates for the position of independent Director for approval by the UniCredit Shareholders' Meeting, taking into due account any recommendations from shareholders, as per the process for selecting candidates to the post of Board of Directors members (including the Chair and the Chief Executive Officer) approved by the Board itself;
c) the appointment of the Chief Executive Officer, General Manager, Deputy General Managers and other Executives with strategic responsibilities;
d) the verification that the General Manager and the Manager in charge of drafting the company financial reports comply with the requirements provided by applicable laws and the Articles of Association, if applicable;
e) the definition of appointment and succession plan policies for the Chief Executive Officer, General Manager, Deputy General Managers, Heads of corporate control functions, Executives with strategic responsibilities and for members of the Group Executive Committee (GEC) who are not Executives with strategic responsibilities and their direct reports (GEC-1);
f) the definition of the policy for the appointment of corporate officers (members of the Board of Directors, Board of Statutory Auditors and Supervisory Board) at Group companies;
g) the designation of corporate officers (members of the Board of Directors, Board of Statutory Auditors and Supervisory Board) at the main companies.

Moreover, the Committee:
- provides support, coordinating with the Internal Controls & Risks Committee, in proposing candidates or assessing dismissal for the roles of Heads of corporate control functions to the Board of Directors;
- undertakes research to help the Board of Directors draft a succession plan for executive directors.

Governance structure

ESG Committee
The ESG Committee consists of 3 non-executive Directors.

The composition of the ESG Committee at the approval date of this document is the following: Ms. Francesca Tondi (Chairwoman), Mr. Jeffrey Alan Hedberg and Ms. Beatriz Ángela Lara Bartolomé.

All members of the Committee comply with the independence requirements provided by Section 2, recommendation 7 of the Italian Corporate Governance Code and are independent according to Section 13 of the Decree issued by the Ministry of Economics and Finance No.169/2020 and Section 148 of the Consolidated Law on Finance.

In 2023, the Committee held 9 meetings.

Duties
The purpose of the ESG Committee is to support the Board of Directors in fulfilling its responsibilities with respect to the ESG integral components on the Group's business strategy and sustainability.

The ESG Committee shall provide opinions and support to the other Board Committees to ensure the alignment of the Group's policies to UniCredit's ESG principles and objectives.

The Committee also oversees:
- ESG and sustainability-related developments also considering international guidelines and principles and market developments, monitoring the positioning of the Group with respect to national and international best practices in the ESG field;
- the preparation of the yearly Integrated Report, which constitutes a non-financial declaration pursuant to the provisions of Sections 3 and 4 of Legislative Decree No.254/2016, as well as the preparation of the TCFD (Task force on Climate-related Financial Disclosures) report, and any other specific disclosure obligations required by future ESG commitments of the Bank.

Remuneration Committee
The Remuneration Committee consists of 3 non-executive Directors.

The composition of the Remuneration Committee at the approval date of this document is the following: Mr. Jeffrey Alan Hedberg (Chair), Mr. Luca Molinari and Ms. Renate Wagner.

The majority of the members of the Committee complies with the independence requirements provided by Section 2, recommendation 7, of the Italian Corporate Governance Code; all members are independent according to Section 13 of the Decree issued by the Ministry of Economics and Finance No.169/2020 and Section 148 of the Consolidated Law on Finance.

At least one member of the Committee has adequate knowledge and experience in finance or remuneration policies, which the Board of Directors assesses at such time as they are appointed to the Committee.

In order for the incentives included in the compensation and incentive schemes to be consistent with the Bank's risk, capital and liquidity management, as well as to get updates on the market trends, compensation levels and regulatory developments, an external advisor also attends Committee meetings.

The Group Risk Officer is invited, upon need, to attend Committee meetings to ensure that incentive schemes are appropriately updated to take into account all of the risks that the Bank has taken on, pursuant to methodologies in compliance with those adopted by the Bank in managing risk for regulatory and internal purposes.

In 2023, the Committee held 12 meetings.

Duties
Among other things, the Committee:
- puts proposals to the Board regarding the remuneration and the performance goals associated with its variable portion, for the members of the Board of Directors, the General Manager, Deputy General Managers, Heads of the corporate control functions and personnel whose remuneration and incentive systems are decided upon by the Board;
- exercises oversight on the criteria for remunerating the most significant employees, as identified pursuant to the relevant Banca d'Italia provisions, as well as on the outcomes of the application of such criteria.

Governance structure

Furthermore, the Committee issues opinions to the Board on:
a) the Group remuneration policy as well as the remuneration and incentive systems for the Chief Executive Officer, General Manager, Deputy General Managers, Heads of corporate control functions, Executives with strategic responsibilities and other Group Material Risk Takers;
b) Group incentive schemes based on financial instruments;
c) the remuneration policy for corporate officers (members of the Board of Directors, Board of Statutory Auditors and Supervisory Board) at Group companies.

Committee members regarding whom the Committee is called upon to express its opinion on their remuneration as a result of their specific assignments shall not attend meetings at which the proposal for such remuneration is calculated.

Furthermore, the Committee:
- coordinates the process for identifying material risk takers on an on-going basis;
- directly oversees the correct application of rules regarding the remuneration of the Heads of corporate control functions, working closely with the Board of Statutory Auditors;
- works with the other committees, particularly the Internal Controls & Risks Committee, to verify that the incentives included in compensation and incentive schemes are consistent with the RAF, ensuring the involvement of the corporate functions responsible for drafting and monitoring remuneration and incentive policies and practices;
- provides appropriate feedback on its operations to the Board of Directors, Board of Statutory Auditors and the Shareholders' Meeting;
- where necessary drawing on information received from the relevant corporate functions, expresses its opinion on the achievement of the performance targets associated with incentive schemes, and on the other conditions laid down for bonus payments.

Related-Parties Committee

The Related-Parties Committee consist of 3 independent Directors.

The composition of the Related-Parties Committee at the approval date of this document is the following: Ms. Maria Pierdicchi (Chairwoman), Mr. Vincenzo Cariello and Ms. Elena Carletti.

In 2023 the Committee held 16 meetings.

Duties

The Committee oversees issues concerning transactions with related parties pursuant to CONSOB Regulation No.17221/2010 and transactions with associated parties pursuant to Banca d'Italia Circular No.285/2013 (Third Part, Chapter 11), carrying out the specific role attributed to independent directors by the aforementioned provisions. Furthermore, it carries out any other duties assigned to it within the Global Policy for the management of transactions with persons in conflict of interest.

The Company's competent offices ensure a constant monitoring of transactions envisaged by the procedures for the identification and management of transactions with related and/or associated parties, also in view of enabling the Committee to examine the application of the cases of voluntary exemption and to propose corrective actions.

a) Temporary replacement in cases of conflict of interest
For each individual transaction, Committee members must be different from the counterparty, its associated parties and/or any entities related to it.

If a Committee member is a counterparty to the transaction under examination (or is related/associated with the counterparty), he/she must promptly inform the Chair of the Board of Directors and the Committee Chair (provided he/she is not in a conflict of interest situation), and abstain from attending further Committee proceedings with regard to the transaction in which the relationship exists. Having consulted with the Committee Chair (provided he/she is not in a conflict of interest situation), the Chair of the Board of Directors shall immediately take steps to replace the member who has this conflict of interest with another member from the Board of Directors who qualifies as independent pursuant to the Italian Corporate Governance Code, after contacting them beforehand, in order to restore the Committee to three non-related and non-associated independent Directors.

b) Temporary replacement of unavailable members in the event of an urgent transaction
For transactions that need to be finalised urgently and require the intervention of the Related-Parties Committee during negotiations and due diligence and/or during the issue of opinions, having acknowledged the urgency and noted that the majority or all members are unable to meet or carry out the required activities in time to conclude the transaction, the Committee Chair shall promptly inform the Chair of the Board of Directors of this situation.
In any event, these circumstances must be communicated no later than the day after the Committee Chair was informed that the majority or all Committee members were not available.

Governance structure

Having consulted with the Chief Executive Officer and determined that the transaction cannot be delayed, the Chair of the Board of Directors immediately takes steps to find three Directors to sit on the Committee and follow the process for temporary substitutions in the event of conflicts of interest.

As regards sections a) and b) above, it should be noted that:
- replacements must be provided with all available information in good time before the meeting at which the Committee is called upon to express its opinion regarding the transaction;
- replacements undertake the duties allocated to them until the conclusion of the decision-making process regarding the specific transaction in question and remain involved in the decisions taken by the Committee.

Board Committees

				INTERNAL CONTROLS & RISKS COMMITTEE		CORPORATE GOVERNANCE & NOMINATION COMMITTEE		ESG COMMITTEE		REMUNERATION COMMITTEE		RELATED-PARTIES COMMITTEE	
MEMBERS	**EXEC.**	**NON EXEC.**	**INDEP. AS CODE**	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)
Padoan Pietro Carlo		X	X	M(1)	100%								
Andreotti Lamberto		X	X			C	100%						
Orcel Andrea	X												
Cariello Vincenzo		X	X									M	100%
Carletti Elena		X	X	C	100%							M	100%
Hedberg Jeffrey Alan		X	X					M	100%	C (2)	100%		
Lara Bartolomé Beatriz Ángela		X	X					M	100%				
Molinari Luca		X	X							M	100%		
Pierdicchi Maria		X	X	M(3)	100%	M(1)	100%					C	100.00%
Tondi Francesca		X	X	M	100%			C	100%				
Wagner Renate		X								M	91.67%		
Wolfgring Alexander		X		M	91.30%	M	95%						
----- Members who left during the Period -----													
Gadhia Jayne-Anne		X	X			M(4)	90%			C(4)	100%		
No. of meetings held during the financial year				***IC&RC: 23***		***CG&NC: 20***		***ESGC: 9***		***RC:12***		***RPC: 16***	

Notes:
(*) A "C" (Chair) or an "M" (Member) shows that the member of the Board of Directors belongs to the Committee and also indicates his/her position.
(**) Meetings' attendance percentage (number of meetings attended/number of meetings held during the concerned party's term of office with regard to the reference period).

(1) Office held since 30 March 2023.
(2) Office held since 16 February 2023.
(3) Office held until 30 March 2023.
(4) Office held until 7 February 2023.

Governance structure

Board of Statutory Auditors

Pursuant to the Articles of Association, the ordinary Shareholders' Meeting appoints 5 permanent Statutory Auditors, among whom the Chair, and 4 substitute Statutory Auditors. Both the permanent and substitute Statutory Auditors may be re-elected.

Permanent and substitute members of the Board of Statutory Auditors are appointed on the basis of a proportional representation mechanism ("voto di lista") in abidance to the composition criteria, *inter alia*, regarding the appointment of the Chair of the Board of Statutory Auditors by the minority shareholders and the balance between genders, as established by the Articles of Association, and in compliance with current legal provisions. In detail, the candidate who has obtained the highest share of votes among the candidates belonging to the slate that obtained the highest number of votes among the minority slates, as defined by current provisions (also regulatory) in force, shall be selected by the Shareholders' Meeting as Chair of the Board of Statutory Auditors.

Their term in office is 3 financial years and ends on the date of the Shareholders' Meeting called upon to approve the financial statements relating to the last year in which they are in office.

Members of the Board of Statutory Auditors shall comply with the requirements envisaged by current provisions, also of a regulatory nature, in particular with the professional experience, integrity and independence ones, and they can hold administrative and control appointments with other companies within the limits set by current laws and regulations.

The ordinary Shareholders' Meeting of 8 April 2022 appointed the permanent and substitute Statutory Auditors for the 2022-2024 financial years.

In the following chart the information regarding the members of the Board of Statutory Auditors in office.

Statutory Auditors

		IN OFFICE					
POSITION	MEMBERS	SINCE	UNTIL (*)	SLATE (M/m) (**)	INDEPENDENT AS PER CODE	% (***)	NUMBER OF OTHERS POSITIONS (****)
Chairman	Rigotti Marco Giuseppe Maria	04.08.2022	Approval of 2024 financial statements	m	X	100%	--
Permanent Statutory Auditor	Cacciamani Claudio	04.08.2022	Approval of 2024 financial statements	M	X	100%	--
Permanent Statutory Auditor	Navarra Benedetta	04.08.2022	Approval of 2024 financial statements	M	X	100%	2
Permanent Statutory Auditor	Paolucci Guido	04.08.2022	Approval of 2024 financial statements	M	X	100%	--
Permanent Statutory Auditor	Bientinesi Antonella	04.08.2022	Approval of 2024 financial statements	m	X	100%	--
Substitute Statutory Auditor	Pagani Raffaella	04.08.2022	Approval of 2024 financial statements	M	X		
Substitute Statutory Auditor	Manes Paola	04.08.2022	Approval of 2024 financial statements	M	X		
Substitute Statutory Auditor	Dell'Atti Vittorio	04.08.2022	Approval of 2024 financial statements	m	X		
Substitute Statutory Auditor	Rimoldi Enrica	04.08.2022	Approval of 2024 financial statements	m	X		
----- Statutory Auditors who left during the Period -----							
--							
Quorum required for the submission of the slates for the latest appointment: 0.5%							
Number of meetings held during the financial year: 63							

Notes:
(*) The 27 October 2023 UniCredit Shareholders' Meeting resolved to adopt the one-tier administration and control system, which provides for the appointment within the Board of Directors of an Audit Committee in place of the Board of Statutory Auditors, effective upon the renewal date of the corporate bodies in office at the approval date of this document. In particular, the first renewal of the Board of Directors will be resolved at the Shareholders' Meeting called to approve the 2023 financial statements.
(**) M = Member elected from the slate that obtained the majority of the shareholders' votes;
m = Member elected from the slate voted by the shareholders' minority.
(***) Meetings' attendance percentage (number of meetings attended/number of meetings held during the concerned party's term of office with regard to the reference period).
(****) Number of positions as Director or Statutory Auditor held by the concerned party pursuant to Art.148/bis of the Consolidated Law on Finance and to the relevant implementing provisions contained in the CONSOB Issuers' Regulation. A complete list of such positions is published by the CONSOB on its website pursuant to Art.144-quinquiesdecies of the CONSOB Issuers Rules.

Governance structure

Share capital

As at 31 December 2023, the fully subscribed and paid up UniCredit share capital amounted to Euro 21,277,874,388.48, divided into No.1,784,663,080 ordinary shares with no nominal value. The ordinary shares are issued in a dematerialised form and are indivisible as well as freely transferable. Each share entitles holders to the right to cast one vote at ordinary and extraordinary Shareholders' Meetings.

No other types of shares, equity instruments or convertible or exchangeable bonds have been issued.

Major Shareholders

On the basis of the communications received in accordance with Art.120 of the Consolidated Law on Finance, direct and indirect relevant equity holdings as at 31 December 2023, registered on the Shareholders Register are stated below. The shareholders listed below hold more than 3%, and do not qualify for disclosure exemptions (as provided under Art.119/*bis* of CONSOB Rule No.11971/99).

DECLARANT	DIRECT SHAREHOLDER	% (up to the third decimal) OF ORDINARY CAPITAL	% (up to the third decimal) OF VOTING CAPITAL
BlackRock Group		***6.439%***	***6.439%***
	BlackRock Fund Advisors	*1.768%*	*1.768%*
	BlackRock Institutional Trust Company, National Association	*1.689%*	*1.689%*
	BlackRock Advisors (UK) Ltd	*1.024%*	*1.024%*
	BlackRock Asset Management Deutschland Ag	*0.844%*	*0.844%*
	BlackRock Investment Management (UK) Ltd	*0.416%*	*0.416%*
	BlackRock Investment Management, Llc	*0.307%*	*0.307%*
	BlackRock Advisors, Llc	*0.132%*	*0.132%*
	BlackRock Asset Management Canada Ltd	*0.090%*	*0.090%*
	BlackRock Japan Co. Ltd	*0.069%*	*0.069%*
	BlackRock Investment Management (Australia) Ltd	*0.053%*	*0.053%*
	BlackRock Financial Management, Inc.	*0.039%*	*0.039%*
	BlackRock Asset Management North Asia Ltd	*0.004%*	*0.004%*
	Aperio Group Llc	*0.002%*	*0.002%*
	Blackrock (Singapore) Ltd	*0.000%*	*0.000%*
	Blackrock International Limited	*0.000%*	*0.000%*
Allianz SE Group		**3.901%**	**3.901%**
	Allianz Finance II Luxembourg S.à.r.l.	*3.770%*	*3.770%*
	Allianz S.p.A.	*0.109%*	*0.109%*
	Investitori Società di Gestione del Risparmio Società per Azioni	*0.009%*	*0.009%*
	Allianz Lebensverischerungs Ag	*0.009%*	*0.009%*
	Allianz Life Luxembourg Sa	*0.002%*	*0.002%*
	Allianz Benelux Sa	*0.001%*	*0.001%*
	Allianz Vie	*0.001%*	*0.001%*

Governance structure

Participation Rights

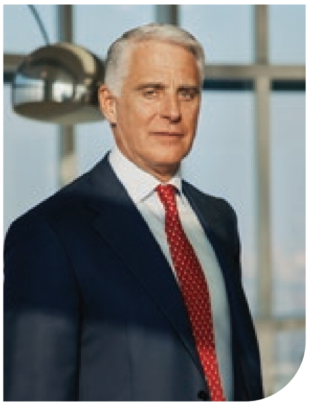
Eligible to attend Shareholders' Meetings are those who hold voting rights and in respect of whom the Company has received, from the broker holding the relevant securities account, the notification within the deadline set forth by applicable law (record date, i.e., seven market trading days before the Shareholders' Meeting date).

Those who hold voting rights may arrange to be represented in the Shareholders' Meeting, in compliance with the provisions of the prevailing law.

UniCredit has always encouraged its shareholders to exercise their participation and voting rights and, for that reason, some time ago it adopted the Regulations governing Shareholders' Meetings to ensure their regular conduct. Said Regulations are available on UniCredit website on the Governance/Shareholders' Meeting Section.

Group Executive Committee (GEC)

The **Group Executive Committee** (GEC) is a Managerial Committee that has been set up in order to ensure the effective steering, coordination and control of Group business, as well as an effective managerial alignment across the Group.



ANDREA ORCEL

Group Chief Executive Officer and Head of Italy

MARION HÖLLINGER

Head of Germany

GIANFRANCO BISAGNI

Group Chief Operating Officer

TEODORA PETKOVA

Group Head of Central Europe and Eastern Europe

RICHARD BURTON

Head of Client Solutions

STEFANO PORRO

Chief Financial Officer

SIOBHÁN MCDONAGH

Head of Group
People & Culture

ALI KHAN

Group Digital &
Information Officer

FIONA MELROSE

Head of Group
Strategy & ESG

JOANNA CARSS

Head of Group
Stakeholder Engagement

TJ LIM

Group Risk Officer

SERENELLA DE CANDIA

Group Compliance Officer

GIANPAOLO ALESSANDRO

Group Legal Officer –
Secretary of the Board
of Directors

REMO TARICANI
PERMANENT GUEST TO GEC

Deputy Head of Italy

Board of Directors

Directors' term in office is three financial years, unless a shorter term is established at such time as they are appointed, and ends on the date of the Shareholders' Meeting called to approve the financial statements relating to the last year in which they are in office.

The Board of Directors currently in office was appointed by the **Ordinary Shareholders' Meeting on April 15, 2021** for the financial years 2021 - 2023, on the basis of a proportional representation mechanism ("voto di lista"), and its terms of office ends on the date of the Shareholders' Meeting called to approve the 2023 financial statements.

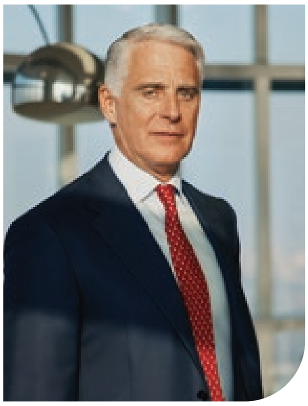
As regards the actions taken in recent years to strengthen **our governance** and align it with international best practices, improving the composition and functioning of the Board of Directors has been a fundamental commitment for our Group.

PIETRO CARLO PADOAN

Chairman of the
Board of Directors

LAMBERTO ANDREOTTI

Deputy Chairman



ANDREA ORCEL

Group Chief Executive Officer

VINCENZO CARIELLO

Director

ELENA CARLETTI

Director

JEFFREY ALAN HEDBERG

Director

BEATRIZ LARA BARTOLOMÉ

Director

LUCA MOLINARI

Director

MARIA PIERDICCHI

Director

FRANCESCA TONDI

Director

RENATE WAGNER

Director

ALEXANDER WOLFGRING

Director

GIANPAOLO ALESSANDRO

Group Legal Officer –
Secretary of the Board
of Directors

Consolidated accounts

Notes to the consolidated accounts

It should be noted that 2022 comparative figures have been recasted, when relevant, in order to reflect the impacts arising from the exit of the companies of the WealthCap group out of the non-current assets held for sale.

These impacts referred, in particular, to the reallocation to proper items of assets and liabilities, previously classified in Asset and Liabilities held for sale.

2022 Income statement has not been restated as the reclassification of the companies of the WealthCap group has not determined the recognition of any effect as at 31 December 2022.

Consolidated balance sheet

(€ million)

	AMOUNTS AS AT	
ASSETS	**31.12.2023**	**31.12.2022**
10. Cash and cash balances	61,000	111,776
20. Financial assets at fair value through profit or loss:	65,014	73,174
a) financial assets held for trading	57,274	64,443
b) financial assets designated at fair value	220	323
c) other financial assets mandatorily at fair value	7,520	8,408
30. Financial assets at fair value through other comprehensive income	63,097	54,887
40. Financial assets at amortised cost:	556,978	582,762
a) loans and advances to banks	53,389	57,798
b) loans and advances to customers	503,589	524,964
50. Hedging derivatives	1,925	2,851
60. Changes in fair value of portfolio hedged items (+/-)	(3,264)	(6,576)
70. Equity investments	4,025	3,543
80. Insurance assets	-	-
a) insurance contracts issued that are assets	-	-
b) reinsurance contracts held that are assets	-	-
90. Property, plant and equipment	8,628	9,492
100. Intangible assets	2,272	2,354
of which: goodwill	-	-
110. Tax assets:	11,818	13,125
a) current	1,069	1,276
b) deferred	10,749	11,849
120. Non-current assets and disposal groups classified as held for sale	370	528
130. Other assets	13,111	9,857
Total assets	**784,974**	**857,773**

Consolidated accounts

continued: Consolidated balance sheet

(€ million)

LIABILITIES AND SHAREHOLDERS' EQUITY	AMOUNTS AS AT 31.12.2023	31.12.2022
10. Financial liabilities at amortised cost:	658,308	727,885
a) deposits from banks	71,069	131,484
b) deposits from customers	497,394	512,194
c) debt securities in issue	89,845	84,207
20. Financial liabilities held for trading	38,022	51,234
30. Financial liabilities designated at fair value	12,047	10,192
40. Hedging derivatives	2,359	3,403
50. Value adjustment of hedged financial liabilities (+/-)	(12,932)	(21,504)
60. Tax liabilities:	1,483	1,706
a) current	1,191	1,142
b) deferred	292	564
70. Liabilities associated with assets classified as held for sale	-	-
80. Other liabilities	13,566	13,175
90. Provision for employee severance pay	335	368
100. Provisions for risks and charges:	7,543	7,817
a) commitments and guarantees given	1,284	1,402
b) post-retirement benefit obligations	3,083	2,962
c) other provisions for risks and charges	3,176	3,453
110. Insurance liabilities	-	-
a) insurance contracts issued that are liabilities	-	-
b) reinsurance contracts held that are liabilities	-	-
120. Valuation reserves	(4,928)	(4,612)
130. Redeemable shares	-	-
140. Equity instruments	4,863	6,100
150. Reserves	35,063	31,657
160. Share premium	23	2,516
170. Share capital	21,278	21,220
180. Treasury shares (-)	(1,727)	-
190. Minority shareholders' equity (+/-)	164	158
200. Profit (Loss) of the year (+/-)	9,507	6,458
Total liabilities and shareholders' equity	**784,974**	**857,773**

Consolidated accounts

Consolidated income statement

(€ million)

ITEMS	YEAR 2023	YEAR 2022
10. Interest income and similar revenues	33,919	16,339
of which: interest income calculated with the effective interest method	*27,221*	*13,426*
20. Interest expenses and similar charges	(19,571)	(5,715)
30. Net interest margin	**14,348**	**10,624**
40. Fees and commissions income	8,247	8,105
50. Fees and commissions expenses	(1,643)	(1,418)
60. Net fees and commissions	**6,604**	**6,687**
70. Dividend income and similar revenues	305	437
80. Net gains (losses) on trading	2,264	859
90. Net gains (losses) on hedge accounting	(201)	367
100. Gains (Losses) on disposal and repurchase of:	410	457
a) financial assets at amortised cost	199	133
b) financial assets at fair value through other comprehensive income	145	133
c) financial liabilities	66	191
110. Net gains (losses) on other financial assets/liabilities at fair value through profit or loss:	(502)	563
a) financial assets/liabilities designated at fair value	(735)	1,139
b) other financial assets mandatorily at fair value	233	(576)
120. Operating income	**23,228**	**19,994**
130. Net losses/recoveries on credit impairment relating to:	(663)	(2,061)
a) financial assets at amortised cost	(661)	(2,031)
b) financial assets at fair value through other comprehensive income	(2)	(30)
140. Gains/Losses from contractual changes with no cancellations	(13)	(3)
150. Net profit from financial activities	**22,552**	**17,930**
160. Insurance service result	-	-
a) insurance revenues from insurance contracts issued	-	-
b) insurance service costs from insurance contracts issued	-	-
c) insurance revenues from reinsurance contracts held	-	-
d) insurance service costs from reinsurance contracts held	-	-
170. Insurance finance net revenues/costs	-	-
a) insurance finance net revenues/costs arising from insurance contracts issued	-	-
b) insurance finance net revenues/costs arising from reinsurance contracts held	-	-
180. Net profit from financial and insurance activities	**22,552**	**17,930**
190. Administrative expenses:	(10,902)	(10,302)
a) staff costs	(6,877)	(6,208)
b) other administrative expenses	(4,025)	(4,094)
200. Net provisions for risks and charges:	(17)	33
a) commitments and financial guarantees given	74	42
b) other net provisions	(91)	(9)
210. Net value adjustments/write-backs on property, plant and equipment	(842)	(764)
220. Net value adjustments/write-backs on intangible assets	(626)	(550)
230. Other operating expenses/income	972	601
240. Operating costs	**(11,415)**	**(10,982)**
250. Gains (Losses) of equity investments	460	297
260. Net gains (losses) on property, plant and equipment and intangible assets measured at fair value	(157)	11
270. Goodwill impairment	-	-
280. Gains (Losses) on disposals on investments	11	33
290. Profit (Loss) before tax from continuing operations	**11,451**	**7,289**
300. Tax expenses (income) of the year from continuing operations	(1,917)	(819)
310. Profit (Loss) after tax from continuing operations	**9,534**	**6,470**
320. Profit (Loss) after tax from discontinued operations	-	3
330. Profit (Loss) of the year	**9,534**	**6,473**
340. Minority profit (loss) of the year	(27)	(15)
350. Parent Company's profit (loss) of the year	**9,507**	**6,458**

Earnings per share (€)	5.105	3.085
Diluted earnings per share (€)	5.045	3.056

Consolidated accounts

Consolidated statement of total comprehensive income

(€ million)

ITEMS	AS AT 31.12.2023	AS AT 31.12.2022
10. Profit (Loss) for the year	**9,534**	**6,473**
Other comprehensive income after tax not reclassified to profit or loss	**(321)**	**1,597**
20. Equity instruments designated at fair value through other comprehensive income	43	55
30. Financial liabilities designated at fair value through profit or loss (own creditworthiness changes)	(31)	60
40. Hedge accounting of equity instruments designated at fair value through other comprehensive income	-	-
50. Property, plant and equipment	(158)	64
60. Intangible assets	-	-
70. Defined-benefit plans	(186)	1,389
80. Non-current assets and disposal groups classified as held for sale	(1)	-
90. Portion of valuation reserves from investments valued at equity method	12	29
100. Insurance finance revenue or costs arising from insurance contracts issued	-	-
Other comprehensive income after tax reclassified to profit or loss	**(129)**	**(1,894)**
110. Foreign investments hedging	(45)	(148)
120. Foreign exchange differences	(712)	225
130. Cash flow hedging	271	(292)
140. Hedging instruments (non-designated items)	-	-
150. Financial assets (different from equity instruments) at fair value through other comprehensive income	299	(1,374)
160. Non-current assets and disposal groups classified as held for sale	34	27
170. Part of valuation reserves from investments valued at equity method	24	(332)
180. Insurance finance revenue or costs arising from insurance contracts issued	-	-
190. Insurance finance revenue or costs arising from reinsurance contracts held	-	-
200. Total other comprehensive income after tax	**(450)**	**(297)**
210. Other comprehensive income (Item 10+200)	**9,084**	**6,176**
220. Minority consolidated other comprehensive income	(28)	(9)
230. Parent Company's consolidated other comprehensive income	**9,056**	**6,167**

Consolidated accounts

Statement of changes in the consolidated shareholders' equity as at 31 December 2023

(€ million)

				PREVIOUS YEAR PROFIT (LOSS) ALLOCATION		CHANGES IN THE YEAR											
							SHAREHOLDERS' EQUITY TRANSACTIONS										
	BALANCE AS AT 31.12.2022	CHANGE IN OPENING BALANCE	BALANCE AS AT 01.01.2023	RESERVES	DIVIDENDS AND OTHER ALLOCATIONS	CHANGES IN RESERVES	ISSUE OF NEW SHARES	PURCHASE OF TREASURY SHARES	DIVIDENDS EXTRAORDINARY DISTRIBUTION	CHANGE IN EQUITY INSTRUMENTS	TREASURY SHARES DERIVATIVES	STOCK OPTIONS	CHANGES IN EQUITY INVESTMENTS	OTHER COMPREHENSIVE INCOME 2023	TOTAL SHAREHOLDERS' EQUITY AS AT 31.12.2023	GROUP SHAREHOLDERS' EQUITY AS AT 31.12.2023	MINORITY SHAREHOLDERS' EQUITY AS AT 31.12.2023
Share capital:	21,273	-	21,273	-	-	-	58	-	-	-	-	-	-	-	21,331	21,278	53
- ordinary shares	*21,273*	-	*21,273*	-	-	-	*58*	-	-	-	-	-	-	-	*21,331*	*21,278*	*53*
- other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premium	2,544	-	2,544	-	-	(2,494)	-	-	-	-	-	-	-	-	50	23	27
Reserves:	31,726	-	31,726	4,556	-	(1,171)	(58)	-	-	-	-	71	-	-	35,124	35,063	61
- from profits	*23,664*	-	*23,664*	*4,556*	-	*(2,763)*	*(58)*	-	-	-	-	-	-	-	*25,399*	*25,464*	*(65)*
- other	*8,062*	-	*8,062*	-	-	*1,592*	-	-	-	-	-	*71*	-	-	*9,725*	*9,599*	*126*
Valuation reserves	(4,619)	-	(4,619)	-	-	137	-	-	-	-	-	-	-	(450)	(4,932)	(4,928)	(4)
Equity instruments	6,100	-	6,100	-	-	-	-	-	-	(1,237)	-	-	-	-	4,863	4,863	-
Treasury shares	-	-	-	-	-	-	3,031	(4,758)	-	-	-	-	-	-	(1,727)	(1,727)	-
Profit (Loss) for the year	6,473	-	6,473	(4,556)	(1,917)	-	-	-	-	-	-	-	-	9,534	9,534	9,507	27
Total shareholders' equity	**63,497**	**-**	**63,497**	**-**	**(1,917)**	**(3,528)**	**3,031**	**(4,758)**	**-**	**(1,237)**	**-**	**71**	**-**	**9,084**	**64,243**	**64,079**	**164**
Group shareholders' equity	63,339	-	63,339	-	(1,895)	(3,528)	3,031	(4,758)	-	(1,237)	-	71	-	9,056	64,079		
Minority shareholders' equity	158	-	158	-	(22)	-	-	-	-	-	-	-	-	28	164		

The amounts disclosed in column "Stock Options" represent the effects of the delivery of shares connected with Group Executive Incentive Plans.
The cumulated change in the valuation reserves, for -€313 million, mainly stemmed from:
- +€310 million in financial asset and liabilities at fair value;
- +€272 million in cash-flow hedges;
- +€194 million in investments valued at net equity;
- -€45 million in hedges of foreign investments;
- -€147 million in property, plant and equipment related to the properties used in business, ruled by IAS16 "Property, plant and equipment";
- -€187 million in defined-benefit plans related to pensions and other post-retirement benefits obligations and provision for employees severance pay;
- -€711 million in exchange rate differences, mainly related to effect of Russian Ruble for -€676 million.

The change in the Group share capital referred to the increase for +€58 million following the resolution of the Board of Directors of 16 February 2023 of UniCredit S.p.A., executed through the withdrawal from the specifically constituted reserve, for the issue of the shares connected to the medium-term incentive plan for Group personnel.
Following the resolutions of the Shareholders' Meeting of UniCredit S.p.A. of 31 March 2023, the following events occurred:
(i) allocation of the net profit of the year 2022 to Reserves from profits and in particular to: (a) specific Reserve for social, charity and cultural initiatives for €5 million; (b) Reserve for the issue of the shares connected to the medium-term incentive plan for Group personnel for €75 million; (c) Legal Reserve for €100 million; (d) Statutory Reserve for €1,032 million;
(ii) coverage of the negative reserves for a total amount of €376 million by use of: (a) the Share premium Reserve for €302 million, to eliminate the negative components related to the payment of AT1 coupons; (b) the Statutory Reserve for €74 million to cover the negative reserve related to the cash-out related to the usufruct contract connected to the “Cashes” financial instruments;
(iii) allocation of part of the Share Premium Reserve (€2,191 million) and part of the business combination reserve (€1,152 million) to a specific unavailable reserve (€3,343 million) dedicated to the purchases of own treasury shares for the execution of Share Buy-Back Programme 2022 (First and Second tranches) authorised by the ECB on 28 March 2023.
The change of the other reserves includes also the payment of coupons on AT1 equity instruments for -€250 million.

Consolidated accounts

Moreover, the negative change in the item "Treasury shares" for -€1,727 million refers for:
(i) -€3,343 million to the purchase of ordinary shares, under execution of “First and Second Tranche of the Buy-Back Programme 2022”; the “First Tranche” was completed on 29 June 2023, while the “Second Tranche” was completed on 29 September 2023;
(ii) +€3,031 million to the partial cancellation of own shares for performed on 12 September 2023, without reducing the share capital (amount conventionally disclosed in the column “Issue of new shares”);
(iii) -€1,415 million to the purchase of ordinary shares under execution of “First Tranche of the Buy-Back Programme 2023”, communicated to the market on 30 October 2023 and initiated on the same date, as per the authorization granted by the Shareholders' Meeting of the Company held on 27 October 2023.
It should be noted that for this purpose, a specific unavailable reserve shown under the other reserves, dedicated to the purchases of own treasury shares, was established for the maximum amount authorised of €2,500 million through a withdrawal from the “Statutory Reserve”.

The change in the period in the item “Equity instruments” refers to early redemption of the Additional Tier 1 instruments (ISIN XS1619015719) issued in 2017 for -€1,237 million, net of the related placement costs, in accordance with the relevant terms and conditions of the securities.

Finally, for the sake of completeness, the first-time adoption of IFRS17 by bancassurance associated companies determined an effect equal to -€18 million disclosed in the column “Changes in Reserves”.

For further details about the Shareholders’ equity changes refer to Notes to the consolidated accounts, Part B - Consolidated balance sheet - Liabilities, Section 13.

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Statement of changes in the consolidated shareholders' equity as at 31 December 2022

(€ million)

	BALANCE AS AT 31.12.2021	CHANGE IN OPENING BALANCE	BALANCE AS AT 01.01.2022	PREVIOUS YEAR PROFIT (LOSS) ALLOCATION		CHANGES IN THE YEAR									TOTAL SHAREHOLDERS' EQUITY AS AT 31.12.2022	GROUP SHAREHOLDERS' EQUITY AS AT 31.12.2022	MINORITY SHAREHOLDERS' EQUITY AS AT 31.12.2022
							SHAREHOLDERS' EQUITY TRANSACTIONS										
				RESERVES	DIVIDENDS AND OTHER ALLOCATIONS	CHANGES IN RESERVES	ISSUE OF NEW SHARES	PURCHASE OF TREASURY SHARES	DIVIDENDS EXTRAORDINARY DISTRIBUTION	CHANGE IN EQUITY INSTRUMENTS	TREASURY SHARES DERIVATIVES	STOCK OPTIONS	CHANGES IN EQUITY INVESTMENTS	OTHER COMPREHENSIVE INCOME 2022			
Share capital:	21,300	-	21,300	-	-	(114)	87	-	-	-	-	-	-	-	21,273	21,220	53
- ordinary shares	*21,300*	-	*21,300*	-	-	*(114)*	*87*	-	-	-	-	-	-	-	*21,273*	*21,220*	*53*
- other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premium	5,542	-	5,542	-	-	(2,998)	-	-	-	-	-	-	-	-	2,544	2,516	28
Reserves:	31,621	-	31,621	909	-	(772)	(87)	-	-	-	-	55	-	-	31,726	31,657	69
- from profits	*22,958*	-	*22,958*	*909*	-	*(116)*	*(87)*	-	-	-	-	-	-	-	*23,664*	*23,722*	*(58)*
- other	*8,663*	-	*8,663*	-	-	*(656)*	-	-	-	-	-	*55*	-	-	*8,062*	*7,935*	*127*
Valuation reserves	(4,334)	-	(4,334)	-	-	12	-	-	-	-	-	-	-	(297)	(4,619)	(4,612)	(7)
Equity instruments	6,595	-	6,595	-	-	-	-	-	-	(495)	-	-	-	-	6,100	6,100	-
Treasury shares	(200)	-	(200)	-	-	-	3,232	(3,032)	-	-	-	-	-	-	-	-	-
Profit (Loss) for the year	2,126	-	2,126	(909)	(1,217)	-	-	-	-	-	-	-	-	6,473	6,473	6,458	15
Total shareholders' equity	**62,650**	**-**	**62,650**	**-**	**(1,217)**	**(3,872)**	**3,232**	**(3,032)**	**-**	**(495)**	**-**	**55**	**-**	**6,176**	**63,497**	**63,339**	**158**
Group shareholders' equity	62,185	-	62,185	-	(1,174)	(3,599)	3,232	(3,032)	-	(495)	-	55	-	6,167	63,339		
Minority shareholders' equity	465	-	465	-	(43)	(273)	-	-	-	-	-	-	-	9	158		

The amounts disclosed in column "Stock Options" represented the effects of the delivery of shares connected with Group Executive Incentive Plans.
The cumulated change in the valuation reserves, for -€285 million, mainly stemmed from:
- +€1,392 million in defined-benefit plans related to pensions and other post-retirement benefits obligations and provision for employees severance pay. The positive variation is mainly due to the increase in discount rate induced by the reduction in prices of High Quality Corporate Bonds, partially offset by (i) plan assets performance and (ii) salary and pension trend increases to reflect outstanding macroeconomic scenario, characterised by a significant inflation pressure driven by energy and commodities prices;
- +€225 million in exchange rate differences, mainly related to effect of Russian Ruble for +€206 million;
- +€64 million in property, plant and equipment related to the properties used in business, ruled by IAS16 "Property, plant and equipment";
- -€148 million in hedges of foreign investments mainly referred to hedges of Ruble investment expired in May 2022;
- -€269 million in investments valued at net equity;
- -€292 million in cash-flow hedges;
- -€1,259 million in financial asset and liabilities at fair value.

The change in the Group share capital referred to the increase for +€87 million following the resolution of the Board of Directors of 15 February 2022 of UniCredit S.p.A., executed through the withdrawal from the specifically constituted reserve, for the issue of the shares connected to the medium-term incentive plan for Group personnel.
Following the resolutions of the Shareholders' Meeting of UniCredit S.p.A. of 8 April 2022, the following events occurred:
(i) the allocation of the net profit of the year 2021 to: (a) Reserve for the issue of the shares connected to the medium term incentive plan for Group personnel (€65 million); (b) Statutory reserve (€9,127 million);
(ii) coverage of the negative reserves totaling €380 million by use of: (a) Share premium reserve to eliminate the negative components related to the payment of AT1 coupons (€350 million); (b) Statutory reserve to cover the negative reserve emerged from the cash-out of usufruct contract signed with Mediobanca S.p.A. on UniCredit shares supporting the issuance of convertible securities denominated "Cashes" (€30 million).

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Following the resolutions of the Shareholders' Meeting of UniCredit S.p.A. of 8 April 2022 and 14 September 2022 which authorized the purchase of treasury shares aimed at the remuneration of the shareholders (“Buy-Back Programme 2021”) occurred:
(i) the allocation of a portion of the Share Premium Reserve to set up the specific unavailable reserve for the purchase of treasury shares for the maximum amount authorised (€2,580 million); the purchase transactions were executed in two tranches (“First Tranche of the Buy-Back Programme 2021” and “Second Tranche of the Buy-Back Programme 2021”) completed respectively on 14 July 2022 and 30 November 2022 with the purchase of a total of No.249,134,870 shares for a total consideration of €2,580 million recorded under the item Treasury shares;
(ii) the unavailable reserve was consequently used to offset the negative item Treasury shares following the cancellation of the treasury shares in portfolio registered on 19 July 2022 and 14 December 2022.

The change of the other reserves also included the payment of coupons on AT1 equity instruments for -€298 million.

Moreover, the positive changes in the year 2022 of the item "Treasury shares" for +€200 million mainly referred for:
(i) -€452 million to the purchase of UniCredit S.p.A. ordinary shares started in 2021 and concluded on 28 February 2022 upon completion of the “Second Buy-Back Programme 2021” related to the distribution of 2020;
(ii) +€651 million (amount conventionally disclosed in the column “Issue of new shares”) to the cancellation without share capital reduction on 2 March 2022, corresponding to the maximum expenditure authorized, of those purchased shares, together with the treasury shares purchased in 2021 (€199 million);
(iii) -€2,580 million to the purchase of ordinary shares under execution of “First and Second Tranche of the Buy-Back Programme 2021” related to the distribution of 2021 and the consequent cancellation respectively on 19 July 2022 and 14 December 2022 without reduction of “Share capital”;
(iv) +€2,580 million to the cancellation of own shares.

The change in the period in the item “Equity instruments” referred to early redemption of the Additional Tier 1 instruments issued in 2016 for -€495 million, net of the related placement costs, in accordance with the relevant terms and conditions of the securities.

The decrease in the item “Minority shareholders' equity” was mainly due to corporate transaction executed in the third quarter 2022 increasing the Group percent stake on Zagrebacka Banka D.D.

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Consolidated cash flow statement (indirect method)

(€ million)

	YEAR	
	2023	2022
A. OPERATING ACTIVITIES		
1. Operations	**18,169**	**8,780**
- profit (loss) for the year (+/-)	9,534	6,473
- gains/losses on financial assets held for trading and on other financial assets/liabilities at fair value through profit or loss (-/+)	706	(4,522)
- gains (losses) on hedge accounting (-/+)	201	(367)
- net impairment losses/writebacks on impairment for credit risk (+/-)	3,147	4,672
- net value adjustments/write-backs on property, plant and equipment and intangible assets (+/-)	1,625	1,303
- net provisions for risks and charges and other expenses/income (+/-)	(403)	(532)
- net revenues/costs arising from insurance contracts issued and reinsurance contracts held	-	-
- unpaid duties, taxes and tax credits (+/-)	1,595	587
- impairment/write-backs after tax on discontinued operations (+/-)	-	-
- other adjustments (+/-)	1,764	1,166
2. Liquidity generated/absorbed by financial assets	**11,801**	**40,221**
- financial assets held for trading	(5,567)	22,291
- financial assets designated at fair value	118	(130)
- other financial assets mandatorily at fair value	1,148	3,106
- financial assets at fair value through other comprehensive income	(7,909)	12,153
- financial assets at amortised cost	20,643	20,600
- other assets	3,368	(17,799)
3. Liquidity generated/absorbed by financial liabilities	**(71,098)**	**(38,737)**
- financial liabilities at amortised cost	(67,256)	(35,680)
- financial liabilities held for trading	(791)	(3,064)
- financial liabilities designated at fair value	1,004	1,973
- other liabilities	(4,055)	(1,966)
4. Liquidity generated/absorbed by Insurance contracts issued and by reinsurance contracts held	**-**	**-**
- insurance contracts issued that are liabilities/assets (+/-)	-	-
- reinsurance contracts held that are assets/liabilities (+/-)	-	-
Net liquidity generated/absorbed by operating activities	**(41,128)**	**10,264**
B. INVESTMENT ACTIVITIES		
1. Liquidity generated by	**472**	**1,057**
- sales of equity investments	89	504
- collected dividends on equity investments	106	136
- sales of property, plant and equipment	272	393
- sales of intangible assets	2	-
- sales of subsidiaries and business units	3	24
2. Liquidity absorbed by	**(1,259)**	**(1,294)**
- purchases of equity investments	(107)	(124)
- purchases of property, plant and equipment	(589)	(517)
- purchases of intangible assets	(563)	(653)
- purchases of subsidiaries and business units	-	-
Net liquidity generated/absorbed by investment activities	**(787)**	**(237)**
C. FUNDING ACTIVITIES		
- issue/purchase of treasury shares	(4,763)	(3,043)
- issue/purchase of equity instruments	(1,250)	(500)
- dividend distribution and other	(2,440)	(1,702)
- sale/purchase of minority control	-	(306)
Net liquidity generated/absorbed by funding activities	**(8,453)**	**(5,551)**
NET LIQUIDITY GENERATED/ABSORBED IN THE YEAR	**(50,368)**	**4,476**

Key:
(+) generated;
(-) absorbed.

Consolidated accounts

Reconciliation

(€ million)

ITEMS	YEAR 2023	YEAR 2022
Cash and cash balances at the beginning of the year	**111,776**	**107,407**
Net liquidity generated/absorbed in the year	(50,368)	4,476
Cash and cash balances: foreign exchange effect	(408)	(107)
Cash and cash balances at the end of the year	**61,000**	**111,776**

The item "Cash and cash balances" refers to the definition according to Banca d'Italia (Circular No.262 of 22 December 2005 and subsequent amendments) and is mainly related to "Current accounts and Demand deposits with Central Banks" for €51 billion, mostly part held by UniCredit Bank GmbH for €22 billion, UniCredit S.p.A. for €9 billion and UniCredit Bank Austria AG for €8 billion.
The reduction observed during the period in item "Cash and cash balances" is mainly given by redemption of financial liabilities mainly in UniCredit S.p.A. and UniCredit Bank GmbH, in part offset by the (i) liquidity generated by operations and (ii) liquidity generated by financial assets mainly arising from the liquidity generated by financial assets at amortized cost in UniCredit S.p.A.
For further details on item's composition refer to Part B - Consolidated balance sheet - Assets, Section 1 - Cash and cash balances - Item 10 of the Notes to the consolidated accounts.
The information related to the significant restrictions are provided in Part A - Accounting Policies, A.1 - General, Section 3 - Consolidation scope and methods.

Part A - Accounting policies

A.1 - General

Section 1 - Statement of compliance with IFRS

These Consolidated financial statements have been prepared in accordance with the IFRS issued by the International Accounting Standards Board (IASB), including the interpretation documents issued by the SIC and the IFRIC, and endorsed by the European Commission up to 31 December 2023, pursuant to EU Regulation No.1606/2002 which was incorporated into Italian legislation through Legislative Decree No.38 of 28 February 2005 (refer also to Section 5 - Other matters).

These financial statements are an integral part of the Annual financial statements as required by Art.154-ter, par.1 of the Single Finance Act (Consolidated Law on Finance - "TUF", Legislative Decree No.58 of 24 February 1998).

In Circular No.262 of 22 December 2005 (and subsequent amendments), with regard to the banks and financial institutions subject to supervision, Banca d'Italia has established the formats for the financial statements and Notes to the accounts used to prepare these Consolidated financial statements.

Part A - Accounting policies

Section 2 - General preparation criteria

As mentioned above, these “Consolidated financial statements as at 31 December 2023” have been prepared in accordance with the international accounting standards endorsed by the European Commission.

The following documents have been used to interpret and support the application of IAS/IFRS, even though they have not all been endorsed by the European Commission:

- the Conceptual Framework for Financial Reporting;
- Implementation Guidance, Basis for Conclusions, IFRICs and the documents prepared by either the IASB (including the IFRS Foundation communication of 27 March 2020 concerning "IFRS9 and Covid-19") or the International Financial Reporting Interpretations Committee (IFRIC) supplementing the IFRS;
- Interpretative documents on the application of the IAS/IFRS in Italy prepared by the Organismo Italiano di Contabilità (the Italian Standard Setter; OIC) and Associazione Bancaria Italiana (Italian Banking Association, that is the trade association of Italian banks; ABI);
- Coordination Table between Banca d'Italia, Consob and Ivass with regard to the application of IAS/IFRS, in particular the Document n.9, dated 5 January 2021, Accounting Treatment of tax credits connected with the “Cura Italia” and “Rilancio” Law Decrees purchased following the sale without recourse by the direct beneficiaries or previous buyers (“Trattamento contabile dei crediti d’imposta connessi con i Decreti Legge “Cura Italia” e “Rilancio” acquistati a seguito di cessione da parte dei beneficiari diretti o di precedenti acquirenti”); such document was subsequently updated by Banca d’Italia on 24 July 2023 with the clarification note “Credit risk - Standardised method and IRB - Clarification note” (“Rischio di credito - Metodo Standardizzato e IRB - Nota di chiarimenti”);
- ESMA (European Securities and Markets Authority), European Banking Authority, European Central Bank and Consob documents on the application of specific IAS/IFRS provisions also with specific reference to the presentation of the effects arising from Covid-19 pandemic and geopolitical tensions and their effects on the evaluation processes. In particular, it shall be made reference to the ESMA statements dated 28 October 2020, 29 October 2021,14 March 2022,13 May 2022, 28 October 2022 and 25 October 2023; to the European Central Bank statement dated 4 December 2020, to the European Banking Authority statements dated 2 December 2020, and to Consob “Call for attention" dated 16 February 2021, 18 March 2022 and 19 May 2022. The content of such communications, when relevant, has been reported in “Section 5. Other matters” of Notes to the consolidated accounts, Part A - Accounting policies, A.1 General, in the context of valuation choices performed by the Group as at 31 December 2023.

The Consolidated financial statements include the Balance sheet, the Income statement, the Statement of other comprehensive income, the Statement of changes in shareholders’ equity, the Cash flow statement (compiled using the “indirect method”) and the Notes to the consolidated accounts, together with the Consolidated report on operations and Annexes. The schemes and Notes of the Consolidated financial statement as at 31 December 2023 are in line with Banca d’Italia templates as prescribed by Circular 262 dated 22 December 2005 (and subsequent amendments) as well as 14 March 2023 communication on impacts of Covid-19 and measures to support the economy, and they present comparative figures, as at 31 December 2022.
More specifically, 2022 comparative figures have been recasted, when relevant, in order to reflect the impacts arising from the reclassification out of held for sale of certain subsidiaries previously so classified following the decision to interrupt the sale process and the amendments to IAS12 related to the recognition of deferred tax linked to assets and liabilities arising from a Single Transaction (refer also to Section 5. Other matters of Notes to the consolidated accounts, Part A - Accounting policies, A.1 General).
Figures in the Consolidated accounts and Notes to the consolidated accounts are given in millions of euros, unless otherwise specified.

Risks and uncertainty relating to the use of estimates

Under the IFRS, management must make judgments, estimates and assumptions that affect the application of accounting principles and the amounts of assets/liabilities and income and expenses reported in the accounts, as well as the disclosure concerning contingent assets and liabilities. Estimates and related assumptions are based on previous experience and on the available information framework with reference to the current and expected context and have been used to estimate the carrying values of assets and liabilities not readily available from other sources.
Estimates and assumptions are regularly reviewed. Any change resulting from these reviews is recognised in the period in which the review was carried out, provided the change only concerns that period. If the review concerns both current and future periods, it is recognised accordingly in both current and future periods.
In particular, estimated figures have been used for the recognition and measurement of some of the main items in the Consolidated financial statements as at 31 December 2023, as required by the accounting policies, statements and regulations described above.

The current market environment continues to be affected by high levels of uncertainty for both the short and the medium-term outlook. The economic consequences stemming from the geopolitical tension are continuing to unfold and darken the outlook for the euro area economy. In this respect, according to ECB macroeconomic projections updated in December 2023[13], the outlook for the euro area, compared with September, is deteriorated, and it is expected to recover at a slightly slower pace than foreseen in September 2023. In detail, growth is expected to strengthen from early 2024, as real disposable income rises, supported by declining inflation, robust wage growth and resilient employment, and export growth catches up with improvements in foreign demand. The impact of the ECB’s monetary policy tightening and adverse credit supply conditions continue

13 ECB staff macroeconomic projections for the euro area, December 2023.

to feed through to the economy, affecting the near-term growth outlook. These dampening effects are expected to fade later in the projection horizon, supporting growth.
With regard to the inflation, it has continued to decline owing to falling energy inflation, the impact of monetary policy tightening and the ongoing easing of pipeline pressures and supply bottlenecks. Having dropped to 2.4% in November 2023, HICP[14] inflation is expected to temporarily pick up in the short-term owing to a rebound in energy inflation. The underlying disinflationary process is, however, expected to continue, despite strong increases in labour costs, which are increasingly the dominant driver of HICP inflation excluding energy and food.
Overall, with medium-term inflation expectations assessed to remain anchored at the ECB's 2% inflation target, headline HICP inflation is expected to decrease from 5.4% in 2023 to an average of 2.7% in 2024, 2.1% in 2025. The ECB macroeconomic projections acknowledged that the economic outlook continues to be surrounded by high uncertainty related to the evolution of the conflict in middle East, as well as development in commodity and energy prices.
With reference to interest rates, it is worth mentioning that, in December 2023, the ECB Governing Council decided to keep the three official interest rates unchanged (Deposit facility, Main refinancing operations, Marginal lending facility). Indeed, through its Press Release dated 14 December 2023, the ECB Governing Council pointed out that according to the latest ECB Macroeconomic projections for the euro area, inflation is expected to decline gradually over the course of next year, before approaching the 2% target in 2025; nonetheless, domestic price pressures remain elevated, primarily owing to strong growth in unit labour costs. In light of the above, the ECB Governing Council reaffirmed its determination to ensure that inflation returns to its 2% medium-term target in a timely manner, anticipating that its future decisions are aimed to ensure that its policy rates will be set at sufficiently restrictive levels for as long as necessary and will be based on its assessment of the inflation outlook in light of the incoming economic and financial data, the dynamics of underlying inflation and the strength of monetary policy transmission.

Additionally, the ESMA issued a public statement ("European common enforcement priorities for 2023 Annual Financial Reports") indicating the most relevant areas for monitoring and assessing the application of the reporting requirements for 2023 Year End financial statements. In particular, the ESMA observed the need to assess, and reflect on financial statements, the effects arising from the current macroeconomic environment and make reference to its previous 2022 and 2021 public statements in which it recommended, given the uncertainty, the use of multiple scenarios for the impairment of assets.

In the context of persisting uncertainty explained above and considering the mentioned ESMA communication, UniCredit group defined different macro-economic scenarios, to be used for the purposes of the evaluation processes related to the 2023 Consolidated financial statements.
In particular, in addition to the "Base" scenario, which reflects the expectations considered most likely concerning macro-economic trends, an "Alternative" scenario was outlined, the latter reflecting a downward forecast of the macroeconomic parameters and consequently in the expected profitability of the business; in light of the persistent level of uncertainty, no positive scenario was included in the approach (thus, the positive scenario was weighted at zero percent). These scenarios are used for the Deferred Tax Assets (DTA) sustainability test and for LLP calculation.

The paragraphs below provide a detailed description of the characteristics associated with the above scenarios.

Features of the scenarios

- Base scenario: it is the main reference scenario, underlying the approved budget for 2024, and the projections for 2025 and 2026. Such scenario assumes, in terms of macro-economic conditions: (i) moderate growth expected for 2024, as tight financing conditions dampen activity with acceleration in the following years underpinned by global trade and demand; (ii) inflation along a declining path during 2024, reflecting the impulse of lower energy prices, converging towards the central banks targets in 2025-2026 in several countries; iii) ECB monetary policy assumed unchanged up to mid-2024; iv) 3months Euribor assumed to decrease up to 2025, consistently with the inflation normalization, landing to 255 bps year-end 2025 and same level for 2026; (v) Russia Sovereign Rating at CCC.
  In Italy and Germany, the Gross Domestic Product (GDP) is expected to expand in 2024, but still at a modest pace, consistently with tight financing conditions impacting on private consumptions and investments, and with moderate growth of global trade; improving growth is expected in 2025 and staying at the same level in 2026 also supported by lower inflation; for Central and Eastern Europe (including Austria and excluding Russia), the Real GDP is expected to increase by 2.2% in 2024, improving to approximately 3% in the following 2 years; for Russia, no growth is assumed in 2024, while growth will resume in 2025 and 2026.
  With reference to the FX rates, the Base scenario assumes the Russian ruble depreciation over time, from current level to 139 as at year-end 2026, reflecting decreasing energy prices and gas export.
  Average Inflation (excluding Russia) will decrease in 2024, remaining above the Central Banks targets, but converging in subsequent years (+3.3% in 2024; +2.5% in 2025 and +2.2% in 2026 in UniCredit Countries excluding Russia). A similar path is also expected for Central Europe and Eastern Europe.
  Uncertainties/risks of inflation volatility in the short/medium term persist, also considering that ECB expectations for 2024 and 2025, remain higher than medium/term inflation target of 2% (December 2023 ECB forecast at 2.7% for Eurozone in 2024 and 2.1% in 2025).
  Furthermore, potential pressure is assumed on BTP-Bund spread (210 bps year-end 2024, 195 bps year-end 2025), considering that high rates could impact on Sovereign Debt.

14 Harmonised Index of Consumer Prices.

Part A - Accounting policies

As far as real estate prices are concerned, the Base scenario envisages a real estate price correction, largely connected to the interest rates increase. This correction is more pronounced in countries that recorded high price increases in recent years (e.g., in Germany), while being more moderate where real estate markets have seen more limited increases (e.g., Italy). Such correction should end with the turning point in monetary policy, which acts on the real estate market with a time lag, and with the economic growth acceleration from 2025.

- Alternative scenario: this scenario embeds stressed macro-economic conditions and assumes negative geopolitical escalation implying high energy prices and inflation in the short term (approximately +1 pp versus Base in 2024, in UniCredit countries weighted average excluding Russia). Recession is assumed in 2024 in most countries, with the ECB responding cutting rates quickly and meaningfully in 2024, contributing to weaker EUR. Russia Sovereign and Multinationals rating is expected at CCC.
  For Italy and Germany, the GDP would contract in 2024, and turning positive in 2025 (thanks to supply chains normalization); for Central and Eastern Europe (including Austria and excluding Russia), the growth shock is assumed to be about -1.7%, with a faster recovery in 2025 (+1.6%) and in 2026 (+3.6%); for Russia, the growth shock is assumed to be -4.3% in 2024 and -0.6% in 2025, while growth will resume in 2026 at +2.2%.
  With reference to inflation, expected inflation is higher than in the Base case in 2024 and back to Base level in subsequent years also thanks to weakness in demand and widening of output gap.
  Concerning the ECB monetary policy, its normalization is anticipated versus Base case (3months Euribor equal to 200 bps for year-end 2024 and subsequent years).
  In addition, the pressure on BTP-Bund spread is higher compared to the Base case (250 bps for year-end 2024, 235 bps for year-end 2025), reflecting deteriorated economic conditions.
  In the Alternative scenario, the residential real estate prices are less impacted than in the Base case, mainly in 2024, considering the reduction in interest rates that supports household investments. Differently, commercial real estate prices suffer more than in the Base case, as the worse macro-economic developments weaken firms' fundamentals.

The table below shows the most significant macro-economic data featuring the Base and Alternative scenarios.

INTEREST RATES, INFLATION AND YIELD ENVIRONMENT		2023	2024	2025	2026
Base Scenario 2023	Euribor 3M (EoP, bps)	391	325	255	255
	Spread BTP - Bund (EoP, bps)	167	210	195	190
	Real GDP growth y/y, %				
	Italy	0.8	0.8	1.2	1.3
	Germany	(0.6)	0.4	1.4	1.5
	CE & EE (excl. Russia)	0.7	2.2	3.0	3.0
	Russia	1.9	-	0.8	1.5
	Inflation average %				
	Italy	5.7	2.3	1.9	2.0
	Germany	6.0	3.1	2.3	2.0
	CE & EE (excl. Russia)	10.4	4.8	3.5	3.0
	Russia	5.8	5.5	4.0	4.0
Alternative Scenario 2023	Euribor 3M (EoP, bps)	-	200	200	200
	Spread BTP - Bund (EoP, bps)	-	250	235	220
	Real GDP growth y/y, %				
	Italy	-	(2.6)	0.1	1.1
	Germany	-	(2.0)	0.2	1.5
	CE & EE (excl. Russia)	-	(1.7)	1.6	3.6
	Russia	-	(4.3)	(0.6)	2.2
	Inflation average %				
	Italy	-	3.6	1.8	1.8
	Germany	-	4.0	2.2	2.3
	CE & EE (excl. Russia)	-	6.1	3.9	2.8
	Russia	-	7.9	5.5	3.1

Deferred tax assets

With reference to deferred tax assets, the measurement is significantly influenced by assumptions about future cash flows, which in turn incorporate assumptions on the evolution of the macro-economic scenario. As a result, for the measurement purposes, and with the aim to reflect the uncertainty, both the scenarios above outlined were considered, pursuant to requirements of the ESMA public statement. In particular, the future cash flows were estimated by weighting the Base and the Alternative scenarios respectively by 60% and 40%.

Part A - Accounting policies

Moreover, considering that, further to the cash flows, additional parameters are relevant in the calculation approach underlying the DTA sustainability test, the evaluation of (i) a volatility parameter calculated on the historical series since 2007 of the pre-tax results of a significant sample of European Banks[15], and (ii) the confidence level used in the MonteCarlo calculation, was reviewed taking into consideration the ESMA statements on recognition of deferred tax assets arising from the carry-forward of unused tax losses[16].
The results of these evaluations might be subject to changes depending on the evolution of the underlying parameters, mainly Profit Before Tax, volatility parameter, and confidence level used in the MonteCarlo calculation, whose changes might determine a change in the valuation.
With reference to the Profit Before tax, it should be noted that is also affected by parameters that are outside the control of the Group. Therefore, levels of interest rates and deposit beta[17] different from those currently considered in the sustainability test might determine a change in such Profit Before tax, thus impacting the valuation. Following the ESMA requirements[18], the Group has reflected in the test such circumstance also through the application of an appropriate confidence level when executing the sustainability test as at 31 December 2023.
For further information on the methodology, results and base assumptions used in deferred tax assets, refer to section “Section 11 - Tax assets and tax liabilities - Item 110 (Assets) and Item 60 (Liabilities)” of the Notes to the consolidated accounts, Part B - Consolidated balance sheet - Assets.

Measurement of credit exposures

With reference to the credit exposures as at 31 December 2023, the macroeconomic scenarios used for calculation of credit risk parameters (Probability of Default, Loss Given Default, Exposure at Default) were updated according to the Group policies, on the basis of the scenarios highlighted above. The Alternative scenario includes adjustments to neutralize those assumptions which would favorably affect the calculation of Credit risk parameters; namely, the evolution of short-term interest rates and House Prices Index were set in line with the Base, assuming no anticipation in the rate cutting and no upwards on real estate market.

In light of the persistent level of uncertainty, and in continuity with evaluations applied in the previous periods since 30 June 2022, the positive scenario was not considered (kept at 0%), while the Base and Alternative scenarios were respectively kept at 60% and 40%.
In this regard, it shall be noted that the amount of loan loss provisions is determined by considering: (i) the classification (current and expected) of credit exposures as non-performing; (ii) the sale prices, for those non-performing exposure whose recovery is expected through sale to external counterparties; and (iii) credit parameters (Probability of Default, Loss Given Default and Exposure at Default) which, in accordance with the IFRS9, incorporate forward looking information and the expected evolution of the macro-economic scenario.
For additional information on the measurement of credit exposures refer to the paragraph “2.1 Credit risk” of the Notes to the consolidated accounts Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter.

As well as for other assets, also in this case the measurement might be subject to changes depending on the evolution of macro-economic scenario following geopolitical tensions, persistent inflation and uncertainty on measures put in place by Authority to counteract such effects.
Indeed, the evolution of these factors may require, in future financial years, the classification of additional credit exposures as non-performing, thus determining the recognition of additional loan loss provisions, also related to performing exposures, following the update in credit parameters. In addition, adjustments to the loan loss provisions might derive from the occurrence of a macro-economic scenario different from the one estimated for the calculation of the credit risk parameters, or by the prevalence on the market of non-performing exposures of prices different from those used in the measurement.
Finally, the evolution of the real estate market, in terms of downward correction of real estate prices, might impact (i) the value of properties received as collateral requiring an adjustment to the loan loss provisions or (ii) the ability of certain counterparties operating in the real estate sector to serve their debt.

Measurement of real estate portfolio

Always with reference to the valuation of non-financial assets, the valuation of the real estate portfolio has become relevant following the adoption, starting from 31 December 2019, of the fair value model (assets held for investment) and the revaluation model (assets used in the business). For these assets, on 31 December 2023, the fair value was determined by making recourse to external appraisals, following the Group guidelines.
In this context, it is worth to note that, in upcoming financial years, the fair value of these assets might be different from the fair value observed as at 31 December 2023, as a result of the possible evolution of real estate market.
For additional information on the measurement of the real estate portfolio, refer to the paragraph “Section 9 - Property, plant and equipment - Item 90” of the Notes to the consolidated accounts Part B - Consolidated balance sheet - Assets.

15 Data from European Central Bank (ECB) Statistical Datawarehouse.
16 ESMA Public Statement. Consideration on recognition of deferred tax assets arising from the carry-forward of unused tax losses, issued on 15 July 2019.
17 Deposit Beta is the sensitivity of banks' deposit rates to changes in interest rates and indicates how the cost of deposit liabilities for banks are affected by changes in Key ECB interest rates.
18 In its public statement “Considerations on recognition of deferred tax assets arising from the carryforward of unused tax losses (ESMA32-63-743 - 15 July 2019), ESMA indicates that those events that cannot be controlled and are still highly uncertain should not be anticipated or considered. Such events include changes in interest rates.

Part A - Accounting policies

Other measurements
The following additional Balance sheet items might be significantly affected in their evaluation by risks and uncertainties, even if not directly connected with the slow-down of the economic activity and the associated uncertainty level of the economic recovery:
- fair value of financial instruments not listed in active markets;
- severance pay (in Italy) and other employee's benefits (including defined benefit obligation);
- provisions for risks and charges.

While evaluations have been made on the basis of information deemed to be reasonable and supportable as at 31 December 2023, they might be subject to changes not foreseeable at the moment, as a result of the evolution in the parameters used for the evaluation.
Furthermore, the following factors, in addition to those illustrated above, might influence the future results of the Group and cause outcomes materially different from those deriving from the valuations: (1) general economic and industrial conditions of the regions in which the Group operates or holds significant investments; (2) exposure to various market risks (e.g., foreign exchange risk); (3) political instability in the areas in which the Group operates or holds significant investments; (4) legislative, regulatory and tax changes, including regulatory capital and liquidity requirements, also taking into account increased regulation in response to the financial crisis; (5) adverse change in climate which may affect the value of the assets held and/or the ability of customers to serve their debts[19]. Other unknown and unforeseeable factors could determine material deviations between actual and expected results.

Regarding the Russian Ruble FX rate, the ECB stopped the quotation of EUR/RUB exchange rate since 2 March 2022. Therefore, as at 31 December 2023 and in coherence with the previous years, the Group is applying an OTC foreign exchange rate provided by Electronic Broking Service (EBS[20]). In this regard it cannot be excluded that, once the ECB will restart listing RUB/EUR FX rate, these quotes might be different from EBS quotes, thus requiring the recognition of an impact in Net Equity and in P&L.
For additional information on the FX rate, refer to the "Section 5 - Other matters", Notes to the consolidated accounts, Part A - Accounting policies, A.1 General.

Statement of going concern
In their joint Document No.4 of 3 March 2010, Banca d'Italia, Consob and ISVAP made observations on the situation of the markets and businesses and requested that information essential for a better understanding of business trends and outlook be disclosed in financial reports. Also following such guideline, the present statement of going concern is released.

UniCredit Directors observed that during 2023 the geopolitical tensions between Russian Federation and Ukraine persisted while further conflicts started in the middle East. Such events determined a relevant uncertainty in the macroeconomic outlook, in terms of GDP, inflation rates and interest rates.
The Directors assessed such circumstances, also evaluating the operations directly held in the Russian market through its subsidiary AO UniCredit Bank, and concluded, with reasonable certainty, that the Group will be able to operate profitably in the foreseeable future; as a result, in accordance with the provisions of IAS1, the Consolidated financial statements of UniCredit group as at 31 December 2023 were prepared on a going concern basis.

For releasing such statement and the connected evaluations, the main regulatory ratios were also taken into account at 31 December 2023, in terms of: (i) actual figures as at 31 December 2023 (CET1 Ratio Transitional equal to 16.14%; TLAC Ratio equal to 26.97% in terms of RWEA and 8.75% in terms of Leverage Exposure; Liquidity Coverage Ratio at 154% based on monthly average on 12 months); (ii) the related buffer versus the minimum requirements at the same reference date (CET1 Ratio Transitional: excess of 638 basis points; TLAC Ratio: excess of 502 basis points in terms of RWEA and 163 in terms of Leverage Exposure; Liquidity Coverage Ratio: excess of about 54 percentage points); iii) the expected evolution of the same ratios during 2024 (in particular, in 2024, it is expected to stay well above the capital requirements, consistently with the "UniCredit Unlocked" CET1 ratio target of 12.5-13 per cent).

Consistently with such situation, on 31 March 2023 the Directors submitted to the Shareholders' meeting of the Company the proposal for distributing a remuneration for the fiscal year 2022 composed partly by cash and partly through shares buyback. In this regard, on 28 March 2023 UniCredit received the ECB authorisation for the Fiscal Year 2022 share buy-back for a maximum of €3,343,438,000. Afterwards, as per the authorisation granted by the ECB, and the approval by the Shareholders' Meeting on 31 March 2023: (i) on 3 April 2023, UniCredit announced the execution of the first tranche of the share buy-back programme for a maximum amount of €2,343,438,000 and for a number of UniCredit shares not exceeding 230,000,000 (the "First Tranche of the Buy-Back Programme 2022"); (ii) on 20 June 2023, UniCredit announced the execution of the second tranche of the share buy-back programme for a maximum amount of €1,000,000,000 and for a number of UniCredit shares not exceeding 230,000,000[21].

In addition, on 20 September 2023 UniCredit has announced the intention to launch a tranche of the 2023 share buy-back programme for a maximum of €2,500,000,000.

19 For additional information about climate risk and how the Group affects it refer to Part E - Information on risks and related hedging policies - Climate-related and environmental risks.
20 EBS is a wholesale electronic trading platform used to trade on the foreign exchange market (FX) with market-making banks. It is part of CME Group (Chicago Mercantile Exchange).
21 On 29 September 2023, UniCredit announced the completion of the second tranche of the share buy-back programme communicated to the market on 20 June 2023 and initiated on 30 June 2023, in execution of the resolution of the Shareholders' Meeting held on 31 March 2023 (the "Second Tranche of the Buy-Back Programme 2022").

Part A - Accounting policies

Commencement of this buy-back 2023 tranche was subject to the approval by shareholders of the Bank at an Extraordinary Shareholders' Meeting held on 27 October 2023, as well as approval by the supervisor obtained on 26 October 2023.
On 30 October 2023, UniCredit announced that it has defined the measures for the execution of the first tranche of the share buy-back programme for a maximum amount of €2,500,000,000 and for a number of shares not exceeding 160,000,000 (the "First Tranche of the Buy-Back Programme 2023"). In this regard, it is worth to mention that the purchases of UniCredit's shares may be carried out and therefore completed within the earliest of the (a) date of the shareholders' meeting which will be called to approve the financial statements for the year ending on 31 December 2023; and (b) 30 June 2024.

The measurement criteria adopted are therefore consistent with this assumption and with the principles of accrual-based accounting, the relevance and materiality of accounting information, and the prevalence of economic substance over legal form.
These criteria have not changed with respect to the previous year.

Part A - Accounting policies

Section 3 - Consolidation scope and methods

The consolidation criteria and principles used to prepare the Consolidated financial statements as at 31 December 2023 are described below.

Consolidated accounts

For the preparation of the Consolidated financial statements as at 31 December 2023 the following sources have been used:
- the parent company UniCredit S.p.A. accounts as at 31 December 2023;
- the accounts as at 31 December 2023, approved by the competent bodies and functions, of the other fully consolidated subsidiaries duly reclassified and adjusted to take account of consolidation needs and, where necessary, to align them to the Group accounting principles;
- the sub-consolidated Accounts as at 31 December 2023 of Nuova Compagnia di Partecipazioni Group, including Nuova Compagnia di Partecipazioni S.p.A. (formerly Compagnia Italpetroli S.p.A.) and its direct and indirect subsidiaries.

Amounts in foreign currencies are converted at closing exchange rates in the Balance sheet, whereas the average exchange rate for the year is used for the Income statement.
The accounts and explanatory notes of the main fully consolidated subsidiaries prepared under IAS/IFRS are audited by leading audit companies.

Subsidiaries

Entities, including structured entities, over which the Group has direct or indirect control, are considered subsidiaries.

Control over an entity entails:
- the existence of power over the relevant activities;
- the exposure to the variability of returns;
- the ability to use the power exercised in order to influence the returns to which the Group is exposed.

In order to verify the existence of control, the Group considers the following factors:
- the purpose and establishment of the investee, in order to identify which are the entity's objectives, the activities that determine its returns and how these activities are governed;
- the power, in order to understand whether the Group has contractual rights that attribute the ability to govern the relevant activities; to this end only substantial rights that provide practical ability to govern are considered;
- the exposure held in relation to the investee, in order to assess whether the Group has relations with the investee, the returns of which are subject to changes depending on the investee's performance;
- the existence of potential (principal - agent) relationships.

If the relevant activities are governed through voting rights, the existence of control is verified considering the voting rights held, including the potential ones, and the existence of any shareholders' or other agreements which attribute the right to control the majority of the voting rights, to appoint the majority of the governing body or in any case the power to determine the entity's financial and operating policies.

Subsidiaries may also include any "structured entity" in which the voting rights are not significant for establishing control, including special purpose entities and investment funds.

In the case of structured entities, the existence of control is ascertained considering both the contractual rights that enable governance of the relevant activities of the entity (or those that contribute most to the results) and the Group's exposure to the variability of returns deriving from these activities.

The carrying amount of an equity interest in a fully consolidated entity held by the Parent Company or another Group company is eliminated against the recognition of the assets and liabilities of the investee as an offsetting entry to the corresponding portion of net equity of the subsidiary attributable to the Group.

Intragroup balances, the off-Balance sheet transactions, the income and expenses, and the gain/losses between consolidated companies are eliminated in full, according to the method of consolidation adopted.

Part A - Accounting policies

A subsidiary's income and expenses are included in the consolidation from the date the Parent acquires the control. On disposal of a subsidiary, its income and expenses are consolidated up to the date of the disposal, i.e. until the Parent ceases to control the subsidiary. The difference between the consideration received of the subsidiary and the carrying amount of its net assets at the same date is recognised in the Income statement under item "280 Gains (Losses) on disposal of investments" for fully consolidated companies.
The portion attributable to non-controlling interests is presented in the Balance sheet under item "190. Minorities", separately from the liabilities and net equity attributable to the Group. In the Income statement, the portion attributable to minorities is also presented separately under item "340. Minorities".
With respect to companies included in the consolidation scope for the first time, the fair value of the cost paid to obtain control of this equity interest, including ancillary expenses, is measured at the acquisition date.
The difference between the consideration received of an interest held in a subsidiary and the carrying amount of the net assets is recognised in the Net Equity, if the sale does not entail loss of control.

Joint arrangements

A joint arrangement is a contractual agreement under the terms of which two or more counterparties arrange to jointly control an entity.
Joint control is the contractually agreed sharing of control of an arrangement, which exists only when the decisions about the relevant activities require the unanimous consent of the parties sharing control.
According to the standard IFRS11 - Joint Arrangements, such agreements must be classified as Joint Operations or Joint Ventures according to the contractual rights and obligations held by the Group.
A Joint Operation is a joint arrangement in which the parties have rights on the assets and obligations with respect to the liabilities of the arrangement.
A Joint Venture is a joint arrangement in which the parties have rights on the net assets of the arrangement.

The Group has assessed the nature of the joint arrangements and has determined that its jointly controlled equity investments are of the Joint Venture type. These equity investments are recognised using the equity method.
Carrying amount of the Joint Ventures is tested in accordance with IAS36 as a single asset, by comparing it with the corresponding recoverable amount (i.e. higher of value in use (VIU) and fair value (FV) less cost to sell).

Associates

An associate is an entity over which the investor has significant influence and which are not subsidiaries or joint ventures. Significant influence is presumed when the investor:
- holds, directly or indirectly, at least 20%[22] of the share capital of another entity, or
- is able, also through shareholders' agreements, to exercise significant influence through:
  - representation on the governing body of the company;
  - participation in the policy-making process, including participation in decisions about dividends or other distributions;
  - the existence of significant transactions;
  - interchange of managerial personnel;
  - provision of key technical information.

It is to be pointed out that structured entities, not being governed through voting rights, can not be classified as subject to significant influence.
Investments in associates are recognised using the equity method. Carrying amount of Associates is tested in accordance with IAS36 as a single asset, by comparing it with the corresponding recoverable amount (i.e., higher of VIU and FV less cost to sell).

Equity method

Equity investments in companies measured using the equity method include the goodwill (less any impairment loss) paid to purchase them.
The investor's share of the profit and loss of the investee after the date of acquisition is recognised in the Income statement under item "250. Profit (Loss) of investments". Any dividends distributed reduce the carrying amount of the equity investment.
If the investor's share of an investee's losses is equal to or greater than its carrying amount, no further losses are recognised, unless the investor has incurred specific obligations or made payments on behalf of the associate.

Gains and losses on transactions with associates or joint arrangements are eliminated according to the percentage interest in the said company.

Any changes in the revaluation reserves of associates or joint arrangements, which are recorded as a contra item to changes in value of the phenomena relevant to this purpose, are reported separately in the Statement of other comprehensive income.

The following table shows the companies included in the scope of consolidation.

22 10% for listed companies.

Part A - Accounting policies

1. Investments in Subsidiaries

	COMPANY NAME	ADMINISTRATIVE OFFICE	MAIN OFFICE	COUNTRY	TYPE OF RELATIONSHIP[1]	BUSINESS SECTOR[5]	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS %[2]
	A. LINE BY LINE METHOD								
1	**UNICREDIT SPA** Issued capital EUR 21,277,874,388.48	**MILAN**	**MILAN**	**ITALY**			**PARENT COMPANY**		
2	ALLEGRO LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
3	ALLIB LEASING S.R.O. Issued capital CZK 100,000	PRAGUE	PRAGUE	CZECH REPUBLIC	1	4	UNICREDIT LEASING CZ, A.S.	100.00	
4	ALMS LEASING GMBH. Issued capital EUR 36,000	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
5	ALPHA RENT DOO BEOGRAD Issued capital RSD 3,285,948,900	BELGRADE	BELGRADE	SERBIA	1	38	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
6	ANTARES IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500						UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
7	ANTHEMIS EVO LLP	LONDON	LONDON	UNITED KINGDOM	4	38	UNICREDIT SPA	..	[3]
8	AO UNICREDIT BANK[4] Issued capital RUB 41,787,805,174	MOSCOW	MOSCOW	RUSSIA	1	2	UNICREDIT SPA	100.00	
9	ARABELLA FINANCE DAC	DUBLIN	DUBLIN	IRELAND	4	4	UNICREDIT BANK GMBH	..	[3]
10	ARGENTAURUS IMMOBILIEN-VERMIETUNGS- UND VERWALTUNGS GMBH Issued capital EUR 511,300	MUNICH	MUNICH	GERMANY	1	38	HVB PROJEKT GMBH	100.00	
11	ARNO GRUNDSTUECKSVERWALTUNGS GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	
	Issued capital EUR 36,337						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
12	ARTS CONSUMER 2023 SRL (CARTOLARIZZAZIONE: CONSUMER 2023)	VERONA	VERONA	ITALY	4	3	UNICREDIT SPA	..	[3]
13	ARTS CONSUMER SRL (CARTOLARIZZAZIONE: CONSUMER IV)	VERONA	VERONA	ITALY	4	3	UNICREDIT SPA	..	[3]
14	BA CA SECUND LEASING GMBH	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
15	BA EUROLEASE BETEILIGUNGSGESELLSCHAFT M.B.H. Issued capital EUR 363,364	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT ZEGA LEASING-GESELLSCHAFT M.B.H.	100.00	
16	BA GEBAEUDEVERMIETUNGSGMBH	VIENNA	VIENNA	AUSTRIA	1	2	UNICREDIT BANK AUSTRIA AG	89.00	
	Issued capital EUR 36,336						PAYTRIA UNTERNEHMENSBETEILIGUNGEN GMBH	1.00	
							BA-CA MARKETS & INVESTMENT BETEILIGUNG GES.M.B.H.	10.00	
17	BA-CA ANDANTE LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
18	BA-CA LEASING DREI GARAGEN GMBH	VIENNA	VIENNA	AUSTRIA	1	4	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	99.80	
	Issued capital EUR 35,000						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
19	BA-CA LEASING MAR IMMOBILIEN LEASING GMBH	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
20	BA-CA MARKETS & INVESTMENT BETEILIGUNG GES.M.B.H. Issued capital EUR 127,177	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT BANK AUSTRIA AG	100.00	
21	BA-CA PRESTO LEASING GMBH	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
22	BA/CA-LEASING BETEILIGUNGEN GMBH	VIENNA	VIENNA	AUSTRIA	1	4	CALG DELTA GRUNDSTUECKVERWALTUNG GMBH	99.80	
	Issued capital EUR 454,000						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
23	BACA HYDRA LEASING GMBH	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	

Part A - Accounting policies

	COMPANY NAME	ADMINISTRATIVE OFFICE	MAIN OFFICE	COUNTRY	TYPE OF RELATIONSHIP[1]	BUSINESS SECTOR[5]	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS %[2]
24	BACA KOMMUNALLEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
25	BACA LEASING UND BETEILIGUNGSMANAGEMENT GMBH Issued capital EUR 18,287	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
							CALG IMMOBILIEN LEASING GMBH	98.80	
							UNICREDIT LEASING (AUSTRIA) GMBH	1.00	
26	BAHBETA INGATLANHASZNOSITO KFT. Issued capital HUF 30,000,000	BUDAPEST	BUDAPEST	HUNGARY	1	4	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
27	BAL HESTIA IMMOBILIEN LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
							UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
28	BAL HORUS IMMOBILIEN LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	CALG DELTA GRUNDSTUECKVERWALTUNG GMBH	99.80	
							UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
29	BAL HYPNOS IMMOBILIEN LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	CALG DELTA GRUNDSTUECKVERWALTUNG GMBH	99.80	
							UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
30	BAL LETO IMMOBILIEN LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
							UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
31	BAL OSIRIS IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
							UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
32	BAL SOBEK IMMOBILIEN LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
							UNICREDIT ZEGA LEASING-GESELLSCHAFT M.B.H.	99.80	
33	BANK AUSTRIA CREDITANSTALT LEASING IMMOBILIENANLAGEN GMBH Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	
							UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
34	BANK AUSTRIA FINANZSERVICE GMBH Issued capital EUR 490,542	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT BANK AUSTRIA AG	100.00	
35	BANK AUSTRIA LEASING ARGO IMMOBILIEN LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
							WOEM GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	99.80	
36	BANK AUSTRIA LEASING IKARUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
							UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
37	BANK AUSTRIA LEASING MEDEA IMMOBILIEN LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
							UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
38	BANK AUSTRIA REAL INVEST IMMOBILIEN-KAPITALANLAGE GMBH Issued capital EUR 5,000,000	VIENNA	VIENNA	AUSTRIA	1	4	BANK AUSTRIA REAL INVEST IMMOBILIEN-MANAGEMENT GMBH	100.00	
39	BANK AUSTRIA REAL INVEST IMMOBILIEN-MANAGEMENT GMBH Issued capital EUR 10,900,500	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT BANK AUSTRIA AG	94.95	
40	BANK AUSTRIA WOHNBAUBANK AG Issued capital EUR 18,765,944	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT BANK AUSTRIA AG	100.00	
41	BARD ENGINEERING GMBH	EMDEN	EMDEN	GERMANY	4	38	BARD HOLDING GMBH	..	(3)
42	BARD HOLDING GMBH	EMDEN	EMDEN	GERMANY	4	38	UNICREDIT BANK GMBH	..	(3)
43	BAULANDENTWICKLUNG GDST 1682/8 GMBH & CO OG Issued capital EUR 0	VIENNA	VIENNA	AUSTRIA	1	4	CALG IMMOBILIEN LEASING GMBH	99.00	
							CALG ANLAGEN LEASING GMBH	1.00	
44	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
45	BF NINE HOLDING GMBH Issued capital EUR 35,000	VIENNA	VIENNA	AUSTRIA	1	38	ALLEGRO LEASING GESELLSCHAFT M.B.H.	100.00	
46	BIL LEASING-FONDS VERWALTUNGS-GMBH Issued capital EUR 26,000	GRUENWALD	GRUENWALD	GERMANY	1	36	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	

Part A - Accounting policies

	COMPANY NAME	ADMINISTRATIVE OFFICE	MAIN OFFICE	COUNTRY	TYPE OF RELATIONSHIP[1]	BUSINESS SECTOR[5]	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS %[2]
47	BREWO GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H. Issued capital EUR 36,337	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT PEGASUS LEASING GMBH	100.00	
48	CA-LEASING OVUS S.R.O. Issued capital CZK 100,000	PRAGUE	PRAGUE	CZECH REPUBLIC	1	4	UNICREDIT LEASING CZ, A.S.	100.00	
49	CA-LEASING SENIOREN PARK GMBH Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	99.80	
							UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
50	CA-ZETA REAL ESTATE DEVELOPMENT LIMITED LIABILITY COMPANY Issued capital HUF 3,000,000	BUDAPEST	BUDAPEST	HUNGARY	1	38	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
51	CABET-HOLDING GMBH Issued capital EUR 290,909	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT BANK AUSTRIA AG	100.00	
52	CABO BETEILIGUNGSGESELLSCHAFT M.B.H. Issued capital EUR 35,000	VIENNA	VIENNA	AUSTRIA	1	4	CABET-HOLDING GMBH	100.00	
53	CALG 307 MOBILIEN LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT ZEGA LEASING-GESELLSCHAFT M.B.H.	100.00	
54	CALG 443 GRUNDSTUECKVERWALTUNG GMBH Issued capital EUR 36,336	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
							CALG IMMOBILIEN LEASING GMBH	1.00	
							BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	98.80	
55	CALG 445 GRUNDSTUECKVERWALTUNG GMBH Issued capital EUR 18,168	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.40	
							CALG IMMOBILIEN LEASING GMBH	99.60	
56	CALG ALPHA GRUNDSTUECKVERWALTUNG GMBH Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	CALG DELTA GRUNDSTUECKVERWALTUNG GMBH	99.80	
							UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
57	CALG ANLAGEN LEASING GMBH 'Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
							UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
58	CALG ANLAGEN LEASING GMBH, WIEN & CO. GRUNDSTUECKSVERMIETUNG UND - VERWALTUNG KG Issued capital EUR 2,326,378	MUNICH	MUNICH	GERMANY	1	4	CALG ANLAGEN LEASING GMBH	99.90	
59	CALG DELTA GRUNDSTUECKVERWALTUNG GMBH Issued capital EUR 36,336	VIENNA	VIENNA	AUSTRIA	1	4	CALG ANLAGEN LEASING GMBH	99.80	
							UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
60	CALG GAMMA GRUNDSTUECKVERWALTUNG GMBH Issued capital EUR 36,337	VIENNA	VIENNA	AUSTRIA	1	4	CALG IMMOBILIEN LEASING GMBH	99.80	
							UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
61	CALG GRUNDSTUECKVERWALTUNG GMBH Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
							CALG IMMOBILIEN LEASING GMBH	74.80	
							UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
62	CALG IMMOBILIEN LEASING GMBH Issued capital EUR 254,355	VIENNA	VIENNA	AUSTRIA	1	4	CALG ANLAGEN LEASING GMBH	99.80	
							UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
63	CALG MINAL GRUNDSTUECKVERWALTUNG GMBH Issued capital EUR 18,286	VIENNA	VIENNA	AUSTRIA	1	4	CALG ANLAGEN LEASING GMBH	99.80	
							UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
64	CAPITAL MORTGAGE SRL (CARTOLARIZZAZIONE: CAPITAL MORTGAGE 2007 - 1)	VERONA	VERONA	ITALY	4	3	UNICREDIT SPA	..	(3)
65	CARD COMPLETE SERVICE BANK AG Issued capital EUR 6,000,000	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT BANK AUSTRIA AG	50.10	
66	CASTELLANI LEASING GMBH Issued capital EUR 1,800,000	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	10.00	
							UNICREDIT ZEGA LEASING-GESELLSCHAFT M.B.H.	90.00	
67	CHARADE LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
							BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	74.80	
							UNICREDIT LEASING (AUSTRIA) GMBH	25.00	

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	COMPANY NAME	ADMINISTRATIVE OFFICE	MAIN OFFICE	COUNTRY	TYPE OF RELATIONSHIP(1)	BUSINESS SECTOR(5)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS %(2)
68	CHEFREN LEASING GMBH	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
	Issued capital EUR 36,500								
69	CIVITAS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
70	COMMUNA - LEASING GRUNDSTUECKSVERWALTUNGSGESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,337						REAL-LEASE GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	99.80	
71	COMPAGNIA FONDIARIA ROMANA - SOCIETA' A RESPONSABILITA' LIMITATA	ROME	ROME	ITALY	1	37	NUOVA COMPAGNIA DI PARTECIPAZIONI SPA	100.00	
	Issued capital EUR 103,400								
72	CONSUMER THREE SRL (CARTOLARIZZAZIONE: CONSUMER THREE)	VERONA	VERONA	ITALY	4	3	UNICREDIT SPA	..	(3)
73	CONTRA LEASING-GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	JAUSERN-LEASING GESELLSCHAFT M.B.H.	25.00	
	Issued capital EUR 36,500						BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	74.80	
							UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
74	CORDUSIO SOCIETA' FIDUCIARIA PER AZIONI	MILAN	MILAN	ITALY	1	3	UNICREDIT SPA	100.00	
	Issued capital EUR 520,000								
75	DIRANA LIEGENSCHAFTSVERWERTUNGSGESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	38	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
	Issued capital EUR 35,000								
76	DLV IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	90.00	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	10.00	
77	DUODEC Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
78	EBS FINANCE S.R.L.	MILAN	MILAN	ITALY	1	3	UNICREDIT SPA	100.00	
	Issued capital EUR 10,000								
79	EBS FINANCE S.R.L. (PATR.SEPARATO)	MILAN	MILAN	ITALY	4	3	UNICREDIT SPA	..	(3)
80	ELEKTRA PURCHASE NO. 28 DAC	DUBLIN	DUBLIN	IRELAND	4	4	UNICREDIT BANK GMBH	..	(3)
81	ELEKTRA PURCHASE NO. 31 DAC	DUBLIN	DUBLIN	IRELAND	4	4	UNICREDIT BANK GMBH	..	(3)
82	ELEKTRA PURCHASE NO. 32 S.A. - COMPARTMENT 1	LUXEMBOURG	LUXEMBOURG	LUXEMBOURG	4	4	UNICREDIT BANK GMBH	..	(3)
83	ELEKTRA PURCHASE NO. 33 DAC	DUBLIN	DUBLIN	IRELAND	4	4	UNICREDIT BANK GMBH	..	(3)
84	ELEKTRA PURCHASE NO. 36 DAC	DUBLIN	DUBLIN	IRELAND	4	4	UNICREDIT BANK GMBH	..	(3)
85	ELEKTRA PURCHASE NO. 37 DAC	DUBLIN	DUBLIN	IRELAND	4	4	UNICREDIT BANK GMBH	..	(3)
86	ELEKTRA PURCHASE NO. 38 DAC	DUBLIN	DUBLIN	IRELAND	4	4	UNICREDIT BANK GMBH	..	(3)
87	ELEKTRA PURCHASE NO. 43 DAC	DUBLIN	DUBLIN	IRELAND	4	4	UNICREDIT BANK GMBH	..	(3)
88	ELEKTRA PURCHASE NO. 46 DAC	DUBLIN	DUBLIN	IRELAND	4	4	UNICREDIT BANK GMBH	..	(3)
89	ELEKTRA PURCHASE NO. 54 DAC	DUBLIN	DUBLIN	IRELAND	4	4	UNICREDIT BANK GMBH	..	(3)
90	ELEKTRA PURCHASE NO. 56 DAC	DUBLIN	DUBLIN	IRELAND	4	4	UNICREDIT BANK GMBH	..	(3)
91	ELEKTRA PURCHASE NO. 69 DAC	DUBLIN	DUBLIN	IRELAND	4	4	UNICREDIT BANK GMBH	..	(3)
92	ELEKTRA PURCHASE NO. 71 DAC	DUBLIN	DUBLIN	IRELAND	4	4	UNICREDIT BANK GMBH	..	(3)
93	ELEKTRA PURCHASE NO. 74 DAC	DUBLIN	DUBLIN	IRELAND	4	4	UNICREDIT BANK GMBH	..	(3)
94	ELEKTRA PURCHASE NO. 79 DAC	DUBLIN	DUBLIN	IRELAND	4	4	UNICREDIT BANK GMBH	..	(3)
95	ELEKTRA PURCHASE NO. 350 DAC	DUBLIN	DUBLIN	IRELAND	4	4	UNICREDIT BANK GMBH	..	(3)
96	EUROLEASE ANUBIS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
97	EUROLEASE ISIS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
98	EUROLEASE MARDUK IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	

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	COMPANY NAME	ADMINISTRATIVE OFFICE	MAIN OFFICE	COUNTRY	TYPE OF RELATIONSHIP(1)	BUSINESS SECTOR(5)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS %(2)
99	EUROLEASE RA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500						UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
100	EUROLEASE RAMSES IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,336						UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
101	EUROPA BEFEKTETESI ALAPKEZELOE ZRT (EUROPA INVESTMENT FUND MANAGEMENT LTD.) Issued capital HUF 100,000,000	BUDAPEST	BUDAPEST	HUNGARY	1	4	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
102	EUROPA INGATLANBEFEKTETESI ALAP (EUROPE REAL-ESTATE INVESTMENT FUND)	BUDAPEST	BUDAPEST	HUNGARY	4	4	UNICREDIT BANK HUNGARY ZRT.	..	(3)
103	F-E MORTGAGES SRL (CARTOLARIZZAZIONE: F-E MORTGAGES 2005)	VERONA	VERONA	ITALY	4	3	UNICREDIT SPA	..	(3)
104	FACTORBANK AKTIENGESELLSCHAFT Issued capital EUR 3,000,000	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT BANK AUSTRIA AG	100.00	
105	FINN ARSENAL LEASING GMBH	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500						UNICREDIT LEASING (AUSTRIA) GMBH	0.20	
							BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	99.60	
106	FOLIA LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,336						BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	99.80	
107	GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 27,434						CALG IMMOBILIEN LEASING GMBH	99.80	
108	GEBAEUDELEASING GRUNDSTUCKSVERWALTUNGSGESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500						UNICREDIT LEASING (AUSTRIA) GMBH	1.00	
							BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	98.80	
109	GEMEINDELEASING GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 18,333						UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
							BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	37.30	
							CALG IMMOBILIEN LEASING GMBH	37.50	
110	GEMMA VERWALTUNGSGESELLSCHAFT MBH & CO. VERMIETUNGS KG Issued capital EUR 74,248,181	PULLACH	PULLACH	GERMANY	1	4	HVB PROJEKT GMBH	98.69	
111	GRUNDSTUECKSVERWALTUNG LINZ-MITTE GMBH	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 35,000						UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
112	H.F.S. IMMOBILIENFONDS GMBH Issued capital EUR 25,565	MUNICH	MUNICH	GERMANY	1	38	WEALTHCAP INVESTMENT SERVICES GMBH	100.00	
113	H.F.S. LEASINGFONDS DEUTSCHLAND 7 GMBH & CO. KG Issued capital EUR 85,430,630	MUNICH	MUNICH	GERMANY	1	4	HVB IMMOBILIEN AG	99.43	
114	H.F.S. LEASINGFONDS GMBH Issued capital EUR 26,000	GRUENWALD	GRUENWALD	GERMANY	1	38	WEALTHCAP INVESTMENT SERVICES GMBH	100.00	
115	H.F.S. LEASINGFONDS GMBH & CO. DEUTSCHLAND 8 KG	EBERSBERG	EBERSBERG	GERMANY	4	38	WEALTH MANAGEMENT CAPITAL HOLDING GMBH	..	(3)
116	H.F.S. LEASINGFONDS GMBH & CO. DEUTSCHLAND 9 KG	EBERSBERG	EBERSBERG	GERMANY	4	38	WEALTH MANAGEMENT CAPITAL HOLDING GMBH	..	(3)
117	H.F.S. LEASINGFONDS GMBH & CO. DEUTSCHLAND 10 KG	EBERSBERG	EBERSBERG	GERMANY	4	38	WEALTH MANAGEMENT CAPITAL HOLDING GMBH	..	(3)
118	H.F.S. LEASINGFONDS GMBH & CO. DEUTSCHLAND 11 KG	EBERSBERG	EBERSBERG	GERMANY	4	38	WEALTH MANAGEMENT CAPITAL HOLDING GMBH	..	(3)
119	H.F.S. LEASINGFONDS GMBH & CO. DEUTSCHLAND 12 KG	EBERSBERG	EBERSBERG	GERMANY	4	38	WEALTH MANAGEMENT CAPITAL HOLDING GMBH	..	(3)

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120	HVB IMMOBILIEN AG	MUNICH	MUNICH	GERMANY	1	4	UNICREDIT BANK GMBH	100.00	
	Issued capital EUR 520,000								
121	HVB PROJEKT GMBH	MUNICH	MUNICH	GERMANY	1	4	HVB IMMOBILIEN AG	90.00	
	Issued capital EUR 25,633,778						UNICREDIT BANK GMBH	10.00	
122	HVB TECTA GMBH	MUNICH	MUNICH	GERMANY	1	4	HVB IMMOBILIEN AG	94.00	
	Issued capital EUR 1,534,000						UNICREDIT BANK GMBH	6.00	
123	HVB VERWA 4 GMBH	MUNICH	MUNICH	GERMANY	1	4	UNICREDIT BANK GMBH	100.00	
	Issued capital EUR 26,000								
124	HVB VERWA 4.4 GMBH	MUNICH	MUNICH	GERMANY	1	4	HVB VERWA 4 GMBH	100.00	
	Issued capital EUR 25,000								
125	ICE CREEK POOL NO.1 DAC	DUBLIN	DUBLIN	IRELAND	4	4	UNICREDIT BANK GMBH	..	(3)
126	ICE CREEK POOL NO.3 DAC	DUBLIN	DUBLIN	IRELAND	4	4	UNICREDIT BANK GMBH	..	(3)
127	ICE CREEK POOL NO.5 DAC	DUBLIN	DUBLIN	IRELAND	4	4	UNICREDIT BANK GMBH	..	(3)
128	IDEA FIMIT SGR FONDO SIGMA IMMOBILIARE	ROME	ROME	ITALY	4	3	UNICREDIT SPA	..	(3)
129	INTRO LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	PROJEKT-LEASE GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	100.00	
	Issued capital EUR 36,336								
130	ISB UNIVERSALE BAU GMBH	BERLIN	BERLIN	GERMANY	1	38	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
	Issued capital EUR 6,288,890								
131	JAUSERN-LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
	Issued capital EUR 36,336								
132	KAISERWASSER BAU- UND ERRICHTUNGS GMBH UND CO OG	VIENNA	VIENNA	AUSTRIA	1	38	UNICREDIT BANK AUSTRIA AG	99.80	100.00
	Issued capital EUR 36,336								
133	KUTRA GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,337						CALG DELTA GRUNDSTUECKVERWALTUNG GMBH	99.80	
134	LAGEV IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500						UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
135	LARGO LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	VAPE COMMUNA LEASINGGESELLSCHAFT M.B.H.	98.80	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
136	LEASFINANZ ALPHA ASSETVERMIETUNG GMBH	VIENNA	VIENNA	AUSTRIA	1	38	LEASFINANZ GMBH	100.00	
	Issued capital EUR 35,000								
137	LEASFINANZ BANK GMBH	VIENNA	VIENNA	AUSTRIA	1	4	BACA LEASING UND BETEILIGUNGSMANAGEMENT GMBH	100.00	
	Issued capital EUR 36,500								
138	LEASFINANZ GMBH	VIENNA	VIENNA	AUSTRIA	1	4	BACA LEASING UND BETEILIGUNGSMANAGEMENT GMBH	100.00	
	Issued capital EUR 218,019								
139	LEGATO LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500						UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
							BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	74.80	
140	LELEV IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500						GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	
141	LIPARK LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500						UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
							BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	74.80	
142	LIVA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	

Part A - Accounting policies

							OWNERSHIP RELATIONSHIP		
	COMPANY NAME	ADMINISTRATIVE OFFICE	MAIN OFFICE	COUNTRY	TYPE OF RELATIONSHIP(1)	BUSINESS SECTOR(5)	HELD BY	HOLDING %	VOTING RIGHTS %(2)
143	M. A. V. 7., BANK AUSTRIA LEASING BAUTRAEGER GMBH & CO.OG.	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LUNA LEASING GMBH	98.04	
	Issued capital EUR 3,707						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	1.97	
144	MBC IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500						UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
145	MENUETT GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,337						UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
146	MOMENTUM ALLWEATHER STRATEGIES - LONG TERM STRATEG	HAMILTON	HAMILTON	BERMUDA	4	4	UNICREDIT SPA	..	(3)
147	MOMENTUM LONG TERM VALUE FUND	HAMILTON	HAMILTON	BERMUDA	4	4	UNICREDIT SPA	..	(3)
148	MONNET 8-10 S. A R.L. Issued capital EUR 60,000,000	LUXEMBOURG	LUXEMBOURG	LUXEMBOURG	1	2	UNICREDIT BANK GMBH	100.00	
149	NAGE LOKALVERMIETUNGSGESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
150	NF OBJEKT FFM GMBH Issued capital EUR 25,000	MUNICH	MUNICH	GERMANY	1	38	HVB IMMOBILIEN AG	100.00	
151	NUOVA COMPAGNIA DI PARTECIPAZIONI SPA Issued capital EUR 200,000	ROME	ROME	ITALY	1	37	UNICREDIT SPA	100.00	
152	OCT Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
153	OLG HANDELS- UND BETEILIGUNGSVERWALTUNGSGESELLSCHAFT M.B.H. Issued capital EUR 36,336	VIENNA	VIENNA	AUSTRIA	1	4	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	100.00	
154	OMNIA GRUNDSTUCKS-GMBH & CO. OBJEKT HAIDENAUPLATZ KG	MUNICH	MUNICH	GERMANY	1	38	HVB IMMOBILIEN AG	94.00	
	Issued capital EUR 26,000						UNICREDIT BANK GMBH	6.00	
155	OOO UNICREDIT GARANT(4) Issued capital RUB 106,998,000	MOSCOW	MOSCOW	RUSSIA	1	2	OOO UNICREDIT LEASING	100.00	
156	OOO UNICREDIT LEASING(4) Issued capital RUB 149,160,248	MOSCOW	MOSCOW	RUSSIA	1	4	AO UNICREDIT BANK	100.00	
157	ORBIT PERFORMANCE STRATEGIES - ORBIT US CLASSE I U	HAMILTON	HAMILTON	BERMUDA	4	4	UNICREDIT SPA	..	(3)
158	OTHMARSCHEN PARK HAMBURG GMBH & CO. GEWERBEPARK KG	MUNICH	MUNICH	GERMANY	1	38	HVB PROJEKT GMBH	10.00	
	Issued capital EUR 51,129						T & P FRANKFURT DEVELOPMENT B.V.	30.00	
							T & P VASTGOED STUTTGART B.V.	60.00	
159	PADEL FINANCE 01 DAC	DUBLIN	DUBLIN	IRELAND	4	4	UNICREDIT BANK GMBH	..	(3)
160	PAI (BERMUDA) LIMITED Issued capital USD 12,000	HAMILTON	HAMILTON	BERMUDA	1	4	UNICREDIT SPA	100.00	
161	PAI MANAGEMENT LTD Issued capital EUR 1,032,000	DUBLIN	DUBLIN	IRELAND	1	4	UNICREDIT SPA	100.00	
162	PALAIS ROTHSCHILD VERMIETUNGS GMBH & CO OG Issued capital EUR 2,180,185	VIENNA	VIENNA	AUSTRIA	1	2	SCHOELLERBANK AKTIENGESELLSCHAFT	100.00	
163	PAYTRIA UNTERNEHMENSBETEILIGUNGEN GMBH Issued capital EUR 36,336	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT BANK AUSTRIA AG	100.00	
164	PELOPS LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,337						EUROLEASE RAMSES IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	99.80	
165	PENSIONSKASSE DER HYPO VEREINSBANK VVAG	MUNICH	MUNICH	GERMANY	4	38	UNICREDIT BANK GMBH	..	(3)
166	PIANA LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500						UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
167	PIRTA VERWALTUNGS GMBH Issued capital EUR 2,067,138	VIENNA	VIENNA	AUSTRIA	1	38	UNICREDIT SPA	100.00	
168	POLLUX IMMOBILIEN GMBH	VIENNA	VIENNA	AUSTRIA	1	2	UNICREDIT BANK AUSTRIA AG	99.80	
	'Issued capital EUR 36,500						PAYTRIA UNTERNEHMENSBETEILIGUNGEN GMBH	0.20	

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	COMPANY NAME	ADMINISTRATIVE OFFICE	MAIN OFFICE	COUNTRY	TYPE OF RELATIONSHIP(1)	BUSINESS SECTOR(5)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS %(2)
169	POSATO LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500						UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
							BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	74.80	
170	PROJEKT-LEASE GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	ARNO GRUNDSTUECKSVERWALTUNGS GESELLSCHAFT M.B.H.	74.80	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
							UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
171	QUADEC Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
172	QUART Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500						CALG ANLAGEN LEASING GMBH	99.80	
173	QUINT Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500						UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
174	RANA-LIEGENSCHAFTSVERWERTUNG GMBH	VIENNA	VIENNA	AUSTRIA	1	38	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	99.90	
	Issued capital EUR 72,700								
175	REAL INVEST EUROPE DER BANK AUSTRIA REAL INVEST IMMOBILIEN- KAPI	VIENNA	VIENNA	AUSTRIA	4	4	UNICREDIT BANK AUSTRIA AG	..	(3)
176	REAL-LEASE GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
177	REAL-RENT LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
	Issued capital EUR 73,000						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
178	ROLIN GRUNDSTUCKSPLANUNGS- UND -VERWALTUNGSGESELLSCHAFT MBH	MUNICH	MUNICH	GERMANY	1	38	WEALTHCAP INVESTMENT SERVICES GMBH	100.00	
	Issued capital EUR 30,677								
179	ROSENKAVALIER 2008 GMBH	FRANKFURT	FRANKFURT	GERMANY	4	4	UNICREDIT BANK GMBH	..	(3)
180	ROSENKAVALIER 2015 UG	FRANKFURT	FRANKFURT	GERMANY	4	4	UNICREDIT BANK GMBH	..	(3)
181	ROSENKAVALIER 2020 UG	FRANKFURT	FRANKFURT	GERMANY	4	4	UNICREDIT BANK GMBH	..	(3)
182	ROSENKAVALIER 2022 UG	FRANKFURT	FRANKFURT	GERMANY	4	4	UNICREDIT BANK GMBH	..	(3)
183	SCHOELLERBANK AKTIENGESELLSCHAFT	VIENNA	VIENNA	AUSTRIA	1	2	UNICREDIT BANK AUSTRIA AG	99.99	
	Issued capital EUR 20,000,000						PAYTRIA UNTERNEHMENSBETEILIGUNGEN GMBH	0.01	
184	SCHOELLERBANK INVEST AG	SALZBURG	SALZBURG	AUSTRIA	1	4	SCHOELLERBANK AKTIENGESELLSCHAFT	100.00	
	Issued capital EUR 2,543,549								
185	SECA-LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	CALG DELTA GRUNDSTUECKVERWALTUNG GMBH	74.80	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
							UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
186	SEDEC Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
187	SEXT Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500						CALG DELTA GRUNDSTUECKVERWALTUNG GMBH	99.80	
188	SIGMA LEASING GMBH	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	0.40	
	Issued capital EUR 18,286						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
							CALG ANLAGEN LEASING GMBH	99.40	
189	SPECTRUM GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	WOEM GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	100.00	
	Issued capital EUR 36,336								

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	COMPANY NAME	ADMINISTRATIVE OFFICE	MAIN OFFICE	COUNTRY	TYPE OF RELATIONSHIP[1]	BUSINESS SECTOR[5]	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS %[2]
190	STEWE GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H. Issued capital EUR 36,337	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	75.80	
							UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
							PROJEKT-LEASE GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	24.00	
191	STRUCTURED INVEST SOCIETE ANONYME Issued capital EUR 125,500	LUXEMBOURG	LUXEMBOURG	LUXEMBOURG	1	4	UNICREDIT BANK GMBH	100.00	
192	T & P FRANKFURT DEVELOPMENT B.V. Issued capital EUR 4,938,271	AMSTERDAM	AMSTERDAM	NETHERLANDS	1	38	HVB PROJEKT GMBH	100.00	
193	T & P VASTGOED STUTTGART B.V. Issued capital EUR 10,769,773	AMSTERDAM	AMSTERDAM	NETHERLANDS	1	38	HVB PROJEKT GMBH	87.50	
194	TERRENO GRUNDSTUCKSVERWALTUNG GMBH & CO. ENTWICKLUNGS- UND FINANZIERUNGSVERMITTLUNGS-KG Issued capital EUR 920,400	MUNICH	MUNICH	GERMANY	1	38	HVB TECTA GMBH	75.00	
195	TERZ Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
							UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
196	UCLA AM WINTERHAFEN 11 IMMOBILIENLEASING GMBH & CO OG Issued capital EUR 0	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT PEGASUS LEASING GMBH	50.00	
							UNICREDIT ZEGA LEASING-GESELLSCHAFT M.B.H.	50.00	
197	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG Issued capital EUR 10,000	VIENNA	VIENNA	AUSTRIA	1	4	BA EUROLEASE BETEILIGUNGSGESELLSCHAFT M.B.H.	90.00	
							BA-CA ANDANTE LEASING GMBH	10.00	
198	UCTAM BALTICS SIA Issued capital EUR 4,265,585	RIGA	RIGA	LATVIA	1	2	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
199	UCTAM BULGARIA EOOD Issued capital BGN 20,000	SOFIA	SOFIA	BULGARIA	1	2	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
200	UCTAM D.O.O. BEOGRAD Issued capital RSD 631,564,325	BELGRADE	BELGRADE	SERBIA	1	2	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
201	UCTAM RU LIMITED LIABILITY COMPANY[4] Issued capital RUB 4,000,000	MOSCOW	MOSCOW	RUSSIA	1	2	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
							UCTAM BALTICS SIA	..	
202	UFFICIUM IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,337	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	95.00	
							KUTRA GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	5.00	
203	UNICOM IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
							UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
204	UNICREDIT ACHTERHAUS LEASING GMBH Issued capital EUR 35,000	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	10.00	
							UNICREDIT ZEGA LEASING-GESELLSCHAFT M.B.H.	90.00	
205	UNICREDIT AURORA LEASING GMBH Issued capital EUR 219,000	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
206	UNICREDIT BANK A.D. BANJA LUKA Issued capital BAM 97,055,000	BANJA LUKA	BANJA LUKA	BOSNIA AND HERZEGOVINA	1	2	UNICREDIT SPA	99.63	
207	UNICREDIT BANK AUSTRIA AG Issued capital EUR 1,681,033,521	VIENNA	VIENNA	AUSTRIA	1	2	UNICREDIT SPA	100.00	
208	UNICREDIT BANK CZECH REPUBLIC AND SLOVAKIA, A.S. Issued capital CZK 8,754,617,898	PRAGUE	PRAGUE	CZECH REPUBLIC	1	2	UNICREDIT SPA	100.00	
209	UNICREDIT BANK D.D. Issued capital BAM 119,195,000	MOSTAR	MOSTAR	BOSNIA AND HERZEGOVINA	1	2	ZAGREBACKA BANKA D.D.	99.35	99.31
210	UNICREDIT BANK GMBH Issued capital EUR 2,407,151,016	MUNICH	MUNICH	GERMANY	1	2	UNICREDIT SPA	100.00	
211	UNICREDIT BANK HUNGARY ZRT. Issued capital HUF 24,118,220,000	BUDAPEST	BUDAPEST	HUNGARY	1	2	UNICREDIT SPA	100.00	
212	UNICREDIT BANK S.A. Issued capital RON 1,177,748,253	BUCHAREST	BUCHAREST	ROMANIA	1	2	UNICREDIT SPA	98.63	
213	UNICREDIT BANK SERBIA JSC Issued capital RSD 23,607,620,000	BELGRADE	BELGRADE	SERBIA	1	2	UNICREDIT SPA	100.00	

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	COMPANY NAME	ADMINISTRATIVE OFFICE	MAIN OFFICE	COUNTRY	TYPE OF RELATIONSHIP(1)	BUSINESS SECTOR(5)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS %(2)
214	UNICREDIT BANKA SLOVENIJA D.D.	LJUBLJANA	LJUBLJANA	SLOVENIA	1	2	UNICREDIT SPA	100.00	
	Issued capital EUR 20,383,698								
215	UNICREDIT BETEILIGUNGS GMBH	MUNICH	MUNICH	GERMANY	1	36	UNICREDIT BANK GMBH	100.00	
	Issued capital EUR 1,000,000								
216	UNICREDIT BPC MORTAGE SRL (COVERED BONDS)	VERONA	VERONA	ITALY	4	3	UNICREDIT SPA	..	(3)
217	UNICREDIT BPC MORTGAGE S.R.L.	VERONA	VERONA	ITALY	1	3	UNICREDIT SPA	60.00	
	Issued capital EUR 12,000								
218	UNICREDIT BROKER S.R.O.	BRATISLAVA	BRATISLAVA	SLOVAKIA	1	36	UNICREDIT LEASING SLOVAKIA A.S.	100.00	
	Issued capital EUR 8,266								
219	UNICREDIT BULBANK AD	SOFIA	SOFIA	BULGARIA	1	2	UNICREDIT SPA	99.45	
	Issued capital BGN 285,776,674								
220	UNICREDIT CAPITAL MARKETS LLC	NEW YORK	NEW YORK	U.S.A.	1	4	UNICREDIT U.S. FINANCE LLC	100.00	
	Issued capital USD 100,100								
221	UNICREDIT CENTER AM KAISERWASSER GMBH	VIENNA	VIENNA	AUSTRIA	1	38	UNICREDIT BANK AUSTRIA AG	100.00	
	Issued capital EUR 35,000								
222	UNICREDIT CONSUMER FINANCING EAD	SOFIA	SOFIA	BULGARIA	1	4	UNICREDIT BULBANK AD	100.00	
	Issued capital BGN 2,800,000								
223	UNICREDIT CONSUMER FINANCING IFN S.A.	BUCHAREST	BUCHAREST	ROMANIA	1	4	UNICREDIT BANK S.A.	50.10	
	Issued capital RON 103,269,200						UNICREDIT SPA	49.90	
224	UNICREDIT DIRECT SERVICES GMBH	MUNICH	MUNICH	GERMANY	1	2	UNICREDIT BANK GMBH	100.00	
	Issued capital EUR 767,000								
225	UNICREDIT FACTORING CZECH REPUBLIC AND SLOVAKIA, A.S.	PRAGUE	PRAGUE	CZECH REPUBLIC	1	4	UNICREDIT BANK CZECH REPUBLIC AND SLOVAKIA, A.S.	100.00	
	Issued capital CZK 222,600,000								
226	UNICREDIT FACTORING SPA	MILAN	MILAN	ITALY	1	3	UNICREDIT SPA	100.00	
	Issued capital EUR 414,348,000								
227	UNICREDIT FLEET MANAGEMENT EOOD	SOFIA	SOFIA	BULGARIA	1	2	UNICREDIT BULBANK AD	100.00	
	Issued capital BGN 100,000								
228	UNICREDIT FLEET MANAGEMENT S.R.O.	PRAGUE	PRAGUE	CZECH REPUBLIC	1	38	UNICREDIT LEASING CZ, A.S.	100.00	
	Issued capital CZK 5,000,000								
229	UNICREDIT FLEET MANAGEMENT S.R.O.	BRATISLAVA	BRATISLAVA	SLOVAKIA	1	38	UNICREDIT LEASING SLOVAKIA A.S.	100.00	
	Issued capital EUR 6,639								
230	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	VIENNA	VIENNA	AUSTRIA	1	4	EUROLEASE RAMSES IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	99.80	
	Issued capital EUR 57,000						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
231	UNICREDIT GUSTRA LEASING GMBH	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	10.00	
	Issued capital EUR 35,000						UNICREDIT PEGASUS LEASING GMBH	90.00	
232	UNICREDIT HAMRED LEASING GMBH	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	10.00	
	Issued capital EUR 35,000						UNICREDIT PEGASUS LEASING GMBH	90.00	
233	UNICREDIT INSURANCE BROKER EOOD	SOFIA	SOFIA	BULGARIA	1	36	UNICREDIT LEASING EAD	100.00	
	Issued capital BGN 5,000								
234	UNICREDIT INSURANCE BROKER GMBH	VIENNA	VIENNA	AUSTRIA	1	36	PIRTA VERWALTUNGS GMBH	100.00	
	Issued capital EUR 156,905								
235	UNICREDIT INSURANCE BROKER SRL	BUCHAREST	BUCHAREST	ROMANIA	1	36	UNICREDIT LEASING CORPORATION IFN S.A.	100.00	
	Issued capital RON 150,000								
236	UNICREDIT INTERNATIONAL BANK (LUXEMBOURG) SA	LUXEMBOURG	LUXEMBOURG	LUXEMBOURG	1	2	UNICREDIT SPA	100.00	
	Issued capital EUR 13,406,600								
237	UNICREDIT JELZALOGBANK ZRT.	BUDAPEST	BUDAPEST	HUNGARY	1	2	UNICREDIT BANK HUNGARY ZRT.	100.00	
	Issued capital HUF 3,000,000,000								
238	UNICREDIT KFZ LEASING GMBH	VIENNA	VIENNA	AUSTRIA	1	4	GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	100.00	
	Issued capital EUR 648,000								
239	UNICREDIT LEASED ASSET MANAGEMENT SPA	MILAN	MILAN	ITALY	1	1	UNICREDIT LEASING SPA	100.00	
	Issued capital EUR 1,000,000								
240	UNICREDIT LEASING (AUSTRIA) GMBH	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT BANK AUSTRIA AG	89.98	
	Issued capital EUR 17,296,134						PAYTRIA UNTERNEHMENSBETEILIGUNGEN GMBH	0.02	
							BA-CA MARKETS & INVESTMENT BETEILIGUNG GES.M.B.H.	10.00	

Part A - Accounting policies

							OWNERSHIP RELATIONSHIP		
	COMPANY NAME	ADMINISTRATIVE OFFICE	MAIN OFFICE	COUNTRY	TYPE OF RELATIONSHIP[1]	BUSINESS SECTOR[5]	HELD BY	HOLDING %	VOTING RIGHTS %[2]
241	UNICREDIT LEASING ALPHA ASSETVERMIETUNG GMBH Issued capital EUR 35,000	VIENNA	VIENNA	AUSTRIA	1	38	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	100.00	
242	UNICREDIT LEASING CORPORATION IFN S.A.	BUCHAREST	BUCHAREST	ROMANIA	1	4	UNICREDIT BANK S.A.	99.96	
	Issued capital RON 90,989,013						UNICREDIT CONSUMER FINANCING IFN S.A.	0.04	
243	UNICREDIT LEASING CROATIA D.O.O. ZA LEASING Issued capital EUR 3,810,000	ZAGREB	ZAGREB	CROATIA	1	4	ZAGREBACKA BANKA D.D.	100.00	
244	UNICREDIT LEASING CZ, A.S. Issued capital CZK 981,452,000	PRAGUE	PRAGUE	CZECH REPUBLIC	1	4	UNICREDIT BANK CZECH REPUBLIC AND SLOVAKIA, A.S.	100.00	
245	UNICREDIT LEASING EAD Issued capital BGN 2,605,000	SOFIA	SOFIA	BULGARIA	1	4	UNICREDIT BULBANK AD	100.00	
246	UNICREDIT LEASING FINANCE GMBH Issued capital EUR 17,580,000	HAMBURG	HAMBURG	GERMANY	1	4	UNICREDIT LEASING GMBH	100.00	
247	UNICREDIT LEASING FLEET MANAGEMENT S.R.L.	BUCHAREST	BUCHAREST	ROMANIA	1	38	PIRTA VERWALTUNGS GMBH	90.02	
	Issued capital RON 680,000						UNICREDIT LEASING CORPORATION IFN S.A.	9.99	
248	UNICREDIT LEASING GMBH Issued capital EUR 15,000,000	HAMBURG	HAMBURG	GERMANY	1	4	UNICREDIT BANK GMBH	100.00	
249	UNICREDIT LEASING HUNGARY ZRT Issued capital HUF 50,000,000	BUDAPEST	BUDAPEST	HUNGARY	1	4	UNICREDIT BANK HUNGARY ZRT.	100.00	
250	UNICREDIT LEASING INSURANCE SERVICES S.R.O. Issued capital EUR 5,000	BRATISLAVA	BRATISLAVA	SLOVAKIA	1	38	UNICREDIT LEASING SLOVAKIA A.S.	100.00	
251	UNICREDIT LEASING SLOVAKIA A.S. Issued capital EUR 26,560,000	BRATISLAVA	BRATISLAVA	SLOVAKIA	1	4	UNICREDIT LEASING CZ, A.S.	100.00	
252	UNICREDIT LEASING SPA Issued capital EUR 1,106,877,000	MILAN	MILAN	ITALY	1	3	UNICREDIT SPA	100.00	
253	UNICREDIT LEASING SRBIJA D.O.O. BEOGRAD Issued capital RSD 1,078,133,000	BELGRADE	BELGRADE	SERBIA	1	4	UNICREDIT BANK SERBIA JSC	100.00	
254	UNICREDIT LEASING TECHNIKUM GMBH	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 35,000						LEASFINANZ GMBH	99.80	
255	UNICREDIT LUNA LEASING GMBH	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
256	UNICREDIT MOBILIEN UND KFZ LEASING GMBH	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500						BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	98.80	
							UNICREDIT LEASING (AUSTRIA) GMBH	1.00	
257	UNICREDIT OBG S.R.L. Issued capital EUR 10,000	VERONA	VERONA	ITALY	1	3	UNICREDIT SPA	60.00	
258	UNICREDIT OBG SRL (COVERED BONDS)	VERONA	VERONA	ITALY	4	3	UNICREDIT SPA	..	[3]
259	UNICREDIT OK1 LEASING GMBH	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	10.00	
	Issued capital EUR 35,000						UNICREDIT ZEGA LEASING-GESELLSCHAFT M.B.H.	90.00	
260	UNICREDIT PEGASUS LEASING GMBH	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500						CALG IMMOBILIEN LEASING GMBH	74.80	
							UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
261	UNICREDIT POJISTOVACI MAKLERSKA SPOL.S R.O. Issued capital CZK 510,000	PRAGUE	PRAGUE	CZECH REPUBLIC	1	36	UNICREDIT LEASING CZ, A.S.	100.00	
262	UNICREDIT POLARIS LEASING GMBH	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
263	UNICREDIT SERVICES GMBH Issued capital EUR 1,200,000	VIENNA	VIENNA	AUSTRIA	1	2	UNICREDIT SPA	100.00	
264	UNICREDIT STERNECK LEASING GMBH	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	10.00	
	Issued capital EUR 35,000						UNICREDIT PEGASUS LEASING GMBH	90.00	
265	UNICREDIT SUBITO CASA SPA Issued capital EUR 500,000	MILAN	MILAN	ITALY	1	37	UNICREDIT SPA	100.00	

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	COMPANY NAME	ADMINISTRATIVE OFFICE	MAIN OFFICE	COUNTRY	TYPE OF RELATIONSHIP(1)	BUSINESS SECTOR(5)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS %(2)
266	UNICREDIT TECHRENT LEASING GMBH Issued capital EUR 36,336	VIENNA	VIENNA	AUSTRIA	1	4	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	99.00	
							UNICREDIT LEASING (AUSTRIA) GMBH	1.00	
267	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH Issued capital EUR 750,000	VIENNA	VIENNA	AUSTRIA	1	2	UNICREDIT SPA	100.00	
268	UNICREDIT U.S. FINANCE LLC Issued capital USD 130	WILMINGTON	WILMINGTON	U.S.A.	1	4	UNICREDIT BANK GMBH	100.00	
269	UNICREDIT ZEGA LEASING-GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	99.80	
							UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
270	UNIVERSALE INTERNATIONAL REALITAETEN GMBH Issued capital EUR 32,715,000	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT BANK AUSTRIA AG	100.00	
271	V.M.G. VERMIETUNGSGESELLSCHAFT MBH Issued capital EUR 25,565	MUNICH	MUNICH	GERMANY	1	38	WEALTHCAP INVESTMENT SERVICES GMBH	100.00	
272	VAPE COMMUNA LEASINGGESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
							BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	74.80	
							UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
273	VERMIETUNGSGESELLSCHAFT MBH & CO OBJEKT MOC KG Issued capital EUR 48,728,161	MUNICH	MUNICH	GERMANY	1	38	HVB IMMOBILIEN AG	89.29	89.23
274	VISCONTI SRL Issued capital EUR 11,000,000	MILAN	MILAN	ITALY	1	37	UNICREDIT SPA	76.00	
275	WEALTH MANAGEMENT CAPITAL HOLDING GMBH Issued capital EUR 26,000	MUNICH	MUNICH	GERMANY	1	4	UNICREDIT BANK GMBH	100.00	
276	WEALTHCAP ENTITY SERVICE GMBH Issued capital EUR 25,000	MUNICH	MUNICH	GERMANY	1	38	WEALTHCAP REAL ESTATE MANAGEMENT GMBH	100.00	
277	WEALTHCAP EQUITY GMBH Issued capital EUR 500,000	MUNICH	MUNICH	GERMANY	1	4	WEALTHCAP INITIATOREN GMBH	100.00	
278	WEALTHCAP EQUITY MANAGEMENT GMBH Issued capital EUR 25,000	MUNICH	MUNICH	GERMANY	1	36	WEALTHCAP EQUITY GMBH	100.00	
279	WEALTHCAP FONDS GMBH Issued capital EUR 512,000	MUNICH	MUNICH	GERMANY	1	4	WEALTHCAP INITIATOREN GMBH	100.00	
280	WEALTHCAP IMMOBILIEN 1 GMBH & CO. KG Issued capital EUR 5,000	MUNICH	MUNICH	GERMANY	1	2	WEALTHCAP REAL ESTATE MANAGEMENT GMBH	100.00	50.00
281	WEALTHCAP IMMOBILIEN 2 GMBH & CO. KG Issued capital EUR 10,600	MUNICH	MUNICH	GERMANY	1	2	WEALTHCAP REAL ESTATE MANAGEMENT GMBH	94.34	50.00
							WEALTHCAP VORRATS-2 GMBH	5.66	50.00
282	WEALTHCAP IMMOBILIEN 43 KOMPLEMENTAER GMBH Issued capital EUR 25,000	MUNICH	MUNICH	GERMANY	1	38	WEALTHCAP ENTITY SERVICE GMBH	100.00	
283	WEALTHCAP IMMOBILIENANKAUF KOMPLEMENTAER GMBH Issued capital EUR 25,000	MUNICH	MUNICH	GERMANY	1	38	WEALTHCAP ENTITY SERVICE GMBH	100.00	
284	WEALTHCAP IMMOBILIENFONDS DEUTSCHLAND 36 KOMPLEMENTAR GMBH Issued capital EUR 25,565	MUNICH	MUNICH	GERMANY	1	38	H.F.S. LEASINGFONDS GMBH	100.00	
285	WEALTHCAP IMMOBILIENFONDS DEUTSCHLAND 38 KOMPLEMENTAR GMBH Issued capital EUR 25,000	MUNICH	MUNICH	GERMANY	1	38	WEALTHCAP ENTITY SERVICE GMBH	100.00	
286	WEALTHCAP INITIATOREN GMBH Issued capital EUR 1,533,876	MUNICH	MUNICH	GERMANY	1	4	WEALTH MANAGEMENT CAPITAL HOLDING GMBH	100.00	
287	WEALTHCAP INVESTMENT SERVICES GMBH Issued capital EUR 4,000,000	MUNICH	MUNICH	GERMANY	1	4	UNICREDIT BANK GMBH	10.00	
							WEALTH MANAGEMENT CAPITAL HOLDING GMBH	90.00	
288	WEALTHCAP INVESTMENTS INC. Issued capital USD 312,000	WILMINGTON	WILMINGTON	U.S.A.	1	38	WEALTHCAP FONDS GMBH	100.00	

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	COMPANY NAME	ADMINISTRATIVE OFFICE	MAIN OFFICE	COUNTRY	TYPE OF RELATIONSHIP[1]	BUSINESS SECTOR[5]	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS %[2]
289	WEALTHCAP INVESTORENBETREUUNG GMBH Issued capital EUR 60,000	MUNICH	MUNICH	GERMANY	1	4	WEALTHCAP INVESTMENT SERVICES GMBH	100.00	
290	WEALTHCAP KAPITALVERWALTUNGSGESELLSCHAFT MBH Issued capital EUR 125,000	GRUENWALD	GRUENWALD	GERMANY	1	4	WEALTH MANAGEMENT CAPITAL HOLDING GMBH	100.00	
291	WEALTHCAP LEASING GMBH Issued capital EUR 25,000	GRUENWALD	GRUENWALD	GERMANY	1	4	WEALTH MANAGEMENT CAPITAL HOLDING GMBH	100.00	
292	WEALTHCAP MANAGEMENT SERVICES GMBH Issued capital EUR 50,000	MUNICH	MUNICH	GERMANY	1	4	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	
293	WEALTHCAP OBJEKT STUTTGART III GMBH & CO. KG Issued capital EUR 10,000	MUNICH	MUNICH	GERMANY	1	38	WEALTHCAP REAL ESTATE MANAGEMENT GMBH	89.90	33.33
							WEALTHCAP IMMOBILIEN 1 GMBH & CO. KG	10.10	33.33
294	WEALTHCAP OBJEKT-VORRAT 35 GMBH & CO. KG Issued capital EUR 10,000	MUNICH	MUNICH	GERMANY	1	2	WEALTHCAP IMMOBILIEN 1 GMBH & CO. KG	10.10	25.00
							WEALTHCAP IMMOBILIEN 2 GMBH & CO. KG	10.10	25.00
							WEALTHCAP KAPITALVERWALTUNGSGESELLSCHAFT MBH	79.80	25.00
295	WEALTHCAP OBJEKT-VORRAT 37 GMBH & CO. KG Issued capital EUR 10,000	MUNICH	MUNICH	GERMANY	1	2	WEALTHCAP KAPITALVERWALTUNGSGESELLSCHAFT MBH	79.80	25.00
							WEALTHCAP IMMOBILIEN 2 GMBH & CO. KG	10.10	25.00
							WEALTHCAP IMMOBILIEN 1 GMBH & CO. KG	10.10	25.00
296	WEALTHCAP PEIA KOMPLEMENTAR GMBH Issued capital EUR 26,000	GRUENWALD	GRUENWALD	GERMANY	1	38	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	
297	WEALTHCAP PEIA MANAGEMENT GMBH Issued capital EUR 1,023,000	MUNICH	MUNICH	GERMANY	1	4	WEALTH MANAGEMENT CAPITAL HOLDING GMBH	94.00	
							UNICREDIT BANK GMBH	6.00	
298	WEALTHCAP REAL ESTATE MANAGEMENT GMBH Issued capital EUR 60,000	MUNICH	MUNICH	GERMANY	1	4	WEALTHCAP INVESTMENT SERVICES GMBH	100.00	
299	WEALTHCAP SPEZIAL- AIF-SV BUERO 8	GRUENWALD	GRUENWALD	GERMANY	4	4	WEALTH MANAGEMENT CAPITAL HOLDING GMBH	..	[3]
300	WEALTHCAP VORRATS-2 GMBH Issued capital EUR 25,000	MUNICH	MUNICH	GERMANY	1	2	WEALTHCAP FONDS GMBH	100.00	
301	WEICKER S. A R.L. Issued capital EUR 20,658,840	LUXEMBOURG	LUXEMBOURG	LUXEMBOURG	1	38	UNICREDIT BANK GMBH	100.00	
302	WOEM GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H. Issued capital EUR 36,336	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
							UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
303	Z LEASING ALFA IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
							UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
304	Z LEASING ARKTUR IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
							UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
305	Z LEASING AURIGA IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
							UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
306	Z LEASING CORVUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	BA EUROLEASE BETEILIGUNGSGESELLSCHAFT M.B.H.	99.80	
							UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
307	Z LEASING DORADO IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
							CALG GRUNDSTUECKVERWALTUNG GMBH	99.80	
308	Z LEASING DRACO IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	
							UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
309	Z LEASING GAMA IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
							UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
310	Z LEASING GEMINI IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
							UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	

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	COMPANY NAME	ADMINISTRATIVE OFFICE	MAIN OFFICE	COUNTRY	TYPE OF RELATIONSHIP(1)	BUSINESS SECTOR(5)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS %(2)
311	Z LEASING HEBE IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500						GEBAEUDELEASING GRUNDSTUCKSVERWALTUNGSGESELLSCHAFT M.B.H.	99.80	
312	Z LEASING HERCULES IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
313	Z LEASING IPSILON IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500						UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
314	Z LEASING ITA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
315	Z LEASING JANUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500						GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	
316	Z LEASING KALLISTO IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
317	Z LEASING KAPA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500						GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	
318	Z LEASING LYRA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500						GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	
319	Z LEASING NEREIDE IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
320	Z LEASING OMEGA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	CALG DELTA GRUNDSTUECKVERWALTUNG GMBH	99.80	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
321	Z LEASING PERSEUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT ZEGA LEASING-GESELLSCHAFT M.B.H.	90.00	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	10.00	
322	Z LEASING VENUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
323	ZAGREBACKA BANKA D.D. Issued capital EUR 850,068,233	ZAGREB	ZAGREB	CROATIA	1	2	UNICREDIT SPA	96.19	
324	ZAPADNI TRGOVACKI CENTAR D.O.O. Issued capital EUR 2,655	RIJEKA	RIJEKA	CROATIA	1	38	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
325	ZB EPLUS	ZAGREB	ZAGREB	CROATIA	4	4	ZAGREBACKA BANKA D.D.	..	(3)

Notes to the table showing the investments in subsidiaries:

(1) Type of relationship:
- 1= majority of voting rights at ordinary shareholders' meeting;
- 2= dominant influence at ordinary shareholders' meeting;
- 3= agreements with other shareholders;
- 4= other types of control;
- 5= centralised management pursuant to paragraph 1 of Art.39 of "Legislative decree 136/2015";
- 6= centralised management pursuant to paragraph 2 of Art.39 of "Legislative decree 136/2015";

(2) Voting rights available in general meeting. Voting rights are disclosed only if different from the percentage of ownership.

(3) Companies consolidated line by line under IFRS10 as a result of the simultaneous availability of power to govern the relevant activities and exposures to variability of related returns.

(4) It should be noted that as at 31 December 2023 the voting rights that can be exercised directly or indirectly relating to subsidiaries based in Russia, or companies subject to significant influence by them, are fully enforceable and not being restricted the ability to appoint members of the Management Bodies there are no indications that lead to reconsider the effectiveness of the shareholding relationship with these companies on the same date.

(5) Business sector:
- 1= Banking Group: resident banks and ancillary companies
- 2= Banking Group: non resident banks and ancillary companies
- 3= Banking Group: resident financial companies
- 4= Banking Group: non resident financial companies
- 31= Other companies included in the consolidation scope: resident insurance companies
- 32= Other companies included in the consolidation scope: non resident insurance companies
- 33= Other companies included in the consolidation scope: resident banks
- 34= Other companies included in the consolidation scope: non resident banks
- 35= Other companies included in the consolidation scope: resident financial companies
- 36= Other companies included in the consolidation scope: non resident financial companies
- 37= Other companies included in the consolidation scope: resident non financial companies
- 38= Other companies included in the consolidation scope: non resident non financial companies

Part A - Accounting policies

Changes in the scope of consolidation

Companies consolidated line by line, including the Parent Company and those ones classified as non-current assets and asset disposal groups, decreased by 33 entities compared with 31 December 2022 (5 inclusions and 38 exclusions as a result of disposals, changes of the consolidation method and mergers), from 358 as at 31 December 2022 to 325 as at 31 December 2023.

Wholly-owned subsidiaries

The following table shows the changes in equity investments in wholly-owned subsidiaries.

Equity investments in wholly-owned subsidiaries (consolidated line by line): annual changes

	NUMBER OF COMPANIES
A. Opening balance (from previous year)	**358**
B. Increased by	**5**
B.1 Newly established companies	1
B.2 Change of the consolidation method	-
B.3 Entities consolidated for the first time in the year	4
C. Reduced by	**38**
C.1 Disposal/Liquidation	17
C.2 Change of the consolidation method	5
C.3 Absorption by other Group entities	16
D. Closing balance	**325**

The tables below analyse the other increases and decreases occurred during the year by company.

Increases

Newly established companies

COMPANY NAME	MAIN OFFICE
MONNET 8-10 S. A R.L.	LUXEMBURG

Entities consolidated for the first time in the year

COMPANY NAME	MAIN OFFICE
ARTS CONSUMER SRL (CARTOLARIZZAZIONE: CONSUMER IV)	VERONA
ELEKTRA PURCHASE NO.79 DAC	DUBLIN
ARTS CONSUMER 2023 SRL (CARTOLARIZZAZIONE: CONSUMER 2023)	VERONA
ZB EPLUS	ZAGREB

Reductions

The above table refers to disposals and liquidations of inactive companies.

Disposal/Liquidation

COMPANY NAME	MAIN OFFICE
UCTAM CZECH REPUBLIC SRO	PRAGUE
CORDUSIO RMBS SECURITISATION SRL (CARTOLARIZZAZIONE: CORDUSIO RMBS SECURITISATION - SERIE 2007)	VERONA
TREDEC Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H. IN LIQU.	VIENNA
REGEV REALITAETENVERWERTUNGSGESELLSCHAFT M.B.H. IN LIQU.	VIENNA
ELEKTRA PURCHASE NO.911 DAC	DUBLIN
SUCCESS 2015 B.V.	AMSTERDAM
IMPRESA TWO SRL (CARTOLARIZZAZIONE: IMPRESA TWO)	ROME
AUSTRIA LEASING GMBH IN LIQU.	VIENNA
SOFIGERE SOCIETE PAR ACTIONS SIMPLIFIEE (IN LIQUIDAZIONE)	PARIS
ELEKTRA PURCHASE NO.57 DAC	DUBLIN
BAH-OMEGA ZRT.'V.A.'	BUDAPEST
PRELUDE GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H. IN LIQU.	VIENNA
ARENA NPL ONE S.R.L. (CARTOLARIZZAZIONE 2014)	VERONA
UCTAM BH D.O.O.	MOSTAR
ELEKTRA PURCHASE NO.64 DAC	DUBLIN
FMZ SAVARIA SZOLGALTATO KORLATOLT FELELOESSEG TARSASAG	BUDAPEST
HERKU LEASING GESELLSCHAFT M.B.H. IN LIQU.	VIENNA

Part A - Accounting policies

Change of the consolidation method

COMPANY NAME	MAIN OFFICE
WEALTHCAP OBJEKT TRUDERING GMBH & CO. KG	MUNICH
LOCAT CROATIA DOO	ZAGREB
WEALTHCAP IMMOBILIEN DEUTSCHLAND 46 GMBH & CO. KG	MUNICH
ALTUS ALPHA PLC	DUBLIN
WEALTHCAP OBJEKT DRESDEN GMBH & CO. KG	MUNICH

Absorption by other Group entities

COMPANY NAME OF THE MERGERED ENTITY	MAIN OFFICE	COMPANY NAME OF THE TAKING IN ENTITY	MAIN OFFICE
UNICREDIT LEASING AVIATION GMBH	HAMBURG	UNICREDIT LEASING GMBH	HAMBURG
ACIS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. STUTTGART KRONPRINZSTRASSE KG	GRUENWALD	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	MUNICH
SALVATORPLATZ-GRUNDSTUCKSGESELLSCHAFT MBH & CO. OHG SAARLAND	MUNICH	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	MUNICH
GRUNDSTUCKSGESELLSCHAFT SIMON BESCHRANKT HAFTENDE KOMMANDITGESELLSCHAF	MUNICH	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	MUNICH
BAYERISCHE WOHNUNGSGESELLSCHAFT FUER HANDEL UND INDUSTRIE, GESELLSCHAFT MIT BESCHRAENKTER HAFTUNG	MUNICH	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	MUNICH
HAWA GRUNDSTUCKS GMBH & CO OHG IMMOBILIENVERWALTUNG	MUNICH	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	MUNICH
PORTIA GRUNDSTUCKS-VERWALTUNGSGESELLSCHAFT MBH & CO. OBJEKT KG	MUNICH	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	MUNICH
SALVATORPLATZ-GRUNDSTUCKSGESELLSCHAFT MBH & CO. OHG VERWALTUNGSZENTRUM	MUNICH	PORTIA GRUNDSTUCKS-VERWALTUNGSGESELLSCHAFT MBH & CO. OBJEKT KG	MUNICH
TIVOLI GRUNDSTUCKS-AKTIENGESELLSCHAFT	MUNICH	PORTIA GRUNDSTUCKS-VERWALTUNGSGESELLSCHAFT MBH & CO. OBJEKT KG	MUNICH
HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	MUNICH	UNICREDIT BANK GMBH	MUNICH
MERKURHOF GRUNDSTUCKSGESELLSCHAFT MIT BESCHRANKTER HAFTUNG	MUNICH	UNICREDIT BANK GMBH	MUNICH
BA GVG-HOLDING GMBH	MUNICH	BA GEBAEUDEVERMIETUNGSGMBH	MUNICH
OMNIA GRUNDSTUECKS-GMBH & CO. OBJEKT PERLACH KG	MUNICH	ORESTOS IMMOBILIEN-VERWALTUNGS GMBH	MUNICH
TRICASA GRUNDBESITZ GESELLSCHAFT MBH & CO. 1. VERMIETUNGS KG	MUNICH	ORESTOS IMMOBILIEN-VERWALTUNGS GMBH	MUNICH
TRICASA GRUNDBESITZGESELLSCHAFT DES BURGERLICHEN RECHTS NR. 1	MUNICH	ORESTOS IMMOBILIEN-VERWALTUNGS GMBH	MUNICH
ORESTOS IMMOBILIEN-VERWALTUNGS GMBH	MUNICH	HVB PROJEKT GMBH	MUNICH

Entities line by line which changed the company name during the year

COMPANY NAME	MAIN OFFICE
AUSTRIA LEASING GMBH IN LIQU. (ex AUSTRIA LEASING GMBH)	VIENNA
UNICREDIT INSURANCE BROKER GMBH (ex UNICREDIT INSURANCE MANAGEMENT CEE GMBH)	VIENNA
HERKU LEASING GESELLSCHAFT M.B.H. IN LIQU. (ex HERKU LEASING GESELLSCHAFT M.B.H.)	VIENNA
UNICREDIT BANK GMBH (ex UNICREDIT BANK AG)	MUNICH

Part A - Accounting policies

2. Significant assumptions and assessment in determining the consolidation scope

The Group determines the existence of control and, consequently, the consolidation scope, checking, with reference to the entities in which it holds exposures:

- the existence of power over the relevant activities;
- the exposure to the variability of returns;
- the ability to use the power exercised in order to influence the returns to which it is exposed.

The factors that have been considered for the purposes of this assessment depend on the entity's governance methods, purposes and equity structure. On this point, the Group differentiates between entities governed through voting rights, i.e. operating entities, and entities not governed through voting rights, which comprise special purpose entities (SPEs) and investment funds.

In the case of operating entities, the following factors provide evidence of control:

- more than half of the company's voting rights are held directly or indirectly through subsidiaries (also when they act as trustee companies) unless, exceptionally, it can be clearly demonstrated that this ownership does not originate control;
- half, or a lower proportion, of the votes exercisable in the shareholders' meeting are held and it is possible to govern the relevant activities unilaterally through:
  - the control of more than half of the voting rights based on an agreement with other investors;
  - the power to determine the entity's financial and operating policies based on a contract or a statutory clause;
  - the power to appoint or remove the majority of the members of the Board of Directors or the equivalent governing body, and that board or body is responsible for managing the company;
  - the power to exercise the majority of voting rights in meetings of the Board of Directors or the equivalent governing body, and that board or body is responsible for managing the company.

The existence and effect of potential voting rights, including those incorporated in options, way-out clauses, or instruments convertible into shares, are taken into consideration when assessing the existence of control, in case they are substantial.
In particular, potential voting rights are considered substantial if all the following conditions are met:

- they can be exercised either immediately or at least in good time for the company's shareholders' meeting;
- there are no legal or economic barriers to exercise them;
- exercising them is economically convenient.

As at 31 December 2023 the Group holds the majority of the voting rights in all the operating entities subject to consolidation.
It should also be noted that there are no cases in which control derives from holding potential voting rights.

Special purpose entities are considered controlled if the Group is, at one and the same time:

- exposed to a significant extent to the variability of returns, as a result of exposures in securities, of disbursing loans or of providing guarantees. In this regard it is assumed as a rebuttable presumption that the exposure to variability of returns is significant if the Group has at least 30% of the most subordinated exposure,
- able to govern the relevant activities, also in a de facto manner. Examples of the power to govern on this point are performing the role of sponsor or servicer appointed to recover underlying receivables, or managing the company's business.

In particular, consolidated special purpose entities include:

- Conduits in which the Group plays the role of sponsor and is exposed to the variability of returns, as a result of subscribing Asset Backed Commercial Paper issued by them and/or of providing guarantees in the form of letters of credit or liquidity lines;
- vehicles used to carry out securitisation transactions in which the Group is the originator as a result of subscribing the subordinated tranches;
- vehicles financed by the Group and established for the sole purpose of performing financial or operating leasing in favor of customers which are financed by the Group;
- vehicles in which, as a result of deteriorating market conditions, the Group has found itself holding the majority of the financial exposure and, at the same time, managing the underlying assets or the related collections.

It should be noted that, in the case of special purpose entities set up as part of securitisation transactions pursuant to Italian Law 130/99, the segregated assets are analysed separately with respect to the analysis of the SPE. For the latter, control is assessed on the basis of possession of the voting rights attributed to the company's shares.
Investment funds managed by Group companies are considered controlled if the Group is significantly exposed to the variability of returns and if the third-party investors have no rights to remove the management company.
In this regard it is assumed as a rebuttable presumption that the exposure to the variability of returns is significant if the Group has at least 30% as a result of subscription of the units and commissions received for the management of the fund's assets.

Part A - Accounting policies

Funds managed by Group companies that are in seed/warehousing phases are not considered controlled.
In this phase, in fact, the aim of the fund is to invest, in accordance with fund's regulation, in financial and non financial assets with the aim of allotting the quotas to third party investors. Consequently it has been evaluated that the management company is not able to exercise power due to its limited decision power.

Investment funds managed by third-party companies are considered controlled if the Group is significantly exposed to the variability of returns and at the same time, has the unilateral right to remove the management company.
In this regard it is assumed as a rebuttable presumption that the exposure to the variability of returns is significant if the Group has subscribed at least 30% of the fund's units.

With reference to 31 December 2023, it should be noted that 167 controlled entities (of which 23 belonging to the Banking Group) were not consolidated pursuant to IFRS10, of which 165 for materiality threshold and/or liquidation procedures, while the remaining 2 companies relate to one restructuring procedure whose risks are measured coherently as part of the credit exposures. Based on available information, it is believed that their consolidation would not have impacted significantly the Group net equity.

3. Equity investments in wholly-owned subsidiaries with significant non-controlling interests

3.1 Non-controlling interests, availability of votes of NCIs and dividends distributed to NCIs

COMPANY NAME	MINORITIES EQUITY RATIOS (%)	MINORITIES VOTING RIGHTS (%)	DIVIDENDS TO MINORITIES (€ million)
ZAGREBACKA BANKA D.D.	3.81	3.81	21

3.2 Equity investments with significant non-controlling interests: accounting information

(€ million)

COMPANY NAME	TOTAL ASSETS	CASH AND CASH EQUIVALENTS	FINANCIAL ASSETS	TANGIBLE AND INTANGIBLE ASSETS	FINANCIAL LIABILITIES	NET EQUITY	NET INTEREST MARGIN
ZAGREBACKA BANKA D.D.	20,336	5,318	14,719	186	17,651	2,291	577

continued: 3.2 Equity investments with significant non-controlling interests: accounting information

COMPANY NAME	OPERATING INCOME	OPERATING COSTS	PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	PROFIT (LOSS) AFTER TAX FROM DISCONTINUED OPERATIONS	PROFIT (LOSS) (1)	OTHER COMPREHENSIVE INCOME AFTER TAX (2)	OTHER COMPREHENSIVE INCOME (3) = (1) + (2)
ZAGREBACKA BANKA D.D.	786	(256)	544	451	-	451	33	484

The exposures above refer to the amounts of individual accounts of the subsidiary as at 31 December 2023.

Part A - Accounting policies

4. Significant restrictions

Shareholder agreements, regulatory requirements and contractual agreements can limit the ability of the Group to access the assets or settle the liabilities of its subsidiaries or restrict the latter from distribution of capital or dividends.

With reference to shareholder agreements, it should be noted that to the consolidated entities UniCredit BPC Mortgages S.r.l. and UniCredit OBG S.r.l. companies established according to Law 130/99 for the execution of securitisation transactions or the issuance of covered bonds, shareholders' agreements allow the distribution of dividends only when the credit claims of guaranteed lenders and bearer of covered bonds are satisfied.

In the course of the demerger of the CEE Banking Business from UniCredit Bank Austria AG (UCBA) to UniCredit S.p.A. effected in 2016, UniCredit S.p.A. undertook an agreement with UniCredit Bank Austria AG and its minority shareholders that until 30 June 2024, envisaging: (i) the restriction, as shareholder of UniCredit Bank Austria AG, from resolving on any dividend distributions of the latter in case UniCredit Bank Austria AG's consolidated and solo CET1 ratios, as a consequence thereof, fall below (a) 14% or (b) the higher minimum CET1 ratio required at the time by the applicable regulatory framework, plus any required buffers, and (ii) the support to any management decision and board resolution of UCBA aimed at safeguarding such CET1 ratios.

UniCredit group is a banking group subject to the rules provided by: (i) Directive (EU) 2019/878 of the European Parliament and of the Council (so-called CRD V), amending Directive (EU) 2013/36 on "access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms"; (ii) Regulation (EU) 2019/876 of the European Parliament and of the Council (so-called CRR2), amending Regulation (EU) 575/2013 on "prudential requirements for credit institutions and investment firms" and that controls financial institutions subject to the same regulation; (iii) Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) 806/2014 as regards the loss-absorbing and recapitalization capacity of credit institutions and investment firms; and (iv) Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending Directive (EU) 2014/59 as regards the loss-absorbing and recapitalization capacity of credit institutions and investment firms and Directive 98/26/EC.
The ability to distribute capital or dividends of the banks and of the other regulated entities controlled may be restricted to the fulfilment of these requirements in terms of capital, leverage and MREL ratios and, in case the requirements are not met, to the "Maximum Distributable Amount", as well as to the fulfillment of further eventual regulation applicable at national level and of recommendations issued, time by time, by competent authorities.

With reference to the current geopolitical tensions, UniCredit group operates in Russia through its subsidiary AO UniCredit Bank and its controlled companies. In this regard it is worth to note that (i) in March 2022 the President of Russian Federation issued a Decree subordinating the sale of shares to the permission of the Government Commission for the Control of Foreign Investments in Russia and (ii) in August 2022 an additional Decree was issued which banned the sale of shares of Russian credit institutions identified by a specific list to be approved by the President of the Russian Federation on the proposal of the Government of the Russian Federation, agreed with the Central Bank of Russia.
Moreover, in March 2022 the President of Russian Federation issued a Decree establishing that payments of dividends for an amount exceeding 10 million rubles should be made to a special account whose utilization requires special permission from the Governmental commission for the Control of Foreign Investments in Russia.

The capital ratios requested for 2024 to UniCredit group by European Central Bank (ECB), also because of the Supervisory Review and Evaluation Process (SREP) performed in 2023, are higher than the minimum requirements set by the mentioned regulations. For the disclosure on UniCredit group Capital Requirements, refer to the paragraph "Capital ratios" of the chapter "Capital and value management" in the Consolidated report on operations.
With reference to subsidiaries, we note that in some jurisdictions and for some foreign entities of the Group, commitments to maintain local supervisory capital higher than regulatory thresholds may exist also because of SREP performed at local level.

With reference to free flow among entities based in different countries, available liquidity at Group level bears some restrictions related to the Large Exposure prudential limits, according to both CRR definition and decisions adopted by Member States (with reference to cross border intragroup exposures) some of them recently implemented: consequently, a portion of available liquidity may suffer impediments that hinder its transfer among group entities. Further details are reported in paragraph "2.4 Liquidity risk" of the Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risk of the prudential consolidated perimeter.

With reference to contractual agreements, UniCredit group has issued financial liabilities whose callability, redemption, repurchase or repayment before their contractual maturity date, is subject to the prior permission of the competent authority. The carrying value of these instruments as at 31 December 2023 is equal to €37,507 million and includes capital instruments and TLAC eligible instruments.

Part A - Accounting policies

5. Other information

For information on jointly-controlled companies and companies subject to significant influence that have not been consolidated in accordance with IFRS10 as at 31 December 2023, in addition to the controlled ones disclosed in previous paragraph 2. Significant assumptions and assessment in determining the consolidation scope, reference is made to the paragraph "7.6 Valuation and significant assumptions to establish the existence of joint control or significant influence" of the Notes to the consolidated accounts, Part B - Consolidated balance sheet - Assets, Section 7 - Equity investments - Item 70.

Section 4 - Subsequent events

No material events[23] have occurred after the Balance sheet date that would make it necessary to change any of the information given in the Consolidated financial statements as at 31 December 2023.

For a description of the significant events[24] after year-end, refer to both the information evidenced in the paragraph "Subsequent events" of the Consolidated report on operations, Subsequent events and outlook, and to the information below.

On 2 January 2024, UniCredit S.p.A. perfected the purchase of the 100% of the quota of Fondo Aurora, a real estate fund, from Fondo Pensione UniCredit.

The transaction that will require the full consolidation of the fund's assets and liabilities as a result of the existence of control in compliance with IFRS10, is accounted for as assets acquisition as the fund is not a business under IFRS3. As a result, the transaction will determine in consolidated financial statements the recognition of the fund's assets, mainly real estate, at their acquisition cost; therefore, no goodwill will be recognised. UniCredit S.p.A. separate financial statements will recognise the quotas of the fund that will be measured at fair value with recognition of the difference in profit or loss.

23 Events happened subsequently to Financial Statements' reporting date that are adjusting events in accordance with IAS10.
24 Events happened subsequently to Financial Statements' reporting date that are non adjusting events in accordance with IAS10.

Part A - Accounting policies

Section 5 - Other matters

In 2023 the following standards, amendments or interpretations of the existing accounting standards came into force:
- amendments to IAS1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (EU Regulation 2022/357);
- amendments to IAS8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (EU Regulation 2022/357);
- amendments to IAS12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (EU Regulation 2022/1392);
- amendments to IFRS17 Insurance contracts: Initial Application of IFRS17 and IFRS9 - Comparative Information (EU Regulation 2022/1491);
- IFRS17 Insurance Contracts; including Amendments to IFRS17 (EU Regulation 2021/2036);
- amendments to IAS12 Income taxes: International Tax Reform - Pillar Two Model Rules (EU Regulation 2023/2468).

Except for IFRS17, whose effects are disclosed in a specific paragraph, the entry into force of these new standards, amendments or interpretations did not determine substantial effects on the amounts recognised in Balance sheet and Income statement. Nevertheless, it is worth to note that with reference to the amendments to the IAS12 (EU Regulation 2022/1392), which introduced an additional requirement to apply the initial recognition exemption of deferred taxation related to assets and liabilities arising from a single transaction, the restatement of comparative period was needed for specific tables of the Notes to consolidated accounts (refer to "Part B - Consolidated balance sheet - Assets, Section 11 - Tax assets and tax liabilities - Item 110 (Assets) and Item 60 (Liabilities)".

As at 31 December 2023, the following documents, applicable to reporting starting from 1 January 2024, have been endorsed by the European Commission:
- amendments to IFRS16 Leases: Lease Liability in a Sale and Leaseback (EU Regulation 2023/2579);
- amendments to IAS1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current; Classification of Liabilities as Current or Non-current - Deferral of Effective Date and Non-current Liabilities with Covenants (EU Regulation 2023/2822).

The Group does not expect significant impacts arising from the entry into force of such amendments.

As at 31 December 2023 the IASB issued the following accounting standards, amendments or interpretations of the existing accounting standards, whose application is subject to completion of the endorsement process by the competent bodies of the European Union:
- amendments to IAS7 Statement of Cash Flows and IFRS7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on 25 May 2023);
- amendments to IAS21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023).

Adoption of IFRS17 by Bancassurance associates

Starting from 1 January 2023, the accounting standard IFRS17 "Insurance contracts" entered into force by superseding the IFRS4[25], aiming to provide guidance on the accounting of insurance contracts.

The core principle of the new standard is that insurance contracts shall be measured as sum of:
- fulfilment cash flows, composed by: (i) the present value of future cash flows (which includes all cash flows related to contract fulfilment); and (ii) the risk adjustment, which is the adjustment that company requires to bear non-financial risks;
- Contract Service Margin, which represents unearned profit related to the future service to be provided; profits are recognised in the Income statement as long as services are provided, while losses are immediately recognised.

The measurement of insurance contracts - in accordance with the guidance summarised above - shall occur at inception and at each reporting period, to grant consistency with current market conditions.
In addition, the new standard envisages the identification of portfolio of insurance contracts (i.e., cluster of insurance contracts having similar risk and managed together); such portfolios are then broken down into groups considering differences in the expected profitability of the contracts. This differentiation leads to recognise: (i) profitable contracts, whose profitability is recognised over the life of the contracts, (ii) onerous contracts for which the loss is immediately recognised.
Furthermore, in conjunction with the first-time adoption of IFRS17, insurance companies have mandatorily adopted IFRS9 for the accounting of financial instruments[26].
UniCredit group is indirectly affected by the introduction of IFRS17, since the Group holds significant influence over four bancassurance companies (Incontra Assicurazioni S.p.A., UniCredit Allianz Vita S.p.A., CNP UniCredit Vita S.p.A. and UniCredit Allianz Assicurazioni S.p.A.), which applied the new standard. Indeed, these companies are consolidated through the "equity-method"; therefore, their carrying amount (i.e., net equity) was affected by the adoption of the new standards.
In particular, the first-time adoption of both IFRS17 and IFRS9 by the bancassurance associates determined a negative change in their carrying value recognised in Group's equity for an amount of -€55 million gross of taxes[27].

25 The previous accounting standard related to the insurance contracts was the IFRS4; it was considered an interim standard as it did not prescribe the measurement of insurance contracts. Instead, the IFRS4 allowed companies to continue to use different practices, based on local accounting requirements for the measurement of their insurance contracts.
26 Insurance companies were previously allowed to continue adopting IAS39 until IFRS17 entered into force.
27 -€18 million net of taxes.

Part A - Accounting policies

Tax credits connected with the "Cura Italia" and "Rilancio" Law Decrees purchased following the sale without recourse by the direct beneficiaries or previous buyers

The Law Decrees 18/2020 (so-called "Cura Italia") and 34/2020 (so-called "Rilancio"), converted into law No.27 and No.77 of 2020, introduced into the Italian legal system some tax incentive measures related to both investment expenses (e.g., Eco and Sismabonus) and current expenses (e.g., rents for non-residential premises).

These incentives that apply to households or businesses, are commensurate with a percentage of the expenditure incurred (which in some cases even reaches 110%), and they are disbursed in the form of tax credits or tax deductions (convertible, on option, into tax credits).

The holders of credits, not refundable by the government, can use them to offset tax liabilities, or can further transfer them (in whole or in part) to third parties.

Since the third quarter of 2020, UniCredit S.p.A. launched commercial initiatives aimed at:

- providing "bridge" credit facilities subject to the presentation of appropriate documentation proving the intervention and the future generation of tax credit, to support the financial needs related to the cost of the interventions;
- simultaneously underwriting commitments related to the purchase of the future tax credit with the associated obligation of the assigning customer to use the amount collected from the transfer of the tax credit to reimburse the granted "bridge" loan;
- directly purchasing tax credits from assignors who do not require any "bridge" loan.

Starting from the second quarter of 2021, indirect purchases of tax credits have been executed also through a fully consolidated Italian SPV incorporated under Law 130/99. Such purchased tax credits are then transferred and used to offset UniCredit S.p.A. tax liabilities.

In addition to the above, starting from 2023, the Group developed a new business model which envisages the sale of tax credits to third parties (so called “fourth buyers”); in more details, this activity is based on: (i) the purchase by UniCredit group, through the consolidated Italian vehicle, of tax credits from third parties; (ii) the simultaneous signing of options to sell such tax credits to “fourth buyers” at a pre-defined price.

The specific features of these tax credits are such that these assets are not in the scope of international accounting standards IAS/IFRS; therefore, the paragraph of IAS8[28] is applied, requiring the management to define an accounting policy suitable for providing relevant and reliable information. In accordance with the paper published by the Organismo Italiano di Contabilità on 17 May 2020[29] and the Document No.9 jointly published by Banca d’Italia, CONSOB, IVASS on 5 January 2021[30], an accounting model based on IFRS9 is deemed more suitable for providing relevant and reliable information.

As a result of the above, on initial recognition tax credits used to offset UniCredit S.p.A. tax liabilities are booked among assets in item “130. Other assets", for a value equivalent to the purchase price, assumed equal to a Level 3 fair value of the fair value hierarchy according to IFRS13.

For subsequent measurements, the provisions of IFRS9 relating to the “Held to collect portfolio” are applied to tax credits, either purchased directly or indirectly through the Italian securitisation SPV, used to offset UniCredit S.p.A. tax liabilities. As a result, these tax credits are measured at amortised cost[31], by recognising in the Income statement (item “10. Interest income and similar revenues") the portion - accrued in the period - related to the difference between the value at initial recognition and the value that is expected to be utilised through the offsetting with tax liabilities. The latter is subject to periodical re-assessment, with recognition in the Income statement (item “10. Interest income and similar revenues") of any write-down.

On the other hand, regarding the tax credits bought for the subsequent disposal to the “fourth buyers”, it was deemed appropriate - following the clarification note issued by Bank of Italy on 24 July 2023 - the application of the business model "Other". Thus, tax credits are measured at Fair Value through Profit and Loss and recognised in the Balance sheet under item “130. Other Assets”[32].

For subsequent measurements, the following accounting treatment is envisaged: (i) the difference between purchase price and the selling price is recognised in the Income statement, under the item “10. Interest income and similar revenues”, and amortised time by time; (ii) the changes in fair value of tax credits are recognised in the Income statement, under the item “230. Other operating income/expenses”.

As at 31 December 2023, the tax credit presented in “Other assets” amounts to €5,694 million.

28 IAS8 paragraph 10.
29 “Cessione del credito d’imposta” - Law 17 July 2020 No.77.
30 Accounting treatment of tax credits associated with the "Cura Italia" and "Rilancio" Law Decrees purchased following the sale by direct beneficiaries or previous buyers.
31 For the sake of completeness it should be noted that as result of hedging relationships in place the tax credit is revalued for the change in fair value attributed to the hedged interest rate risk. Such change is recognised in Income statement where the change in FV of the hedging derivatives is also recognised.
32 The initial carrying amount of tax credits does not include transaction costs which are recognised through P&L, generally one-off, in item “Other Administrative Expenses. Furthermore, tax credits are covered from interest rate risk through an economic hedging relationship which envisages the recognition of a trading IRS derivative.

Part A - Accounting policies

Regarding the commitments, the recognition and the measurement as at 31 December 2023 are the following:
- the commitments linked with the purchase of future tax credits are recognised among the "Other commitments" (for a value equal to the price that will be paid when the commitment is used by customers), for an amount equal to €2,567 million;
- the commitments related to the sale to fourth buyers are recognised at Fair value through profit or loss in item 130. Other assets having an immaterial Fair value as at 31 December 2023[33].

Power Purchase Agreement (PPA)

Within its ESG strategy, UniCredit group signed a partnership for 5 years with CVA, a green power company based in the Aosta Valley, for the supply of electricity produced from renewable sources. The collaboration with CVA resulted in the construction of three new solar plants in Piedmont, Lombardy and Sicily.

The new solar plants having a total capacity of 25MW are active since 2023, generating 35GWh per year to supply the energy demand of UniCredit data centres in Verona, and covering around 20% of the bank's total electricity consumption in Italy.
CVA sells green energy to UniCredit at a set price.

The partnership with CVA will strengthen UniCredit's Group-wide Green Energy Procurement strategy and support the de-carbonisation of Italy's energy system by increasing the country's renewable energy capacity and self-sufficiency, while decreasing dependence on imported energy. In addition, UniCredit's choice to enter a dedicated green PPA is fully in line with Italian and European legislation (Clean Energy Package), which sees PPA as a fundamental way to develop new renewable energy installations and achieve the objectives of the European Green Deal.

From an accounting point of view, since the renewable energy purchased under the PPA is used for its own business activity (and not sold to third parties), the own use exemption envisaged by IFRS9[34] was applied. As a result, the Group did not recognise any derivative in its financial statements; indeed, only the costs of the energy provided by CVA are recognised on an accrual basis in the Income statement, under the items "190b) Other administrative expenses".

Windfall tax Italy

The article 26 of the Law Decree 10 August 2023, No.104, converted, with amendments, into the Law 9 October 2023, No.136, containing «Urgent provisions to protect users, regarding economic and financial activities and strategic investments», introduced an extraordinary tax calculated on the increase in the interest margin; in particular, the paragraph 1 establishes for the year 2023 an extraordinary tax for banks, as per the article 1 of the Legislative Decree of 1 September 1993, No.385 (TUB).
Pursuant to paragraph 2, such tax is determined by applying a rate equal to 40 percent on the amount of the interest margin recognised under the item 30 of the Income Statement, according to the schemes approved by the Bank of Italy, relating to the financial year prior to the one in progress as at 1 January 2024, which exceeds by at least 10 percent the same margin referring to the financial year prior to the one in progress as of 1 January 2022.
The paragraph 3 sets a cap to the amount of the extraordinary tax equal to 0.26 percent of the overall amount of risk weighted assets on individual basis, determined according to the paragraphs 3 and 4 of article 92 of the Regulation (EU) 575/2013 of the European Parliament and of the Council of 26 June 2013 (Capital Requirements Regulation, "CRR"), with reference to the closing date of the financial year preceding the one in progress as at 1 January 2023.

Regarding UniCredit S.p.A., the aggregates that contribute to determine the amount of the extraordinary tax are the following:
a) net interest margin (Income Statement - Item 30.) of UniCredit S.p.A. (on individual basis) as at 31 December 2023: €5,922,273,331;
b) net interest margin (Income Statement - Item 30.) of UniCredit S.p.A. (on individual basis) as at 31 December 2021: €3,162,503,953;
c) 40 per cent on the difference between a) and b), the latter increased by 10 per cent: €977,407,593;
d) risk weighted assets of UniCredit Spa (on individual basis) as at 31 December 2022: €173,028,975,687;
e) cap to the tax amount equal to 0.26 per cent of the amount under item d): €449,875,337;
f) tax amount equal to the lower between c) and e): €449,875,337.

Moreover, upon conversion of the decree, it was introduced the paragraph 5-bis which allows banks, instead of paying the tax, to allocate an amount not lower than two and a half times the tax to a non-distributable reserve identified for this purpose, when approving the financial statements relating to the financial year prior to the one in progress as at 1 January 2024. Hence, when approving the financial statements relating to the financial year prior to the one in progress as of 1 January 2024, the Shareholders' meeting, as an alternative to the payment of the extraordinary tax, can decide on the allocation of an amount to a non-distributable reserve of an amount equal to at least two and a half times the tax calculated pursuant to the same article 26.

33 The rights to sell to fourth buyers (that economically offset the price risk embedded in tax credits evaluation) are recognised under "Other commitment" and are subject to fair value valuation, with P&L effect under item "230. Other operating expenses/income" and Balance sheet impact under item "130. Other assets"/"80. Other liabilities", depending on sign.
34 IFRS9 par.2.4 "This Standard shall be applied to those contracts to buy or sell a non-financial item that can be settled net in cash or another financial instrument, or by exchanging financial instruments, as if the contracts were financial instruments, with the exception of contracts that were entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale or usage requirements".

Part A - Accounting policies

Regarding UniCredit S.p.A., the Board of Directors:
- in October 2023, resolved to submit to the 2024 Shareholders' meeting the request for the approval of the constitution of the mentioned non-distributable reserve, equal to two and a half times of the extraordinary tax;
- on 29 February 2024, approved the resolution for the "Allocation of the net profit of the year 2023" to be submitted to the 2024 Shareholders' meeting which, in priority over any other provision, proposes the establishment of the reserve for an amount equal to €1,124,688,342 (i.e., 2.5 times of the tax maximum amount as per the letter f) above).

The establishment of the reserve will take place in April 2024, following approval by the Shareholders' meeting, which will be held on 12 April. Therefore, subject to approval by the Shareholders' meeting, the evidence of the establishment of the reserve and, from time to time, of the related movements will be provided through the Explanatory notes, starting from the First Half Financial Report as at 30 June 2024.

Reclassification of Wealthcap group out of non-current assets held for sale

Following the approval by UniCredit Bank GmbH Management Board of the beginning of the sale process for the disposal of Wealthcap Group[35], the assets and liabilities of Wealthcap group were classified as held for sale as at 31 December 2020, given the fulfilment of IFRS5 conditions[36]. Regarding the measurement, no impairment was recognised as at the same date, since the carrying value was lower than the fair value less cost to sell, in coherence with the price contained in the offers received.

During the subsequent periods, the following events occurred:
- the transaction with one selected bidder (started during 2021 and approved by the UniCredit S.p.A. Board of Directors) was not finalised due to the geopolitical situation and the related uncertainty; however, since the negotiations continued with other bidders, and new offers were received, the classification of Wealthcap Group as held for sale was confirmed as at 31 December 2022;
- in the second half of 2023, after a negotiation period, a new bidder submitted its binding offer, which was, however, deemed to be unsatisfactory; furthermore, the possibility to reach satisfactory agreements with other counterparties was deemed unlikely. Consequently, during the fourth quarter 2023, UniCredit Bank GmbH Management Board approved the discontinuation of the sale process.

Consequently, the Wealthcap Group was reclassified out of "held for sale" as at 31 December 2023, by recognising limited financial effects due to the depreciations[37]. In compliance with the IFRS5 par. 28, the reclassification out of "held for sale" implied the restatement of 31 December 2022 Balance sheet comparative figures presented in year-end 2023 consolidated Financial statements.

Interbank Offered Rates (IBORs) transition

Following the concerns raised about the integrity and reliability of major financial market benchmarks the Financial Stability Board (FSB) started in 2013 a comprehensive reference rates reform with the end goal of a successful transition to robust benchmarks, including the transition away from LIBOR.

It is worth to mention that a *European working group on euro risk-free rates* (the Working Group) was initially established in 2018 by the ECB together with the Belgian Financial Services and Markets Authority (FSMA), the European Securities and Markets Authority (ESMA) and the European Commission to identify and recommend risk-free rates that could serve as an alternative to prevailing EUR interest rate benchmarks while other international working groups and bodies (e.g., International Swaps and Derivatives Association - ISDA; ICE Benchmark Administration - IBA; London Clearing House - LCH) issued recommendations, focused on LIBOR discontinuation for relevant financial instruments to be considered while envisaging market practice to handle transitioning.

At the same time UniCredit group launched a Group wide project to assess relevant risks and taking appropriate actions in order to manage the IBORs (Interbank Offered Rates) discontinuation with a multiyear roadmap defined based on both Group exposure and transition timeline.

The EU Benchmark Regulation was amended to allow the European Commission to provide for statutory replacement rates, while the other involved international market authorities (e.g., Financial Conduct Authority and Bank of England in the UK, New York State Department of Financial Services in the US) defined amendments to the applicable laws to support a smooth transition.
The European Commission adopted an Implementing Act of the BMR in October 2021; the Implementing Act provided legal ground for an EU Statutory Replacement Rate for legacy contracts indexed to CHF LIBOR and EONIA that had not yet been repapered or did not contain adequate fallback rates.

35 Wealthcap Group is composed by: (i) 36 controlled and consolidated line-by-line entities; (ii) 92 controlled not consolidated; (iii) 115 equity investments measured at FV through P&L.
36 According to IFRS5, non-current assets and disposal groups are classified as held for sale when (i) they are available for immediate sale in their present conditions, (ii) the appropriate level of management is committed to a plan to sell, (iii) an active program to locate a buyer and complete the plan has started, (iv) the asset (or disposal group) is actively marketed for sale at a price that is reasonable in relation to its current fair value and (v)the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification
37 In compliance with the IFRS5, Par.25, that requires to stop the depreciation process. Moreover, considering that Wealthcap net assets were not impaired since bids were higher than carrying value, no reversals of previous impairment were recognised.

Part A - Accounting policies

Such a replacement rate operating by law in Europe brought further stability in the market and reduced the conduct risk associated with the outstanding stock of assets, liabilities and derivatives transformed or transitioned or yet to be transformed or transitioned.

The end of June 2023 marked the final major milestone in the LIBOR transition, managed by *ICE Benchmarking Administration* according to the *Financial Conduct Authorities* recommendations/requisites, with the end of the remaining USD LIBOR panelist. After June 2023 only three of the US dollar LIBOR settings (1,3,6 months) and one GBP sterling LIBOR setting (3 month) continue in a synthetic form. The US dollar LIBOR settings are intended to cease at end-September 2024 while the GBP sterling LIBOR setting (will cease) at end-March 2024.

In November 2023, the *European working group on euro risk-free rates* agreed that the Group in its current form will cease as the original mandate had been successfully completed following the transition from EONIA to €STR at the end of 2021, the recommendation issued in May 2021 on EURIBOR fallbacks and the availability of a term €STR rate alongside the already existing backward-looking €STR.
In addition, reform of other interest rate benchmarks and related transition efforts have either been completed or are near their planned conclusion.

As a result, also UniCredit successfully completed the Group transition away from IBOR's to reference risk-free rates and identified appropriate alternatives for the limited number of contracts that continue to use synthetic LIBORs.

In order to address potential source of uncertainty on the effect of the IBOR reform on existing accounting hedge relationships the "Amendments to IFRS9, IAS39 and IFRS7 Interest Rate Benchmark Reform" (the Amendment) clarifies that the reform does not require to terminate such hedge relationships, whose volume for UniCredit group as at 31 December 2023 is presented below:

Hedging contracts: notional amount

(€ million)

		INDEX		
HEDGING RELATIONSHIP	**HEDGED ITEMS**	**SYNTHETIC LIBOR USD**	**SYNTHETIC LIBOR OTHER CURRENCIES**	**OTHERS**
Fair value	Assets	3,261	115	-
	Liabilities	2,585	-	-
Cash flows	Assets	15,008	-	-
	Liabilities	2,559	-	-
Total		**23,413**	**115**	**-**

Note:
For this chart it has been used the double-entry method when relevant.

IASB issued "Interest Rates benchmark Reform - Phase 2; Amendments to IFRS9, IAS39 and IFRS7" including indications to manage changes in financial instruments that are directly required by the Reform and providing for (i) exceptions to standard rules dealing with accounting for changes of the contractual cash flows of assets and liabilities and (ii) reliefs from discontinuing hedge relationships.

As long as contractual terms (i) are amended as a direct consequence of interest rate benchmark reform and (ii) the new basis (to determine the contractual cash flows) is economically equivalent to the previous basis[38], they will be treated as changes to a floating interest rate arising from movement in the market rate of interest (meaning the EIR will be updated prospectively without adjusting the carrying amount)[39].
Similarly, the Amendments require an assessment whether a modification of a financial instruments might lead to its derecognition (i.e., when the modification results in a "substantial change" in the expected cash flows) to be applied only to changes beyond those resulting from the market-wide reforms of an interest rate benchmark[40].
As a result, the changes deemed to be practical expedient to manage the transition will not be regarded as sufficiently substantial that the instrument would be derecognised and, consequently, IFRS9 classification requirements (to be run at initial recognition of a financial assets, including SPPI test) does not have to be re-assessed.

38 Including replacement of the benchmark, addition of a fixed spread to compensate for the "basis difference" among former and new benchmark duration, and changes to the reset period, reset dates or the number of days between coupon payment dates, addition of a fallback provision.
39 Ref. IFRS9.5.4.7-8.
40 Ref. IFRS9.5.4.9.

Part A - Accounting policies

The major relief Amendments introduced in respect of hedge relationships is that changes to the documentation neither result in the discontinuation of hedge accounting nor (in) the designation of a new hedge relationship as long as it only refers to:
- designating an alternative benchmark rate as the hedged risk, or
- amending the description (i) of the hedged item/portion of the cashflows or fair value being hedged, (ii) of the hedging instruments or (iii) how the entity will assess hedge effectiveness[41] as a consequence of changes to hedged and hedging instruments induced by the Reform (including the addition of a fixed spread to compensate for the basis difference).

The volume of financial instruments that have yet to evolve to an alternative risk-free rate as at the end of the reporting period are the following:

Financial instruments subject to IBOR reform: contractual/notional amount

(€ million)

	INDEX			
	SYNTHETIC LIBOR USD	SYNTHETIC LIBOR OTHER CURRENCIES	OTHERS	Total
Non-derivative financial assets	**2,837**	**4**	**-**	**2,841**
Loans&Advances	*2,837*	*4*	-	***2,841***
Securities	-	-	-	-
Non-derivative financial liabilties	**-**	**-**	**-**	**-**
Deposits	-	-	-	-
Issued securities	-	-	-	-
Derivatives	**23,413**	**115**	**-**	**23,528**

Note:
This chart refers to figures submitted to KMPs.

In order to properly manage possible discontinuation of relevant benchmarks, if any, UniCredit group is continuously monitoring the market, also attending the international & industry working groups and participating to the relevant public consultations[42], if any.

Implications of geopolitical tensions between Russia and Ukraine on Consolidated financial statements

UniCredit group holds assets and liabilities potentially exposed to the consequences of the geopolitical tensions between Russia and Ukraine, specifically: (i) the Russian Subsidiaries included in the accounting scope of consolidation; (ii) the financial assets held by UniCredit S.p.A. and its non-Russian subsidiaries towards Russian counterparties.

The following sections outline further details specifically for Russian Subsidiaries (section “Assets and liabilities of Russian subsidiaries”) and for financial assets held by UniCredit S.p.A. and its non-Russian subsidiaries toward Russian counterparties (section “Financial assets held by UniCredit S.p.A. and its non-Russian subsidiaries toward Russian counterparties”).

1. Assets and liabilities of Russian subsidiaries

The Group has invested in Russia through AO UniCredit Bank, its subsidiaries OOO UniCredit Garant, OOO UniCredit Leasing and its associate Barn BV.
The line-by-line consolidation determined the recognition of total assets for €8,668 million vis a vis €10,162 million as at 31 December 2022. The difference in total assets is attributable to (i) a further depreciation of the RUB during the period[43] and (ii) a reduction in loans to customer occurred in 2023 following resizing and de-risking activities.
As at 31 December 2023, the foreign exchange revaluation reserve arising from the conversion of their assets and liabilities in EUR is equal to -€2,787 million. The difference of the revaluation reserve compared with the amount reported as at 31 December 2022 (-€2,146 million) is mainly due the mentioned depreciation of the RUB during the period.

The following tables present the Balance sheet of such entities, together with their incidence over the corresponding consolidated (UniCredit group level) Balance sheet line item[44].

41 Ref. IFRS9.6.9.1, IAS39.102P.
42 In October 2023 European Money Market Institute (EMMI) launched a public consultation seeks respondents’ views on proposed changes to the hybrid methodology to make sure the benchmark will continue in being representative of the underlying market.
43 Indeed the Ruble exchange Euro as at 31 December 2023 was equal to 99.17 vis a vis 77.86 as at 31 December 2022.
44 The reported amounts provide the contribution of the mentioned subsidiaries to the consolidated financial statements thus net of intercompany assets and liabilities.

Part A - Accounting policies

(€ million)

ASSETS	AMOUNTS AS AT 31.12.2023	% OVER CONSOLIDATED ITEM
10. Cash and cash balances	1,937	3.2%
20. Financial assets at fair value through profit or loss:	280	0.4%
a) financial assets held for trading	280	0.5%
b) financial assets designated at fair value	-	0.0%
c) other financial assets mandatorily at fair value	-	0.0%
30. Financial assets at fair value through other comprehensive income	5	0.0%
40. Financial assets at amortised cost:	6,265	1.1%
a) loans and advances to banks	2,671	5.0%
b) loans and advances to customers	3,594	0.7%
50. Hedging derivatives	9	0.5%
60. Changes in fair value of portfolio hedged items (+/-)	(47)	1.4%
70. Equity investments	-	0.0%
80. Insurance assets	-	0.0%
a) insurance contracts issued that are assets	-	0.0%
b) reinsurance contracts held that are assets	-	0.0%
90. Property, plant and equipment	119	1.4%
100. Intangible assets	26	1.1%
of which: goodwill	-	0.0%
110. Tax assets:	41	0.3%
a) current	20	1.9%
b) deferred	21	0.2%
120. Non-current assets and disposal groups classified as held for sale	33	8.9%
130. Other assets	-	0.0%
Total assets	**8,668**	**1.1%**

(€ million)

LIABILITIES AND SHAREHOLDERS' EQUITY	AMOUNTS AS AT 31.12.2023	% OVER CONSOLIDATED ITEM
10. Financial liabilities at amortised cost:	7,468	1.1%
a) deposits from banks	246	0.3%
b) deposits from customers	7,222	1.5%
c) debt securities in issue	-	0.0%
20. Financial liabilities held for trading	38	0.1%
30. Financial liabilities designated at fair value	-	0.0%
40. Hedging derivatives	6	0.3%
50. Value adjustment of hedged financial liabilities (+/-)	(9)	0.1%
60. Tax liabilities:	5	0.3%
a) current	-	0.0%
b) deferred	5	1.7%
70. Liabilities associated with assets classified as held for sale	-	0.0%
80. Other liabilities	797	5.9%
90. Provision for employee severance pay	-	0.0%
100. Provisions for risks and charges:	152	2.0%
a) commitments and guarantees given	117	9.1%
b) post-retirement benefit obligations	23	0.7%
c) other provisions for risks and charges	12	0.4%
110. Insurance liabilities	-	0.0%
a) insurance contracts issued that are liabilities	-	0.0%
b) reinsurance contracts held that are liabilities	-	0.0%
Equity	211	
Total liabilities and shareholders' equity	**8,668**	**1.1%**

Part A - Accounting policies

1.1 IFRS9 macroeconomic scenario
After the update as at 30 June 2023, the IFRS9 macroeconomic scenarios for the Russian subsidiaries was updated as at 31 December 2023 consistently with other geographies of the Group, leading to the recognition of €26 million provisions for the full year 2023.
In line with IFRS9 standards and ESMA recommendations, the ECL is computed based on multi-scenario approach, specifically the following scenarios, coherently with the Budget/Multiyear Plan, were considered:
- Base scenario, weighted at 60%, reflecting the most likely expectations in the macroeconomic trends;
- Alternative scenario, weighted at 40%, embedding a worsened evolution of macro-economic context, with a lower probability of realization vis-à-vis the Base.

For a description of main assumptions behind baseline and alternative IFRS9 scenarios and related probability of realization, refer to Part A - Accounting policies, A.1 General, Section 2 - General preparation criteria.

1.2 Classification and re-rating of loans exposure
Starting from 31 March 2022, in line with the IFRS9[45] provisions, the AO UniCredit Bank loan exposures were entirely classified in Stage 2 as a significant increase in credit risk was triggered by macro-economic circumstances, given the geopolitical crisis and the expected decrease in Russian GDP for the period 2022-2024, observed starting from the first quarter 2022.
In addition, the internal ratings of Russian Sovereign exposures (resulting from IRB Groupwide Sovereign PD Model) were reviewed throughout 2022; and ultimately downgraded to timely embed the worsening of Russia creditworthiness, triggered by the severity of Western countries' sanctions, the Russian authorities' response (ban on transfer of FX abroad) and the economic effects of the war.
The downgrade of the Sovereign internal ratings triggered the downgrades of Groupwide Multinationals (i.e., MNC) and Banks (the bulk of downgrades), which had Russia as country of risk. These downgrades determined an increase in the Expected Credit Losses (resulting from the combination of PD, LGD and EAD parameters) and Loan Loss Provisions.

As at 31 December 2023, AO UniCredit Bank Loan exposures continue to be classified in Stage 2 and rated according to the level defined as at 31 December 2022. As at the same date the related stock of LLP amounts to -€134 million, with reference to a gross exposure of €5,592 million. It should be noted that out of this gross exposure:
- €2,672 million are toward banks with a LLP of -€1 million (in December 2022 the Gross exposure was equal to €1,143 million with a LLP of -€9 million);
- €2,919 million are toward customers with a LLP of -€133 million (in December 2022 the Gross exposure was equal to €5,659 million with a LLP of -€225 million).

1.3 Classification and re-rating of Russian government bonds
During the 2022, the Russian debt securities belonging to the Amortized cost and FVtOCI portfolios were classified in Stage 2 and downgraded, given the increase in credit risk according to the internal models, in coherence with the loan exposures[46].
As for Loan exposures, as at 31 December 2023, AO UniCredit Bank Debt securities continue to be classified in Stage 2 and rated according to the level defined as at 31 December 2022. As at the same date the related stock of LLP amounts to -€132 million with reference to a gross exposure of €766 million (in December 2022 the LLP was equal to -€195 million with reference to a gross exposure of €1,024 million).

With reference to the fair value calculation, starting from 28 February 2022, the Moscow Stock Exchange (MOEX) closed, and RUB bonds quotes became rare, disperse and actually not executable. Despite the MOEX progressively resumed trading starting from 21 March 2022, the bonds quotes were deemed to be not suitable for valuation purposes at consolidated level: as a matter of fact, from the perspective of UniCredit group (i.e., a western based financial institution), the Russian market is not accessible and it cannot be representative of the fair value for consolidated purposes' evaluation; as a consequence, the fair value of the Russian Government debt securities was determined by applying a mark-to-model approach, instead of a mark-to-market approach.
In more detail, the implied spreads related to the Russian Federation debt in USD were used by the UniCredit group to evaluate Russian Federation RUB bonds, adjusted according to the effective trades' prices observable on the offshore Market within 90 days' time-horizon rolling, leading to an extra spread, added flat on L1 curve used to compute the Mark-to-Model prices.
As at 31 December 2023, the Russian government bonds continue to be valued according to the methodology summarized above, with the introduction of an additional adjustment to reflect the increased lack of liquidity observed in 2023 and applied since end of June 2023.
With specific reference to the Russian Debt securities belonging to the FVtOCI portfolios, the carrying value as at December 2023 lowered vs June 2023 because of sales and redemptions. The overall valuation of the Russian government bonds (considering the same perimeter) in second half 2023 did not lead to significant OCI effects.

45 IFRS9 par. B5.5.17.
46 For the sake of completeness, it should be noted that further Russian Government bonds are held by other Group legal entities in the held for trading portfolio for a not material carrying value.

Part A - Accounting policies

1.4 Overlays

During the 2022, given the uncertainties over the evolution of the crisis and the related effects on AO UniCredit Bank loan portfolio, some actions were taken to cope with potential future default migrations.

Specifically, an overlay was applied on the loan portfolio at amortized cost, since the second quarter of 2022 which led to recognize, for the full year 2022, total LLPs for approx. -€48 million; such overlays aimed to: (i) fix the LLPs to the level of 31 March 2022 (i.e., after application of LLPs aimed at covering Russia direct risk); (ii) re-scale the LLPs with respect to the Loan-to-Customer portfolio evolution factoring-in repayment and exposure reduction if any, in order to ensure a minimum coverage representative of the situation after Russian-Ukraine crisis.

As at 31 December 2023, given the mentioned macroeconomic data and the persistent uncertainty affecting the Loan-to-Customer portfolio, the overlay continued to be applied, being assessed suitable to maintain a minimum coverage consistent with year-end 2022. Coherently with the resizing and de-risking activities which led to reduce the exposures toward customers, the amount of overlay as at 31 December 2023 is not material[47].

1.5 Asset quality

The following table provides the breakdown of financial assets held by Russian subsidiaries broken down by accounting portfolio and Credit quality. As mentioned above, the Performing assets were entirely classified in Stage 2.

(€ million)

	NON-PERFORMING ASSETS				PERFORMING ASSETS			
PORTFOLIOS/QUALITY	GROSS EXPOSURE	OVERALL WRITEDOWNS	NET EXPOSURE	OVERALL PARTIAL WRITE-OFFS	GROSS EXPOSURE	OVERALL WRITEDOWNS	NET EXPOSURE	TOTAL (NET EXPOSURE)
1. Financial assets at amortised cost	427	250	177	-	6,352	264	6,088	6,265
2. Financial assets at fair value through other comprehensive income	-	-	-	-	5	2	3	3
3. Financial assets designated at fair value	-	-	-	-	X	X	-	-
4. Other financial assets mandatorily at fair value	-	-	-	-	X	X	-	-
5. Financial instruments classified as held for sale	-	-	-	-	-	-	-	-
Total 31/12/2023	**427**	**250**	**177**	**-**	**6,357**	**266**	**6,091**	**6,268**

1.6 Derivative exposures

In 2022, the sanctions and restrictions led the derivatives' counterparties to interrupt servicing (stopping settlement and disregarding margin call), thus resulting in the activation of close-out process according to ISDA Master Derivatives Agreements/Credit Support Annex. Such circumstance determined the recognition in 2022 of Trading Profit/Losses for -€94 million and LLPs for -€21 million (the latter refer to the write-downs recognised in "excess" of collaterals posted by counterparties and measured in Group Balance sheet at amortized cost); additional -€24 million of LLPs has been recognised in 2023, following coverage increase due to persisting sanctions' framework that plummets the chances of market operations reprise for a remaining net claim of €14 million.

With reference to the Fair value calculation, an update of XVA methodologies, in particular regarding calibration of risk inputs, was introduced since 31 March 2022, to reflect offshore risk (i.e., Russian risk assessment outside Russia). Indeed, till February 2022, the CVA risk mapping assimilated the country risk "Russia" to the average risks of Eastern Europe counterparties; then, since March 2022, a new CVA risk mapping was introduced to assess Russian counterparty credit risk, by referencing the Russian Sovereign Credit Default Swap (CDS), separated from the Eastern Europe counterparties in light of the changed geopolitical framework. The overall impact stemming from XVA in 2023 was equal to -€19 million.

1.7 Real estate portfolio

The real estate portfolio of Russian subsidiaries (mainly composed by owned instrumental assets located in Moscow and Saint Petersburg Commercial Business District) was subject to external independent appraisals right before 31 December 2023; the evaluation, aimed to update the fair value of the assets, led to recognise not-material effects.

47 The Coverage ratio as at 31 December 2023 is equal to 4.5% compared with 4% as at 31 December 2022.

Part A - Accounting policies

2. Financial assets held by UniCredit S.p.A. and its non-Russian subsidiaries toward Russian counterparties
The present section provides information about the credit exposures subject to Russian risk held by UniCredit S.p.A. and its non-Russian subsidiaries (i.e., such exposures include neither the positions held by the Russian Legal Entities belonging to UniCredit group, nor Letters of Credit).

The overall Gross Book Value for €0.7 billion is composed as follows:
- €0.3 billion attributable to the credit exposures of the Russia operating segment, having the following features:
  - on-balance exposures for an amount lower than €0.3 billion, and off-balance exposures lower than €0.01 billion as well;
  - overall coverage for approx. 42%;
- €0.4 billion basically related to the exposures held by the Group Entities not belonging to the Russian Operating Segment, having the following features:
  - on-balance exposures for approx. €0.2 billion (benefitting from ECA guaranteed for €0.2 billion), and off-balance for approx. €0.2 billion as well;
  - the related coverage substantially reflects the presence of ECA guarantees for most of the exposures.

The reduction for -€1.7 billion compared to year-end 2022 (gross exposure for €2.4 billion and overall write down for -€0.6 billion) is mainly attributable to sales, redemptions, switch to non-performing and expiry of Off-Balance exposures occurred in the period.

	PERFORMING ASSETS		
	GROSS EXPOSURE	OVERALL WRITEDOWNS	NET EXPOSURES
Deposits	-	-	-
Financial assets held for trading	-	-	-
Financial assets at FV through OCI	-	-	-
Financial assets at amortized cost	535	116	419
Total on balance exposures	**535**	**116**	**419**
Off Balance	169	23	146
Total 31.12.2023	**704**	**139**	**565**
Total 31.12.2022	2,418	559	1,859

Note:
Non-performing assets report a gross exposure (GBV) of €255 million and overall writedowns (LLP) of -€58 million (o/w Non-ECA amounting to €83 million in terms of GBV and -€57 million in terms of LLP).

2.1 Classification and re-rating of loans toward Russian counterparties held by UniCredit S.p.A. and its non-Russian subsidiaries
During 2022, the assessment reported in the previous paragraph (i.e., reclassification into Stage 2 and rating downgrade) was also applied to exposures held by UniCredit S.p.A. and its non-Russian subsidiaries toward Russian counterparties.
Furthermore, an analysis was performed on the amount of LLPs to grant that they would be able to reflect in the measurement the differentiation in asset valuation between onshore and offshore investors, where the latter are penalized in their ability to recover the claims against investments in Russia. Indeed, in the perspective of an offshore investor exposed towards obligors with direct risk on Russia, such exposures are expected to suffer from higher risk of missed fulfilment of credit obligation, as a consequence of sanctioning limitations and potential accelerated de-leveraging actions.

Such analysis is still valid as at 31 December 2023; indeed, the persisting sanctions against Russia indicates that the mentioned differentiation in asset valuation observed in 2022 continues to exist.

The additional LLPs were quantified by assuming a coverage ratio comparable with the proactive classification of these exposures as unlikely to pay. As at 31 December 2023 the stock of overall writedowns is equal to -€139 million. The strong reduction in the impact compared to December 2022 (-€559 million) is due to the reduction of the portfolio following derisking activities also involving disposals.

Part A - Accounting policies

2.2 Geopolitical overlay resulting from Russia-Ukraine crisis
For further information on geopolitical overlay refer to the paragraph "2.3.1 Staging Allocation and Expected Credit Losses Calculation",Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Qualitative information, 2. Credit risk management policies, 2.3 Measurement methods for expected losses.

3. FX rate used as at 31 December for the conversion of exposures denominated in Rubles
As a result of the geopolitical tension, the ECB suspended the EUR/RUB listing since 2 March 2022 (last fixing on 1 March 2022), while Central Bank of Russia (CBR) continued to provide a fixing versus other currencies. Despite such suspension, the availability of RUB FX rate is needed for preparing the Consolidated financial statements for the conversion into EUR of:
- RUB denominated exposures held by UniCredit S.p.A. and subsidiaries having a presentation currency different from RUB;
- Russian subsidiaries' net assets (and related FX reserve) in the consolidated financial results of UniCredit group.

In light of the IAS21 requirements (which establish that when several exchange rates are available, the rate used is the one at which the future cash flows represented by the transaction could have been settled if those cash flows had occurred at the measurement date), the Group decided to adopt the RUB quotes listed by the Electronic Broking Service (EBS) in substitution of the lacking EUR/RUB quote. The choice of the provider was executed following qualitative and quantitative assessment, which reported the following outcome: (i) the RUB quotes published by the platform are representative of effective transactions between participants to the market; (ii) the FX quotes are liquid; (iii) the EBS RUB quotes resulted from actual transactions by non-Russian based operators, thus granting that such quote effectively represents a market participant assessment of the value of the RUB and therefore of the economic conditions of Russia[48]. In more detail, the mentioned EBS rate was used both for converting RUB denominated exposures held by entities having EUR as presentation currency, as well as for consolidating the net assets of AO UniCredit Bank (Russia) and determining the related FX reserve.

In addition to the above, it is worth reminding those exposures held by Russian subsidiaries and denominated into currencies different from RUB shall be first converted into RUB for the purpose of consolidated financial statements preparation. In this regard, while the adoption of EBS RUB quote would be appropriate, the conversion into RUB of exposures denominated in foreign currencies held by Russian Subsidiaries was executed considering the rate provided by CBR considering that difference between CBR and EBS quotes was not significant.

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The Company financial statements of UniCredit S.p.A. and the Consolidated financial statements of UniCredit group as at 31 December 2023 are audited by KPMG S.p.A. pursuant to Legislative Decree No.39 of 27 January 2010 and to the resolution passed by the Shareholder's Meeting on 9 April 2020.

UniCredit group prepared and published within the time limits set by law and in manner required by Consob, the Consolidated first half financial Report as at 30 June 2023, subject to limited scope audit, as well as the Consolidated interim reports as at 31 March and 30 September 2023, both as press releases.

The Company financial statements of UniCredit S.p.A. and the Consolidated financial statements of UniCredit group as at 31 December 2023 have been approved by the Board of Directors' meeting of 29 February 2024, which authorised its disclosure to the public also pursuant to IAS10.

Directive 2004/109/EC (the "Transparency Directive") and Delegated Regulation (EU) 2019/815 introduced the obligation for issuers of securities listed on regulated markets of the European Union to draw up the annual financial report in the language XHTML, based on the European Single Electronic Format (ESEF), approved by ESMA. For the year 2023 the consolidated financial statements have been "marked" with the ESEF taxonomy, using an integrated computer language (iXBRL).

The whole document is filed in the competent offices and entities as required by law.

48 Such conclusions are also corroborated by the meeting held by ECB - Foreign Exchange Contact Group during May 2022 in which EBS representative reported that EBS EUR/RUB Market continue to function, and that liquidity in the Russian ruble is below pre-invasion levels, with activity concentrated mostly among larger banks in offshore markets.

Part A - Accounting policies

A.2 - Main items of the accounts

It should be noted that the descriptions of the main items of the accounts reported below are also valid for the Company financial statements of UniCredit S.p.A., unless differently stated.

1 - Financial assets at fair value through profit or loss

a) Financial assets held for trading

A financial asset is classified as held for trading if it is:
- acquired or incurred principally for the purpose of selling or repurchasing it in the short term;
- part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
- a derivative contract not designated under hedge accounting, including derivatives with positive fair value embedded in financial liabilities other than those valued at fair value with recognition of income effects through profit or loss.

Like other financial instruments, on initial recognition, at settlement date, a held-for-trading financial asset is measured at its fair value, usually equal to the amount paid, excluding transaction costs and income, which are recognised in profit and loss even when directly attributable to the financial assets. Held for Trading derivatives are recognised at trade date.
After initial recognition these financial assets are measured at their fair value through profit or loss.

A gain or loss arising from sale or redemption or a change in the fair value of a held for trading financial asset is recognised in Income statement in item “80. Net gains (losses) on trading”, including gains or losses related to derivative contracts that are linked to assets and/or liabilities designated at fair value and other financial assets mandatorily at fair value. If the fair value of a financial instrument falls below zero, which may happen with derivative contracts, it is recognised in item “20. Financial liabilities held for trading”.

A derivative is a financial instrument or other contract that has all three of the following characteristics:
- its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable (usually called the “underlying”) provided that in case of non-financial variable, this is not specific of one of the parties to the contract;
- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors;
- it is settled at a future date.

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract, with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

An embedded derivative is separated from financial liabilities other than those measured at fair value through profit or loss and from non-financial instruments, and is recognised as a derivative, if:
- the economic characteristics and risks of the embedded derivative are not closely relating to those of the host contract;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and;
- the hybrid (combined) instrument is not measured entirely at fair value through profit or loss.

When an embedded derivative is separated, the host contract is accounted for according to its accounting classification.

b) Financial assets designated at fair value through profit or loss

A non-derivative financial asset can be designated at fair value if the abovementioned designation avoids accounting mismatches that arise from measuring assets and associated liabilities according to different measurement criteria.

These assets are accounted for alike “Financial assets held for trading” however gains and losses, whether realised or unrealised, are recognised in item “110. Net gains (losses) on other financial assets/liabilities at fair value through profit or loss: a) financial assets/liabilities designated at fair value”; such item also includes changes in fair value on “financial liabilities designated at fair value” linked to own credit risk, if such a designation creates or increases an accounting mismatch in Income statement according to IFRS9.

Part A - Accounting policies

c) Other financial assets mandatorily at fair value

A financial asset is classified as financial asset mandatorily at fair value if it does not meet the conditions, in terms of business model or cash flow characteristics, for being measured at amortised cost or at fair value through other comprehensive income.

Specifically, the following assets have been classified in this portfolio:

- debt instruments, securities and loans for which the business model is neither held to collect nor held to collect and sell but which are not part of the Trading book;
- debt instruments, securities and loans with cash flows that are not solely payment of principal and interest;
- units in investment funds;
- equity instruments not held for trading for which the Group does not apply the option granted by the standard of valuing these instruments at fair value through other comprehensive income.

These assets are accounted for alike “Financial assets held for trading”, however gains and losses, whether realised or unrealised, are recognised in item “110. Net gains (losses) on other financial assets/liabilities at fair value through profit or loss: b) Other financial assets mandatorily at fair value”.

2 - Financial assets at fair value through other comprehensive income

A financial asset is classified at fair value through other comprehensive income if:

- its business model is held to collect and sell;
- its cash flows are solely the payment of principal and interest.

This category also includes equity instruments not held for trading for which the Group applies the option granted by the standard of valuing the instruments at fair value through other comprehensive income.
On initial recognition, at settlement date, a financial asset is measured at fair value, which is usually equal to the consideration paid, plus transaction costs and revenues directly attributable to the instrument.

After initial recognition, the interests accrued on interest-bearing instruments are recorded in the Income statement according to the amortised cost criterion in item “10. Interest income and similar revenues” if positive, or in item “20. Interest expenses and similar charges” if negative.
The gains and losses arising from changes in fair value are recognised in the Statement of other comprehensive income and reported under item “120. Valuation reserves” in shareholders' equity (item “110. Valuation reserves” in the Company financial statements).
These instruments are tested for impairment as illustrated in the specific section 16 - Other Information - Impairment.
Impairment losses are recorded in the Income statement in item “130. Net losses/recoveries on credit impairment relating to: b) financial assets at fair value through other comprehensive income” with contra-entry in the statement of other comprehensive income and also reported under item “120. Valuation reserves” in shareholders' equity (item “110. Valuation reserves” in the Company financial statements).
In the event of disposal, the accumulated profits and losses are recorded in the Income statement in item “100. Gains (Losses) on disposal and repurchase of: b) financial assets at fair value through other comprehensive income”.
Amounts deriving from financial assets carrying amount adjustment, gross of cumulated write-downs, in order to reflect modifications on contractual cash flows that do not give rise to accounting derecognition, are recognised in Income statement in item “140. Gains/Losses from contractual changes with no cancellations”; such line does not include the impact of contractual modifications on the amount of expected loss recognised in item “130. Net losses/recoveries on credit impairment relating to: b) financial assets at fair value through other comprehensive income”.

Such item can also include on-balance credit exposures which are already non-performing on initial recognition. These exposures are qualified as “Purchased Originated Credit Impaired - POCI”.
The amortised cost and the interest income generated by these assets are calculated by considering, in the estimate of future cash flows, the expected credit losses over the entire residual duration of the asset.
This expected credit loss is subject to periodic review thus determining the recognition of impairment or write-backs.
For further information on "Purchased Originated Credit Impaired” assets refer to the paragraph “2.1 Credit risk” of the Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter with reference to the Consolidated financial statements and to the paragraph “Section 1 - Credit risk” of the Company financial statements of UniCredit S.p.A., Notes to the accounts, Part E - Information on risks and related hedging policies with reference to the Company’s financial statements.

Part A - Accounting policies

With regard to equity instruments, the gains and losses arising from changes in fair value are recognised in the Statement of other comprehensive income and reported under item "120. Valuation reserves" (item "110. Valuation reserves" in the Company financial statements).
In the event of disposal, the accumulated profits and losses are recorded in item "150. Reserves" (item "140. Reserves" in the Company financial statements).
In accordance with the provisions of IFRS9, no impairment losses on equity instruments are recognised in the Income statement. Only dividends are recognised in Income statement within item "70. Dividend income and similar revenues".

3 - Financial assets at amortised cost

A financial asset, loan or debt securities, is classified as financial asset measured at amortised cost if:
- its business model is held to collect;
- its cash flows are solely the payment of principal and interest.

These items also include the net value of finance leases of assets under construction or awaiting lease, provided the leases have the characteristics of contracts entailing the transfer of risk.

On initial recognition, at settlement date, financial assets at amortised cost are measured at fair value, which is usually equal to the consideration paid, plus transaction costs and incomes directly attributable to the instrument.

After initial recognition at fair value, these assets are measured at amortised cost which requires the recognition of interest on an accrual basis by using the effective interest rate method over the term of the loan. Such interest is recognised in item "10. Interest income and similar revenues" if positive or in item "20. Interest expenses and similar charges" if negative.

The amount of financial assets at amortised cost is adjusted in order to take into account impairment losses arising from valuation process as illustrated in the specific section 16 - Other information - Impairment.
Impairment losses are recorded in the Income statement, in item "130. Net losses/recoveries on credit impairment relating to: a) financial assets at amortised cost".
In the event of disposal, the accumulated profits and losses are recorded in the Income statement in item "100. Gains (Losses) on disposal and repurchase of: a) financial assets at amortised cost". It is worth to note that, in light of the fact that the business model is aimed at collecting contractual cash flows, disposals might happen when (i) caused by an increase in the assets' credit risk, (ii) performed close to maturity (iii) infrequent or (iv) not significant. In this regard, the Group has adopted policies to assess that these requirements are met, in particular through internal thresholds set for verifying that sales are not significant.
Amounts deriving from financial assets carrying amount adjustment, gross of cumulated write-downs, in order to reflect modifications on contractual cash flows that do not give rise to accounting derecognition, are recognised in Income statement in item "140. Gains/Losses from contractual changes with no cancellations"; such line does not include the impact of contractual modifications on the amount of expected loss recognised in item "130. Net losses/recoveries on credit impairment relating to: a) financial assets at amortised cost".
Such item can also include on-balance credit exposures which are already non-performing on initial recognition. These exposures are qualified as "Purchased Originated Credit Impaired" (POCI).
The amortised cost and the interest income generated by these assets are calculated by considering, in the estimate of future cash flows, the expected credit losses over the entire residual duration of the asset.
This expected credit loss is subject to periodic review thus determining the recognition of impairment or write-backs.
For further information refer to the paragraph "2.1 Credit risk" of the Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter with reference to the Consolidated financial Statements and to the paragraph "Section 1 - Credit risk" of the Company financial statements of UniCredit S.p.A., Notes to the accounts Part E - Information on risks and related hedging policies with reference to the Company's financial statements

4 - Hedge accounting

Hedging instruments are created to hedge market (interest-rate, currency and price) and/or credit risk to which the hedged positions are exposed. They may be described as follows:
- fair value hedge: a hedge of the exposure to changes in fair value of a recognised asset or liability, or an identifiable portion of such an asset or liability;
- cash flow hedge: a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction which could affect profit or loss in future periods;
- hedge of a net investment in a foreign entity, whose operations are based or conducted in a currency other than euro.

It should be noted that the Group has exercised the option to continue applying the existing IAS39 hedge accounting requirements for all its hedging relationships until the IASB completes the project on accounting for macro-hedging.

Hedging derivatives are initially recognised on trade date and are valued at their fair value.

Part A - Accounting policies

A hedging relationship qualifies for hedge accounting if there is formal designation and documentation of the hedging relationship including the risk management objective, the strategy for undertaking the hedge, and how the hedging instrument's prospective and retrospective effectiveness will be assessed. It is necessary to assess the hedge's effectiveness, at inception and in subsequent periods, in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk.
Generally, a hedge is regarded as highly effective if, at the inception of the hedge and in subsequent periods, it is determined prospectively to remain highly effective, and retrospectively verified that the hedge ratio (i.e., the changes in fair value of hedged items and hedging instruments) is within a range of 80-125%. The hedge is assessed on an ongoing basis and thus must prospectively remain highly effective throughout the financial reporting periods for which the hedge has been designated.
The assessment of effectiveness is made at each balance-sheet date or other reporting date.
If the assessment does not confirm the effectiveness of the hedge, from that time on hedge accounting is discontinued in respect of the hedge and the hedging derivative is reclassified as a held-for-trading instrument.

In addition, the hedging relationship ceases when (i) the hedging instrument expires or is sold, terminated or exercised, (ii) the hedged item is sold, expires or is repaid, (iii) it is no longer highly probable that the forecast transaction will occur.

Hedging instruments are so designated when identifiable with an ultimate counterparty outside the Group.

Hedging derivatives are measured at fair value. Specifically:
- **fair value hedging**, an effective fair value hedge is accounted for as follows: the gain or loss from remeasuring the hedging instrument at fair value is recognised through profit or loss in item "90. Net gains (losses) on hedge accounting"; the gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognised through profit or loss in the same item. Hedging ineffectiveness is represented by the difference between the change in the fair value of hedging instruments and the change in the fair value of hedged item. If the hedging relationship is terminated for reasons other than the sale of the hedged item, the difference between the carrying amount of the hedged item on termination of the hedging and the carrying amount it would have had if the hedge had never existed, is recognised through profit or loss in interest receivable or payable over the residual life of the original hedge, in the case of interest-bearing instruments; if the financial instrument does not bear interest, the difference is recognised in profit or loss under item "90. Net gains (losses) on hedge accounting" at once. If the hedged item is sold or repaid, the portion of fair value which is still unamortised is at once recognised through profit or loss in item "100. Gains (Losses) on disposal and repurchase";
- **cash flow hedging**, hedging instruments are valued at fair value. Change in the fair value of a hedging instrument that is considered effective is recognised in equity item "120. Valuation reserves" (item "110. Valuation reserves" in the Company Financial Statements). The ineffective portion of the gain or loss is recognised through profit or loss in item "90. Net gains (losses) on hedge accounting". If a cash flow hedge is determined to be no longer effective or the hedging relationship is terminated, the cumulative gain or loss on the hedging instrument that remains recognised in item "120. Valuation reserves" (item "110. Valuation reserves" in the Company financial statements) from the period when the hedge was effective remains separately recognised in revaluation reserves until the forecast hedged transaction occurs or is determined to be no longer possible; in the latter case gains or losses are transferred through profit or loss to item "80. Net gains (losses) on trading". The fair value changes are recorded in the Statement of other comprehensive income and disclosed in item "120. Valuation reserves" (item "110. Valuation reserves" in the Company financial statements);
- **hedging a net investment in a foreign entity**, hedges of a net investment in a foreign entity whose activities are based or conducted in a country or currency other than those of the reporting entity are accounted for similarly to cash flow hedges. The gain or loss on the hedging instrument relating to the effective portion of the hedge that has been recognised directly in equity is recognised through profit or loss on disposal of the foreign entity. The fair value changes are recorded in the Statement of comprehensive income and disclosed in item "120. Valuation reserves (item "110. Valuation reserves" in the Company Financial Statements)"; the ineffective portion of the gain or loss is recognised through profit or loss in item "90. Net gains (losses) on hedge accounting";
- **macro-hedges of financial assets (liabilities)**, IAS39 allows a fair-value item hedged against interest rate fluctuations to be not only a single asset or liability but also a monetary position contained in a number of financial assets or liabilities (or parts of them); accordingly, a group of derivatives can be used to offset fair-value fluctuations in hedged items due to changes in market rates. Macro-hedging may not be used for net positions resulting from the offsetting of assets and liabilities. As for fair value micro-hedging, macrohedging is considered highly effective if, at the inception of the hedge and in subsequent periods, changes in the fair value attributable to the hedged position are offset by changes in fair value of the hedging instrument and if the hedge ratio is retrospectively assessed falling within the range of 80-125%. Net changes, gains or losses, in the fair value of the macro-hedged assets and liabilities attributable to the hedged risk are recognised in asset item "60. Changes in fair value of portfolio hedged items (+/-)" or liability item "50. Value adjustment of hedged financial liabilities (+/-)", respectively and offset the profit and loss item "90. Net gains (losses) on hedge accounting".
  The ineffectiveness of the hedging arises to the extent that the change in the fair value of the hedging item differs from the change in the fair value of the hedged monetary position. The extent of hedge ineffectiveness is in any case recognised in profit and loss item "90. Net gains (losses) on hedge accounting".

Part A - Accounting policies

If the hedging relationship is terminated, for reasons other than the sale of the hedged items, cumulative gain or loss in items “60. Changes in fair value of portfolio hedged items (+/-)” or liability item “50. Value adjustment of hedged financial liabilities (+/-)” is recognised through profit or loss in items “10. Interest income and similar revenues” or “20. Interest expenses and similar charges”, along the residual life of the hedged financial assets or liabilities.
If the latter are sold or repaid, unamortised fair value is at once recognised through profit and loss in item “100. Gains (Losses) on disposal and repurchase”.

5 - Equity investments

The principles governing the recognition and measurement of equity investments under IFRS10 Consolidated financial statements, IAS27 Company financial statements, IAS28 Investments in associates and joint ventures and IFRS11 Joint Arrangements are provided in detail in the paragraph “Section 3 - Consolidation scope and methods” of the Notes to the consolidated accounts, Part A - Accounting policies, A.1 - General, where disclosure on the evaluation processes and key assumptions used to assess the existence of control, joint control or significant influence in accordance with IFRS12 (paragraphs 7-9) is provided.

The remaining interests other than subsidiaries, associates and joint ventures, and interests recognised in items “120. Non-current assets and disposal groups classified as held for sale” and “70. Liabilities associated with assets classified as held for sale” are classified as financial assets at fair value through other comprehensive income or other financial assets mandatorily at fair value and accordingly accounted.

6 - Property, plant and equipment (Tangible assets)

The item includes:
- lands;
- buildings;
- furniture and fixtures;
- plant and machinery;
- other machinery and equipment;

and is divided between:
- assets used in the business;
- assets held as investments;
- inventories in the scope of IAS2 standard.

This item also includes tangible assets arising from collection of collaterals.

<u>Assets used in the business and Assets held as investments</u>
Assets used in the business are held for use in the production or supply of goods or services or for administrative purposes and are expected to be used for more than one period. This category also conventionally includes assets to be let or under construction and to be leased under a finance lease, only for those finance leases which provide for retention of risk by the lessor until the acceptance of the asset by the lessee and the start of rentals under the finance lease.

The item “Property, plant and equipment” includes assets used by the Group as lessee under a lease contract (right of use) or let/hired out by the Group as lessor under an operating lease.

Property, plant and equipment also include leasehold improvements relating to assets which can be separately identified. They are classified according to the specific sub-items relating to the asset type (e.g., plants).
Leasehold improvements are usually borne in order to make leased premises fit for the expected use.
Improvements and additional expenses relating to property, plant and equipment identifiable but not separable are recognised in item “130. Other assets” (item “120. Other assets” in the Company financial statements).

Assets held for investment purposes are properties covered by IAS40, i.e., properties held (owned or under a lease contract) in order to derive rentals and/or a capital gain.

Property, plant and equipment are initially recognised at cost including all costs directly attributable to bringing the asset into use (transaction costs, professional fees, direct transport costs incurred in bringing the asset to the desired location, installation costs and dismantling costs).

Subsequent costs are added to the carrying amount or recognised as a separate asset only when it is probable that there will be future economic benefits in excess of those initially foreseen and the cost can be reliably measured. Other expenses borne at a later time (e.g., normal maintenance costs) are recognised in the year they are incurred in profit and loss items:
- "190. Administrative expenses: b) other administrative expenses" (item "160. Administrative expenses: b) other administrative expenses of the Company financial statements), if they refer to assets used in the business; or
- "230. Other operating expenses/income" (item "200. Other operating expenses/income" of the Company financial statements) if they refer to property held for investment.

After being recognised as an asset:
- buildings and lands used in the business are measured according to revaluation model;
- tangible assets used in the business, different from lands and buildings, are measured according to cost model;
- buildings and lands held as investments are measured according to fair value model.

Revaluation model requires tangible assets to be exposed in Balance sheet at a value not significantly different from fair value. In this respect, UniCredit group requests such assets to be revalued on a half year basis through "desktop" or "on site" appraisals, based on the asset relevance, performed by external appraisers.

Positive changes in fair value are booked in Other comprehensive Income statement, item "50. Property, plant and equipment" and, cumulated, in item "120. Valuation reserves" (item "110. Valuation reserves" in the Company financial statements), unless they offset previous negative changes accounted for in Income statement in item "260. Net gains (losses) on property, plant and equipment and intangible assets measured at fair value" (item "230. Net gains (losses) on property, plant and equipment and intangible assets measured at fair value" in the Company financial statements).
Negative changes in fair value are booked in Income statement in item "260. Net gains (losses) on property, plant and equipment and intangible assets measured at fair value" (item "230. Net gains (losses) on property, plant and equipment and intangible assets measured at fair value" in the Company financial statements), unless they offset previous positive changes accounted for in Other comprehensive Income statement, item "50. Property, plant and equipment" and, cumulated, in item "120. Valuation reserves" (item "110. Valuation reserves" in the Company financial statements).
When the tangible asset is revalued at its fair value it is required to adjust both gross carrying amount and cumulated depreciation on the basis of the net carrying amount revaluation.

Cost model requires the gross carrying amount to be depreciated across its useful life.

Both tangible assets measured according to revaluation model and cost model are subject to straight-line depreciation over their useful life to the extent they have a finite useful life.
Residual useful life is usually assessed, for the Group and UniCredit S.p.A. as follows[49]:

TYPOLOGY	GROUP	UniCredit S.p.A.
Furniture and fixtures	up to 25 years	up to 7 years
Electronic equipment	up to 15 years	up to 12 years
Other	up to 10 years	up to 7 years
Leasehold improvements	up to 25 years	up to 15 years

Depreciations are accounted for, period by period, in item "210. Net value adjustments/write-backs on property, plant and equipment" (item "180. Net value adjustments/write-backs on property, plant and equipment" in the Company financial statements).

An item with an indefinite useful life is not depreciated.

Lands and buildings are recognised separately, even if acquired together. Land is not depreciated since it usually has an indefinite useful life. Buildings have instead a finite useful life and are therefore subject to depreciation.

The estimate of the useful life of an asset is reviewed at least at each financial year-end on the basis inter alia of the conditions of use of the asset, of maintenance conditions and expected obsolescence and, if expectations differ from previous estimates, the depreciation amount for the current and subsequent periods is adjusted accordingly. With specific reference to buildings, the useful life is defined on the basis of an external opinion.

49 It is worth to note that the useful life buildings is defined at least at year end on the basis of an external opinion.

Part A - Accounting policies

If there is clear evidence that an asset measured according to cost model has been impaired the carrying amount of the asset is compared with its recoverable value, equal to the greater of its fair value less selling cost and its value in use, i.e., the present value of future cash flow expected to originate from the asset. Any value adjustment is recognised in profit and loss item “210. Net value adjustments/write-backs on property, plant and equipment” (item “180. Net value adjustments/write-backs on property, plant and equipment” in the Company financial statements).
If the value of a previously impaired asset is restored, its increased carrying amount cannot exceed the net carrying amount it would have had if there had been no losses recognised on the prior-year impairment.

Buildings and land held as investments, including right of use on land and buildings classified as held for investment, are measured according to fair value model which requires to account for in Income statement in item “260. Net gains (losses) on property, plant and equipment and intangible assets measured at fair value” (item “230. Net gains (losses) on property, plant and equipment and intangible assets measured at fair value” in the Company financial statements), changes in fair value. Such assets are not subject to depreciation and impairment test.
An item of property, plant and equipment is derecognised (i) on disposal or (ii) when no future economic benefits are expected from its use or sale in the future and any difference between sale proceeds or recoverable value and carrying value is recognised in profit and loss item “280. Gains (losses) on disposals on investments”, “260. Net gains (losses) on property, plant and equipment and intangible assets measured at fair value” or “210. Net value adjustments/write-backs on property, plant and equipment” (item “250. Gains (Losses) on disposals on investments”, “230. Net gains (losses) on property, plant and equipment and intangible assets measured at fair value”, or “180. Net value adjustments/write-backs on property, plant and equipment” in the Company financial statements). For tangible assets measured according to revalued amount, any gain from disposal, including amounts cumulated in item “120. Valuation reserves”, (item “110. Valuation reserves” in the Company financial statements) is reclassified to item “150. Reserves” (item “140. Reserves” in the Company financial statements) with no impact in Income statement.

Inventories in the scope of IAS2 standard
Inventories are assets held for sale in the ordinary course of business. They are accounted for at the lower of their carrying amounts and net realizable value.
Any value adjustment arising from the application of the aforementioned criterion is recognised under item “210. Net value adjustments/write-backs on property, plant and equipment” (item “180. Net value adjustments/write-backs on property, plant and equipment” in the Company financial statements).

7 - Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance which is expected to be used for more than one period, controlled by the Group and from which future economic benefits are probable.

Intangible assets are principally software, brands and patents.

Intangible assets other than goodwill are recognised at purchase cost, i.e., including cost incurred to bring the asset into use, less accumulated amortisation and impairment losses.

Costs sustained after purchase are:
- added to initial cost, provided they increase future economic benefits arising from the underlying asset (i.e., if they increase its value or productive capacity);
- in other cases (i.e., when they do not increase the asset’s original value, but are intended merely to preserve its original functionality) are taken to profit or loss in a single amount in the year in which they have been borne.

In case of internally generated software the expenses incurred to develop the project are recognised under intangible assets only if the following elements are demonstrated: (i) the technical feasibility of the project, (ii) the intention to complete the intangible asset, (iii) its future usefulness, (iv) the availability of adequate technical, financial and other resources to complete the development and (v) the ability to measure reliably the expenditure attributable to the intangible asset during its development.
An intangible asset with a finite life is subject to straight-line amortisation over its estimated useful life.

Residual useful life is usually assessed as follows:
- software up to 7 years;
- other intangible assets up to 20 years.

Intangible assets with an indefinite life are not amortised.

If there is clear evidence that an asset has been impaired, the carrying amount of the asset is compared with its recoverable value, equal to the greater of its fair value less selling costs and its value in use, i.e. the present value of future cash flows expected to originate from the asset.
Any impairment loss is recognised in profit and loss item “220. Net value adjustments/write-backs on intangible assets”.

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For an intangible asset with indefinite life even if there are no indications of impairment, the carrying amount is compared annually with its recoverable value. If the carrying amount is greater than the recoverable value, the difference is recognised in profit and loss item “220. Net value adjustments/write-backs on intangible assets”.

If the value of a previously impaired intangible asset, other than goodwill is restored, its increased carrying amount cannot exceed the net carrying amount it would have had if there were no losses recognised on the prior-years impairment.

An intangible asset is derecognised (i) on disposal or (ii) when no further future economic benefits are expected from its use or sale in the future and any difference between sale proceeds or recoverable value and carrying value is recognised in the profit and loss item “280. Gains (Losses) on disposals on investments” or “220. Net value adjustments/write-backs on intangible assets”, respectively.

Goodwill
In accordance with IFRS3 goodwill is the excess of the cost of a business combination over the interest acquired in the net fair value of the assets and liabilities acquired at the business combination’s date.

Goodwill arising from the acquisitions of subsidiaries is recognised as an intangible asset, whereas goodwill arising from the acquisition of associates is included in the carrying amount of the investments in associates.

At a subsequent financial reporting date, goodwill is recognised net of any cumulative impairment losses and is not amortised.
Goodwill is tested for impairment annually, as for other intangible assets with an indefinite useful life. To this end it is allocated to the Group’s business areas identified as the Cash Generating Units (CGUs). Goodwill is monitored by the CGUs at the lowest level in the Group in line with its business model.

Impairment losses on goodwill are recognised in profit and loss item “270. Goodwill impairment”. In respect of goodwill, no write-backs are allowed.

Note that no Goodwill is recognised in the financial statement of the Group at the date of reporting.

8 - Non-current assets and disposal groups classified as held for sale
These categories include individual assets held for disposal (tangible, intangible and financial assets) or groups of assets held for sale, with the related liabilities, as required by IFRS5.
Individual assets (or groups of assets held for sale) are recognised in item “120. Non-current assets and disposal groups classified as held for sale” and item “70. Liabilities associated with assets classified as held for sale” (item “110. Non-current assets and disposal groups classified as held for sale” and “70. Liabilities associated with assets classified as held for sale” in the Company financial statements) respectively, at the lower of their carrying amounts and fair values less costs to sell.
The revaluation reserves relating to non-current assets classified as held for sale, which are recorded as a contra item to changes in value relevant for this purpose, are reported separately in the Statement of other comprehensive income (refer to “Part D - Consolidated other comprehensive income” of the of the Notes to the consolidated accounts).

The net balance of profits (dividends, interest income, etc.) and losses (interest expense, etc.) attributable to discontinued operations are recognised in the Income statement under item “320. Profit (Loss) after tax from discontinued operations” (item “290. Profit (Loss) after tax from discontinued operations” in the Company financial statements). Profits and losses attributable to individual assets or disposal groups, that do not constitute discontinued operations, held for disposal are recognised in the Income statement under the appropriate item.

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9 - Current and deferred tax

Tax assets and tax liabilities are recognised in the Consolidated balance sheet respectively in item “110. Tax assets” and item “60. Tax liabilities” (item “100. Tax assets” and” 60. Tax liabilities” in the Company financial statements).

In compliance with the “Balance sheet method”, current and deferred tax items are:
- current tax assets, i.e., amount of tax paid in excess of income tax due in accordance with local tax regulations;
- current tax liabilities, i.e., amount of corporate tax due in accordance with local tax regulations;
- deferred tax assets, i.e., amounts of income tax recoverable in future fiscal years and attributable to:
  - deductible temporary differences;
  - the carryforward of unused tax losses; and
  - the carryforward of unused tax credits;
- deferred tax liabilities, i.e., the amounts of income tax due in future fiscal years in respect of taxable temporary differences.

Current and deferred tax assets and tax liabilities are calculated in accordance with local tax regulations and are recognised in profit or loss on an accrual basis.
In general, deferred tax assets and liabilities arise when there is a difference between the accounting treatment and the tax treatment of the carrying amount of an asset or liability.

Deferred tax assets and liabilities are recognised applying tax rates that at the Balance sheet date are expected to apply in the period when the carrying amount of the asset will be recovered or the liability will be settled on the basis of tax regulations in force and are periodically reviewed in order to reflect any changes in regulations.

In addition, under the tax consolidation system adopted, deferred tax assets are recognised only to the extent that it is probable that sufficient taxable profit will be generated by the entity. In accordance with the provisions of IAS12, the probability that sufficient future taxable profit against which the deferred tax assets can be utilised will be available is reviewed periodically. The carrying amount of deferred tax assets should be reduced to the extent that it is not probable that sufficient taxable profit will be available.

Current and deferred taxes are recognised in profit and loss item “300. Tax expense (income) for the period from continuing operations” (item “270. Tax expenses (income) for the year from continuing operations” in the Company financial statements), except for tax referred to items that in the same or in another fiscal year are credited or charged directly to equity, such as those relating to gains or losses on financial assets at fair value through other comprehensive income and those relating to changes in the fair value of cash flow hedging instruments, whose changes in value are recognised, net of tax, directly in the Statement of other comprehensive income among Revaluation reserves.

Current tax assets and liabilities are presented on the Balance sheet net of the related current tax liabilities if the following requirements are met:
- existence of a legally enforceable right to offset the amounts recognised; and
- the intention to extinguish for the remaining net or realise the asset and at the same time extinguish the liability.

Deferred tax assets are presented on the Balance sheet net of the related deferred tax liabilities if the following requirements are met:
- existence of an enforceable right to offset current tax assets with current tax liabilities; and
- the deferred tax assets and liabilities must relate to income taxes applied to the same tax authority on the same taxable entity or on different taxable entities that intend to settle the current tax liabilities and assets on a net basis (normally in presence of a tax consolidation contract).

Part A - Accounting policies

10 - Provisions for risks and charges

Commitments and guarantees given

Provisions for risks and charges for commitments and guarantees given are recognised against all revocable and irrevocable commitments and guarantees whether they are in scope of IFRS9 or IAS37.
The item hosts the estimates of expected loss calculated on these instruments resulting from valuation process as described in Section 16 - Other Information - Impairment.
The provision of the period is accounted under item “200. Net provisions for risks and charges: a) commitments and financial guarantees given” (item “170. Net provisions for risks and charges a) commitments and financial guarantees given” in the Company financial statements).
Note that all contracts, credit derivative contracts included, if any, that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument are considered financial guarantees.

Retirement payments and similar obligations

Retirement provisions, i.e., provisions for employee benefits payable after the completion of employment, are defined as **contribution plans** or **defined-benefit plans** according to the nature of the plan.

In detail:
- **defined-benefit plans** provide a series of benefits depending on factors such as age, years of service and compensation policies. Under this type of plan actuarial and investment risks are borne by the company;
- **defined-contribution plans** are plans under which the company makes fixed contributions. Benefits are the result of the amount of contributions paid and return on contributions invested. The employer bears no actuarial and/or investment risks connected with this type of plans as it has no legal or implicit obligation to make further contributions, should the plan not be sufficient to provide benefits to all employees.

Defined-benefit plans are present-valued by an external actuary using the “Unit Credit Projection method”.
This method distributes the cost of benefits uniformly over the employee’s working life. Obligations are the present value of average future benefits pro rata to the ratio of years of service to theoretical seniority at the time of benefit payment.

More specifically, the amount recognised according to IAS19 Revised as a net liability/asset in item “100. Provisions for risks and charges: b) post-retirement benefit obligations” is the present value of the obligation at the Balance sheet date, less any pension charges relating to benefits already provided but not yet recognised, less the fair value at the Balance sheet date of plan assets other than those due to directly settle the obligations adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. Actuarial gains or losses are recorded in the Statement of other comprehensive income and disclosed in item “120. Valuation reserves” (item “110. Valuation reserves” in the Company financial statements).

The discount rate used to discount obligations (whether financed or not) relating to benefits to be provided after retirement varies according to the currency of denomination and country where the liabilities are allocated and is determined on the basis of market yield at the Balance sheet date of prime issuers’ bonds (High Quality Corporate Bonds - HQCB) with an average life in keeping with that of the relevant liability.

Other provisions

Provisions for risks and charges are recognised when:
- the entity has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- a reliable estimate can be made of the amount of the obligation.

The amounts recognised as provisions are the best estimate of the expenditure required to settle the present obligation. The risks and uncertainties that inevitably surround the relevant events and circumstances are taken into account in reaching the best estimate of a provision.

In particular, where the effect of the time value of money is significant, the amount of the provision should be the present value of the best estimate of the cost required to settle the obligation. The discount rate used reflects the current market assessments.

Part A - Accounting policies

Provisions are reviewed periodically and adjusted if necessary to reflect the current best estimate. If it becomes clear that it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

Provisions are used only for expenses for which they were originally recognised. Allocations made in the year are recognised in profit and loss item "200. Net provisions for risks and charges: b) other net provisions" (item "170. Net provisions for risks and charges: b) other net provisions" in the Company financial statements) and include increases due to the passage of time; they are also net of any reversals.

"Other provisions" also include obligations relating to benefits due to agents, specifically supplementary customer portfolio payments, merit payments, contractual payments and payments under non-competition agreements, which are measured as per defined benefit plans; accordingly these obligations are calculated using the "Unit Credit Projection method" (refer to previous paragraph "Retirement payments and similar obligations").

11 - Financial liabilities measured at amortised cost

Financial liabilities measured at amortised cost comprise financial instruments (other than liabilities held for trading or those designated at fair value) representing the various forms of third-party funding.

These financial liabilities are recognised at settlement date initially at fair value, which is normally the consideration received less transaction costs directly attributable to the financial liability. Subsequently these instruments are measured at amortised cost using the effective interest method. Such interest is recognised in item "20. Interest expenses and similar charges" if negative or in item "10. Interest income and similar revenues" if positive.
Instruments indexed to equity instruments, foreign exchange, credit instruments or indexes, are treated as structured instruments. The embedded derivative is separated from the host contract and recognised as a derivative at fair value, provided that separation requirements are met. The embedded derivative is recognised at its fair value, classified as financial assets or liabilities held for trading and subsequently measured at fair value through profit or loss with changes in fair value recognised in Income statement in item "80. Net gains (losses) on trading". The difference between the total amount received and the initial fair value of the embedded derivative is attributed to the host contract.
Instruments convertible into treasury shares imply recognition, at the issuance date, of a financial liability and of the equity part to be recognised in item "140. Equity instruments" (item "130. Equity instruments" in the Company financial statements), if a physical delivery settles the contract.
The equity part is initially measured at the residual value, i.e., the overall value of the instrument less the separately determined value of a financial liability with no conversion clause and the same cash flows.
The resulting financial liability is recognised at amortised cost using the effective interest method.
Financial liabilities are derecognised in case of redemption, prepayment, significant amendments to contractual conditions that determine a change in their present value which exceeds the threshold defined by the accounting standard o in case of re-purchase. When derecognition arises from significant amendments or re-purchase, the difference between the carrying amount of the liability and the amount arising from the amendments or paid for the repurchase is recognised in profit or loss in item "100. Gains (Losses) on disposal and repurchase of: c) financial liabilities". Subsequent disposal by the issuer is considered as a new issue which doesn't produce gains or losses.

Part A - Accounting policies

12 - Financial liabilities held for trading

Financial liabilities held for trading include:
- derivatives that are not designated as hedging instruments;
- obligations to deliver financial assets borrowed by a short seller (i.e., an entity that sells financial assets it does not yet own);
- financial liabilities issued with an intention to repurchase them in the short term;
- financial liabilities that are part of a portfolio of financial instruments considered as a unit and for which there is evidence of a recent pattern of trading.

Financial liabilities held for trading, including derivatives, are measured at fair value on initial recognition and during the life of the transaction.
A gain or loss arising from change in the fair value of a HfT financial liability is recognised in profit or loss in item "80. Net gains (losses) on trading".
Financial liabilities are derecognised in case of redemption, prepayment, significant amendments to contractual conditions that determine a change in their present value which exceeds the threshold defined by the accounting standard o in case of re-purchase. When derecognition arises from significant amendments or re-purchase, the difference between the carrying amount of the liability and the amount arising from the amendments or paid for the repurchase is recognised in profit or loss in item "80. Net gains (losses) on trading", the subsequent disposal by the issuer is considered as a new issue which doesn't produce gains or losses.

13 - Financial liabilities designated at fair value

Financial liabilities, like financial assets may also be designated, according to IFRS9, on initial recognition as measured at fair value, provided that:
- this designation eliminates or considerably reduces an accounting or measurement inconsistency that would arise from the application of different methods of measurement to assets and liabilities and related gains or losses; or
- a group of financial assets, financial liabilities or both are managed and measured at fair value under risk management or investment strategy which is internally documented with the entity's key management personnel.

This category may also include financial liabilities represented by hybrid (combined) instruments containing embedded derivatives that otherwise should have been separated from the host contract.
Financial liabilities presented in this category are measured at fair value at initial recognition and for the life of the transaction.
The changes in fair value are recognised in the Income statement in item "110. Gains (Losses) on financial assets/liabilities at fair value through profit or loss a) financial assets/liabilities designated at fair value" except for any changes in fair value arising from changes in their creditworthiness, which are shown under item "120. Valuation reserves" of shareholders' equity (item "110. Valuation reserves" in the Company Financial Statements) unless such accounting results in an inconsistency that arises from the application of different methods of measuring assets and liabilities and related gains or losses, in which case also the changes in fair value deriving from changes in creditworthiness are recorded in the Income statement.
Financial liabilities are derecognised in case of redemption, prepayment, significant amendments to contractual conditions that determine a change in their present value which exceeds the threshold defined by the accounting standard o in case of re-purchase. When derecognition arises from significant amendments or re-purchase, the difference between the carrying amount of the liability and the amount arising from the amendments or paid for the repurchase is recognised in profit or loss in item "110. Gains (Losses) on financial assets/liabilities at fair value through profit or loss a) financial assets/liabilities designated at fair value" while the balance of cumulated changes in fair value due to own credit risk booked in item "120. Valuation reserves" is reclassified in item "150. Reserves" (item "110. Valuation reserves" and item "140. Reserves" in the Company financial statements), the subsequent disposal by the issuer is considered as a new issue which doesn't produce gains or losses.

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14 - Foreign currency transactions
A foreign currency transaction is recognised at the spot exchange rate of the transaction date.

Foreign currency monetary assets and liabilities are translated at the closing rate of the period.

Exchange differences arising from settlement of monetary items at rates different from those of the transaction date and unrealised exchange rate differences on foreign currency assets and liabilities not yet settled, other than assets and liabilities designated as measured at fair value and hedging instruments, are recognised in profit and loss item “80. Net gains (losses) on trading”.
Exchange rate differences arising on a monetary item that is part of an entity’s net investment in a foreign operation whose activities are based or conducted in a country or currency other than those of the reporting entity are initially recognised in the entity’s equity and recognised in profit or loss on disposal of the net investment.

Non-monetary assets and liabilities recognised at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated at the closing rate. In this case the exchange differences are recognised:
- in profit and loss if the financial asset is classified in a portfolio measured at fair value through profit or loss; or
- in the Statement of other comprehensive income, and disclosed in the Revaluation reserves, if the financial asset is classified in “Financial assets at fair value through other comprehensive income”.

Hedges of a net investment in a foreign operation are recognised similarly to cash flow hedges.

For the purposes of the Consolidated financial statements only, the assets and liabilities of fully consolidated foreign entities are translated at the closing exchange rate of each period. Gains and losses are translated at the average exchange rate for the period. Differences arising from the use of closing exchange rates and from the average exchange rates and from the remeasurement of the initial net amount of the assets of a foreign company at the closing rate are classified directly in item “120. Valuation reserves”.

Any goodwill arising on the acquisition of a foreign operation realised after IAS First Time Adoption (i.e., after 1 January 2004) whose assets are located or managed in a currency other than the euro, and any fair value adjustments of the carrying amounts of assets and liabilities are treated as assets and liabilities of the foreign operation, expressed in the functional currency of the foreign operation and translated at the closing rate.
On the disposal of a foreign operation, the cumulative amount of the exchange rate differences, classified in an equity reserve, is reclassified in profit or loss.
All exchange differences recorded under revaluation reserves in Shareholders’ equity are also reported in the Statement of other comprehensive income.

15 - Insurance assets and liabilities
Note that the Group does not conduct such business.

16 - Other information

Impairment
Loans and debt securities classified as financial assets at amortised cost, financial assets at fair value through other comprehensive income and relevant off-Balance sheet exposures are tested for impairment as required by IFRS9.

In this regard, these instruments are classified in Stage 1, Stage 2 or Stage 3 according to their absolute or relative credit quality with respect to initial disbursement. Specifically:
- Stage 1: includes (i) newly issued or acquired credit exposures, (ii) exposures for which credit risk has not significantly deteriorated since initial recognition, (iii) exposures having low credit risk (low credit risk exemption);
- Stage 2: includes credit exposures that, although performing, have seen their credit risk significantly deteriorating since initial recognition;
- Stage 3: includes impaired credit exposures.

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For exposures in Stage 1, impairment is equal to the expected loss calculated over a time horizon of up to one year.
For exposures in Stages 2 or 3, impairment is equal to the expected loss calculated over a time horizon corresponding to the entire life of the exposure.

The allocation of credit exposures in one of the abovementioned stages is done at initial recognition, when the exposures is classified at Stage 1 and it is periodically reviewed based on “stage allocation” rules as specified in the paragraph “2.1 Credit risk” of the Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter with reference to the Consolidated financial statements and the paragraph “Section 1 - Credit risk” of the Notes to the accounts Part E - Information on risks and related hedging policies with reference to the Company’s financial statements.
In order to calculate the expected loss and the related loan loss provision, the Group uses Probability of Default (“PD”), Loss Given Default (“LGD”) and Exposure at Default (“EAD”) parameters, used for regulatory purposes and adjusted in order to ensure that impairment measurement represents values which are “point in time”, “forward looking” and inclusive of multiple scenarios. For additional information refer to the paragraph“2.1 Credit risk” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter with reference to the Consolidated financial Statements and the paragraph “Section 1 - Credit risk” of the Company financial statements of UniCredit S.p.A., Notes to the accounts Part E - Information on risks and related hedging policies with reference to the Company’s financial statements.

With reference to Stage 3, it should be noted that it includes impaired exposures corresponding to the aggregate Non-Performing Exposures as ITS EBA (EBA/ITS/2013/03/rev1 7/24/2014), in accordance with Banca d’Italia rules, defined in Circular No.272 of 30 July 2008 and subsequent updates[50].

In particular EBA has defined as “Non-Performing” the exposures that meet one or both of the following criteria:
- material exposures with more than 90 days past due;
- exposures for which the Group values that is unlikely that the debtor would pay in full his credit obligations without recurring to enforcement and realisation of collaterals, regardless of past due exposures and the number of days the exposure is past due.

In addition, the abovementioned Circular No.272 establishes that the aggregate of impaired assets is divided into the following categories:
- Bad loans: cash and off-balance exposures to borrowers in a state of insolvency (even when not recognised in a court of law) or in an essentially similar situation. The assessment is generally carried out on an analytical basis (also through the comparison with coverage levels statistically defined for credit portfolios below a predefined threshold) or, in case of non-significant individually amounts, on a flat-rate basis for homogeneous types of exposures;
- Unlikely to pay: cash and off-balance exposures for which conditions for evaluating the debt as bad loan are not met and for which it is unlikely that without recurring to enforcement of collaterals the debtor is able to pay in full (capital and/or interests) his credit obligations. Such assessment is made independently of any past due and unpaid amount/instalments. The classification among unlikely to pay is not necessarily linked to anomalies (non-repayment), rather it is linked to factors that indicate a situation of risk of default of the debtor. Unlikely to pay are generally accounted analytically (also through the comparison with coverage levels statistically defined for credit portfolios below a predefined threshold) or on a flat-rate basis for homogeneous types of exposures. The exposures classified among unlikely to pay and qualified as so-called forborne can be reclassified among non-impaired receivables only after at least one year has elapsed from the time of granting and the conditions indicated in paragraph 157 of EBA Implementing Technical Standards.
  With reference to their evaluation:
  - they are generally analytically evaluated and may include the discounted charge deriving from the possible renegotiation of the rate at conditions below the original contractual rate;
  - the renegotiations of loans that require their derecognition in exchange of shares through “debt-to-equity swap” transactions requires the assessment, before executing the swap, of the credit exposures in accordance with stipulated agreements at the date of preparation of the financial statements. Any differences between the value of receivables and the value at initial recognition of equity instruments is accounted in Income statement in the impairment losses;
- Past due exposures: cash exposures different from those classified as bad loans and unlikely to pay that at the reporting date are past due. Past due exposures can be determined referring alternatively to individual debtor or individual transaction. In particular they represent an entire exposure to counterparties different from those classified as unlikely to pay and bad loans that at the reporting date show past due receivables from more than 90 days as well as requirements established by local prudential regulation for the inclusion of these credits into “past due” (standardised banks) or “default exposures” (IRB banks).

50 The regulatory framework for the new definition of default has been integrated with the entry into force, starting from 01 January 2021 of the "Guidelines on the application of the definition of default under article 178 of (EU) Regulation 575/2013" (EBA/GL/2016/07).

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Past due exposures are evaluated on a flat-rate basis on historical/statistical basis, applying, if available, the riskiness identified by the risk factor used for the purposes of EU Regulation No.575/2013 (CRR) relating to prudential requirements for credit institutions and investment firms (LGD - Loss Given Default).

Allowances for impairment of loans and receivables are based on the present value of expected cash flows of principal and interest. In determining the present value of future cash flows, the basic requirement is the identification of estimated collections, the timing of payments and the discount rate used.
In particular, the amount of the loss on impaired exposures classified as bad loans and unlikely to pay, according to the categories specified above, is the difference between the carrying amount and the present value of estimated cash flows discounted at the original interest rate of the financial asset.
For all fixed rate positions, the interest rate thus determined is kept constant in subsequent financial years, while for floating rate positions the interest rate is updated according to contractual terms.

If the original interest rate cannot be found, or if finding it would be excessively burdensome, the rate that best approximates is applied, also recurring to “practical expedients” that do not alter the substance and ensure consistency with the international accounting standards.
Recovery times are estimated on the basis of business plans or forecasts based on historical recovery experience observed for similar classes of loans, taking into account the customer segment, the type of loan, the type of security and any other factors considered relevant.
Also the impairment on impaired exposures was calculated as required by the accounting standard to include (i) the adjustments necessary to reach the calculation of a point-in-time and forward-looking loss and (ii) multiple scenarios applicable to this type of exposure including any sale scenarios in case the Group’s NPL strategy foresees the recovery through sale on the market according to what is specified in the paragraph “2.1 Credit risk” of the Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter with reference to the Consolidated financial statements and the paragraph “Section 1 - Credit risk” of the Company financial statements of UniCredit S.p.A., Notes to the accounts, Part E - Information on risks and related hedging policies with reference to the Company’s financial statements.

If there are no reasonable expectations to recover a financial asset in its entirety or a portion thereof, the gross exposure is subject to write-off. Write-off, that may involve either a full or a part of a financial asset, might be accounted for before that the legal actions, activated to recover the credit exposure, are closed and doesn’t imply the forfeiture of the legal right to recover. In this context the Group has developed a specific guideline that assess the need to recognise a write-off. For further information refer to the paragraph “2.1 Credit risk” of the Notes to the consolidated accounts Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter with reference to the Consolidated financial Statements and the paragraph “Section 1 - Credit risk” of the Company financial statements of UniCredit S.p.A., Notes to the accounts Part E - Information on risks and related hedging policies with reference to the Company’s financial statements

Renegotiations
Renegotiations of financial instruments which cause a change in contractual conditions are accounted for depending on the significance of the contractual change itself.

In particular, when renegotiations are not considered significant the gross exposure is re-determined through the calculation of the present value of cash flows following the renegotiation at the original effective interest rate.
The difference between the gross exposure before and after renegotiation, adjusted to consider changes in the related loan loss provision, is recognised in Income statement as modification gain or loss.
In this regard, renegotiations achieved both by amending the original contract or by closing a new one, are considered significant when they determine the expiry of the right to receive cash flows accordingly to the original contract.
In particular, the rights to receive cash flows are considered as expired in case of renegotiations that introduce contractual clauses which determine a change in the financial instrument classification, which determine a change in the currency or which are carried out at market conditions therefore without causing credit concession.

Part A - Accounting policies

Business combinations
A business combination is a transaction through which an entity obtains control of a company or of a business segment, thus bringing together different businesses into one reporting entity.
A business combination may result in a Parent-subsidiary relationship in which the acquirer is the Parent and the acquiree is a subsidiary of the acquirer. A business combination may involve the purchase of the net assets of another entity, in which case goodwill can arise, or the purchase of the equity of the other entity (mergers).

IFRS3 requires that all business combinations shall be accounted for by applying the purchase method, that involves the following steps:
- identifying an acquirer;
- measuring the cost of the business combination, and:
- allocating, at the acquisition date, the cost of the business combination to the assets acquired and liabilities and contingent liabilities assumed.

The cost of a business combination is the aggregate of the fair value, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the acquirer, in exchange for control of the acquiree.
The acquisition date is the date on which the acquirer effectively obtains control of the acquiree. When this is achieved through a single exchange transaction, the date of exchange coincides with the acquisition date.
A business combination may involve more than one exchange transaction; nevertheless, the cost of the business combination remains equal to the fair value of the total shareholding acquired, at the date of acquisition of control.
This involves the revaluation at fair value, with the recognition of the effects in the Income statement, of the equity investments previously held in the acquired entity.
The cost of a business combination is allocated by recognising the assets, the liabilities and the identifiable contingent liabilities of the acquired company at their acquisition-date fair value.
Exceptions to this principle are deferred income tax assets and liabilities, employee benefits, indemnification assets, reacquired rights, non-current assets held for sale, and share-based payment transactions that are subject to review in accordance with the principle applicable to them.
Positive difference between the cost of the business combination and the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities so recognised is accounted for as goodwill.
After initial recognition, goodwill is tested for impairment at least annually.

In the event of a negative difference, a new valuation shall be carried out. This negative difference, if confirmed, is recognised immediately as income in profit or loss.
In the Consolidated financial statement, if the acquisition concerns a percentage less than 100% of the assets of the acquired company, minorities are recognised.

At the acquisition date, minorities are valued:
- at fair value, or
- as a proportion of minority interests in the assets, liabilities and identifiable contingent liabilities of the acquired company.

Derecognition of financial assets
Derecognition is the removal of a previously recognised financial asset from an entity's Balance sheet.

Before evaluating whether, and to what extent, derecognition is appropriate, under IFRS9 an entity should determine whether the relevant conditions apply to a financial asset in its entirety or to a part of a financial asset. The standard is applied to a part of financial assets being transferred if, and only if, the part being considered for derecognition meets one of the following conditions:
- the part comprises only specifically identified cash flows from a financial asset, or a group of assets, (e.g., interest cash flows from an asset);
- the part comprises a clearly identified percentage of the cash flows from a financial asset, (e.g., a 90% share of all cash flows from an asset);
- the part comprises only a fully proportionate (pro rata) share of specifically identified cash flow, (e.g., 90% share of interest cash flows from an asset).

Part A - Accounting policies

In all other cases, the standard is applied to the financial asset in its entirety (or to the Group of similar financial assets in their entirety).
An entity shall derecognise a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the contractual rights to receive the cash flows of the financial asset to a non-Group counterparty.

Rights to cash flow are considered to be transferred even if contractual rights to receive the asset's cash flow are retained but there is an obligation to pay this cash flow to one or more entities and all the following conditions are fulfilled (pass-through agreement):
- there is no obligation on the Group to pay amounts not received from the original asset;
- sale or pledge of the original asset is not allowed, unless it secures the obligation to pay cash flow;
- the Group is obliged to transfer forthwith all cash flows received and may not invest them, except for liquidity invested for the short period between the date of receipt and that of payment, provided that the interest accrued in that period is paid on.

Derecognition is also subject to verification of effective transfer of all the risks and rewards of ownership of the financial asset. If the entity transfers substantially all the risks and rewards of ownership of the financial asset, the entity shall derecognise the asset (or group of assets) and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer.
Conversely, if the entity substantially retains all the risks and rewards of ownership of the asset (or group of assets), the entity shall continue to recognise the transferred asset(s). In this case it is necessary to recognise a liability corresponding to the amount received under the transfer and subsequently recognise all income accruing on the asset and expense accruing on the liability.

The main transactions that do not allow, under the above rules, total derecognition of a financial asset are securitisations, repurchase (sell and buy-backs) and securities lending transactions.
In the case of securitisations the Group does not derecognise the financial asset on purchase of the equity tranche or provision of other types of support of the structure which result in the Group retaining the credit risk of the securitised portfolio.
In the case of repurchase transactions and stock lending, the assets transacted are not derecognised since the terms of the transaction entail the retention of all their risks and rewards.
Finally, it should be noted that securities lending transactions collateralised by other securities or not collateralised were recorded as off-Balance sheet items.

Repo transactions and securities lending

Securities received in a transaction that entails a contractual obligation to sell them at a later date or delivered under a contractual obligation to repurchase are neither recognised nor derecognised. In respect of securities purchased under an agreement to resell, the consideration is recognised as a loan to customers or banks among financial assets at amortised cost, or as an asset held for trading. In respect of securities held in a repurchase agreement, the liability is recognised as due to banks or customers among financial liabilities at amortised cost, or as an held for trading financial liability. Revenue from these loans, being the coupons accrued on the securities and the difference between the sale/purchase and resale/repurchase prices, is recognised in profit or loss through interest income and expenses on an accrual basis.
These transactions can only be offset if, and only if, they are carried out with the same counterparty and provided that such offset is provided for in the underlying contracts.
The same rules apply to securities lending transactions collateralised by cash fully available to the lender.

The Income statement items connected with these transactions are booked respectively:
- in item Interest, with respect to the positive item (borrower) and the negative item (lender) relating to the return on cash paid to the lender;
- in item Fees and commissions, with respect to the negative item (borrower) and the positive item (lender) relating to the service provided by the lender by making the security available.

With reference to securities lending transactions collateralised by other securities, or not collateralised, the security lent or the security put up as collateral are still recognised as assets in the Balance sheet, depending on the role, lender or borrower, respectively, played in the transaction.
Counterparty risk relating to the latter securities lending or borrowing transactions is shown under the off-Balance sheet exposures in the tables reported in the paragraph "A. Credit quality", of the Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risk of the prudential consolidated perimeter, 2.1 Credit risk, Quantitative information.

Part A - Accounting policies

Equity instruments

Equity instruments are instruments that represent a residual interest in Group's assets net of its liabilities.
Classification of an issued instrument as equity is possible only if there are no contractual obligation to make payments in form of capital redemptions, interest or other kinds of returns.

In particular, instruments having the following features are classified as equity instruments:
- the instrument is perpetual or has a maturity equal to duration of the entity;
- full discretion of the issuer in coupon payments and redemptions, also advanced, of the principal outstanding.

Additional Tier 1 instruments are included in this category, in line with the provisions of Regulation (EU) No.575/2013 (CRR) on prudential requirements for credit institutions and investment firms, if, additionally to the characteristics described above:
- maintain within the full discretion of the issuer the possibility to perform a write-up of the nominal value after the occurrence of a capital event that has determined a write-down;
- do not incorporate outlook that force the issuer to provide for payments (must-pay clauses) following genuine events under the direct control of the parties.

Equity instruments, different from common or saving shares, are presented in item "140. Equity instruments" (item "130. Equity instruments" in the Company financial statements) for the consideration received including transaction costs directly attributable to the instruments.
Any coupon paid, net of related taxes, reduces item "150. Reserves" (item "140. Reserves" in the Company financial statements).
Any difference between the amounts paid for the redemption or repurchase of these instruments and their carrying value is recognised in item "150. Reserves" (item "140. Reserves" in the Company financial statements).

Treasury shares

Changes in treasury shares are reported as a direct contra item to shareholders' equity, i.e., as a reduction to the latter in the amount of any purchases, and as an increase in the amount of any sales proceeds. This entails that, if treasury shares are subsequently sold, the difference between the sale price and the related post-tax repurchase cost is recognised entirely as a contra item to Shareholders' equity.

Leases

Lease contracts shall be classified by the lessor in finance leases or operating leases.
Finance leases effectively transfer all the risks and benefits of ownership of an asset to the lessee.
The lessee acquires the economic benefit of the use of the leased asset for most of its useful life, in exchange for a commitment to pay to the lessor an amount approximately equivalent to the fair value of the asset and related finance costs. Recognition in the lessor's accounts is as follows:
- in assets, the value of the loan, less the principal of lease payments due and paid by the lessee;
- in profit or loss, interest received.

Operating leases do not transfer all the risks and benefits of ownership of an asset to the lessee which are therefore retained by the lessor.
In case of operating leases, the lessor recognises in the Income statement the leases payments on an accrual basis.

The lessee recognises an asset representing the right of use of the underlying asset and, at the same time, a liability for the future payments requested by the lease contract.
It should be noted that as allowed by the standard, the Group has decided not to recognise any right of use nor lease liability with reference to the following lease contracts:
- leases of intangible assets;
- short term leases, lower than 12 months; and
- low value assets leases. For this purpose, an asset is considered as "low value" when its fair value as new is equal to or lower than €5 thousand. This category mainly comprises office equipment (PC, monitors, tablets, etc.) and fixed and mobile phones.

Therefore, lease payments concerning these kind of lease assets are recognised in item "190. Administrative expenses" on an accrual basis (item "160. Administrative expenses" in the Company financial statements).

Part A - Accounting policies

With reference to contracts different from those mentioned above, the lease liability, recognised in Item “10. Financial liabilities at amortised cost”, is determined by discounting the future lease payments to be due over the lease term at the proper discount rate.
Future lease payments subject to discounting are determined based on contractual provisions and net of VAT, when applicable, as the obligation to pay this tax starts when the invoice is issued by the lessor and not at the starting date of the lease contract.
In addition, if the lease payments foreseen by the contracts include additional services beside the mere rental of the asset, the right of use and the associated lease liability are calculated considering also these components.
To perform the mentioned calculation, lease payments have to be discounted at the interest rate implicit in the contract or, if it is not available, at the incremental borrowing rate. The key assumption followed to calculate this rate is that the lessee incurs a loan, senior secured, having the same maturity of the lease contract in order to acquire the assets underlying the contract itself. The resulting rate, where necessary, is adjusted in order to consider the specific features of the lease contract.
In order to determine the lease term, it is necessary to consider the non-cancellable period, established in the contract, in which the lessee is entitled to use the underlying asset taking also into account potential renewal options if the lessee is reasonably certain to renew.
In particular, with reference to those contracts that allow the lessee to tacitly renew the lease contract after a first set of years, the lease term is determined taking into account factors such as the length of the first period, the existence of dismissal plans for the asset leased and any other circumstance indicating the reasonably certainty of the renewal.
The right of use is initially recognised in item “90. Property, plant and equipment” (item “80. Property, plant and equipment” in the Company financial statements) on the basis of the initial recognition amount of the associated lease liability, adjusted to consider, if applicable, lease payments made at or before the commencement of the lease, initial direct costs and estimates of costs required to restore the assets to the conditions requested by the terms of the lease contract.

Subsequent to the initial recognition, interests accrue on the lease liability at the interest rate implicit in the contract and are recognised in item “20. Interest expenses and similar charges”.
The amount of the lease liability is reassessed in case of changes in the lease term, also arising from a change in the assessment of an option to purchase the leased asset, or in the lease payments, either coming from a change in an index or rate used to determine these payments or as a result of the amount expected to be payable under a residual value guarantees.
In these cases, the carrying value of the lease liability is calculated by discounting lease payments over the lease term using the original or a revised discount rate as applicable.

Changes in the amount of the lease liability resulting from the reassessment are recognised as an adjustment of the right of use.
In case of modification of a lease contract, the lessee recognises an additional separate lease if the modification increases the scope of the lease adding to the right of use one or more assets and the consideration to be paid for such increase is commensurate with the stand-alone price of the increase.
For other types of modifications, the lease liability is recalculated by discounting the lease payments for the revised lease term using a revised discount rate.
Changes in the Lease liabilities also adjust the carrying value of the corresponding right of use with the exception of gains/losses relating to the partial or full termination of the lease that are recognised in the Income statement.

After the initial recognition the right of use is depreciated over the lease term and subject to impairment if applicable. Depreciation and impairment, determined using the same criteria used for tangible assets and also considering the actual usage of the leased assets, are recognised in item “210. Net value adjustments/write-backs on property, plant and equipment” (item “180. Net value adjustments/write-backs on property, plant and equipment” in the Company financial statements). The useful life used for calculating the depreciation of leasehold improvements shall not exceed the useful life attributed to the right of use.

Factoring
Loans acquired in factoring transactions with recourse are recognised to the extent of the advances granted to customers on their consideration.
Loans acquired without recourse are recognised as such once it has been established that there are no contractual clauses that would invalidate the transfer of all risks and benefits to the factor.

Part A - Accounting policies

Italian staff severance pay (Trattamento di fine rapporto - “TFR”)
The “TFR” provision for employee benefits is to be construed as a “post-retirement defined benefit”. It is therefore recognised on the basis of an actuarial estimate of the amount of benefit accrued by employees discounted to present value. This benefit is calculated by an actuary outside the Group using the “Unit Credit Projection Method” (refer to previous paragraph “10 - Provision for risks and charges - Retirement payments and similar obligations” of this section). This method distributes the cost of the benefit evenly over the employee’s working life.

The liability is determined as the present value of average future payments adjusted according to the ratio of years of service to total years of service at the time of payment of the benefit.
Following pension reform by Law Decree No.252/2005, TFR installments accrued to 31 December 2006, to the date between 1 January 2007 and 30 June 2007 on which the employee opted to devolve their TFR to a supplementary pension fund stay in the employer and are considered a post-employment defined benefit plan therefore incurring actuarial valuation, though with simplified actuarial assumptions, i.e., forecast future pay rises are not considered.

TFR installments accrued since 1 January 2007, date of Law Decree No.252’s coming into effect (or since the date between 1 January 2007 and 30 June 2007) that have been, at the employee’s discretion, either (i) paid into a pension fund or (ii) left in the company and (where the company has in excess of 50 employees) are paid into an INPS Treasury fund by the employer, are assimilated to a defined-contribution plan.

Costs relating to TFR are recognised in the Income statement in item “190. Administrative expenses: a) staff costs” (item “160. Administrative expenses: a) staff costs” in the Company financial statements) and include, for the part of obligations already exiting at the date of the reform (assimilated to a defined benefit plan), interest cost accrued in the year; for the part of plan considered defined contribution plan, the accrued installments for the year paid into the complementary pension scheme or to the Treasury fund of INPS.
Actuarial gains (losses), i.e., the difference between the liabilities’ carrying value and the present value of the obligation at the end of the period are recorded in the Shareholders' equity and disclosed in the item “120. Valuation reserves” (item “110. Valuation reserves” in the Company financial statements) according to IAS19 Revised.

Share-based payments
Equity-settled payments made to employees or other staff in consideration of goods received or services rendered, using equity instruments comprise:
- stock options;
- performance shares (i.e., awarded on attainment of certain objectives);
- restricted shares (i.e., subject to a lock-up period).

Considering the difficulty of reliably measuring the fair value of the services rendered against equity-settled payments, reference is made to the fair value of the instruments themselves, measured at the date of the allocation.

This fair value is recognised as cost in profit and loss item “190. Administrative expenses: a) staff costs” offsetting the Shareholders’ equity item “150. Reserves” (item “160. Administrative expenses: a) staff costs” and “140 Reserves” in the Company financial statements), on an accrual basis over the period in which the services are rendered.

The fair value of a cash-settled share-based payment, the services acquired and the liability incurred are measured at the fair value of the liability, recognised in item “80. Other liabilities”. The fair value of the liability, as long as it remains unsettled, is remeasured at each Balance sheet date and all changes in fair value are recognised in profit and loss item “190. Administrative expenses: a) staff costs” (item “160. Administrative expenses: a) staff costs” in the Company financial statements).

Other long-term employee benefits
Long-term employee benefits (e.g., long-service bonuses, paid on reaching a predefined number of years’ service) are recognised in item “80. Other liabilities” on the basis of the measurement of the liability at the Balance sheet date, also in this case determined by an external actuary using the unit credit projection method (refer to the previous paragraph 10 - Provisions for risks and charges). Actuarial gains (losses) on this type of benefit are recognised immediately in the Income statement.

Part A - Accounting policies

Guarantees and credit derivatives in the same class

Guarantees and credit derivatives in the same class measured under IFRS9 (i.e., contracts under which the issuer make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument) are recognised in item "100. Provisions for risks and charges: a) commitments and guarantees given".
On initial recognition guarantees given are recognised at fair value, which usually corresponds to the amount received when the guarantee is issued.
After the initial recognition, guarantees given are recognised at the higher of the initially recognised value, net of any amortised portion, and the estimated amount required to meet the obligation.

The effects of valuation, relating to any impairment of the underlying, are recognised in the same balance-sheet item contra item "200. Net provisions for risks and charges: a) commitments and financial guarantees given" in the Income statement (item "170. Net provisions for risks and charges: a) commitments and financial guarantees given" in the Company financial statements).

Offsetting financial assets and liabilities

The accounting offsetting of assets and liabilities items has been performed according to IAS32, assessing the fulfillment of the following requirements:
- current legally enforceable right to set off the recognised amounts;
- intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accordance with IFRS7, further information has been included in the tables of Notes to the consolidated accounts, Part B - Consolidated balance sheet - Liabilities, Other information.

In these tables, in particular the following information have to be reported:
- balance-sheet values, before and after the accounting offsetting effects, relating to the assets and liabilities which meet the criteria for applying those effects;
- values of the exposures which do not meet the above-mentioned criteria, but are included in Master Netting Agreements, or similar agreements, which create the right to set-off only following specified circumstances (e.g. default events);
- amounts of related collaterals.

Amortised cost

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at the initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectability.
The effective interest method is a method of allocating the interest income or interest expense over the life of a financial asset or liability. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability. The calculation includes all fees and basis points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Commissions forming an integral part of the effective interest rate include loan drawdown fees or underwriting fees relating to a financial asset not designated at fair value, e.g., fees received as compensation for the assessment of the issuer's or borrower's financial situation, for valuation and registration of security, and generally for the completion of the transaction.

Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include financing costs or internal administrative or holding costs.

ESG instruments

Certain debt instruments (e.g. loans and bonds) may contain ESG (Environmental, Social, Governance) linked features according to which the spread paid by the customer may:
- increase in case certain ESG KPIs defined by the contract are not met; and/or
- decrease in case certain ESG KPIs defined by the contract are met.

These instruments have started to be originated after the entry into force of IFRS9 whose guidance, developed between 2008-2017, doesn't take into account the specific features of these instruments.
Therefore, a specific accounting policy is applied in order to establish when these instruments may be considered SPPI compliant in light of the general principles dictated by IFRS9.

Part A - Accounting policies

It is worth noting that the Group policy applies to debt instruments having the following features:
- contractual provisions clearly establish that the spread charged to the borrower may change in response to meeting ESG KPI;
- ESG KPI to be met shall be clearly identified by the contract; such ESG KPI shall be non financial variables specific to the borrower and typically aimed at (i) reducing the environmental impact of the borrower; (ii) increasing the social value of the borrower vis a vis its community; (iii) foster diversity in the governance of the borrower.

These debt instruments are SPPI compliant provided that one of the following conditions are met:
- it can be documented by the Business that the compliance with the ESG features reduces the credit risk of the customer so to justify the change in spread;
- decrease (or increase) in spread arising from compliance (or not compliance) with the ESG features are de minimis.

With reference to the first condition (credit risk) it shall be demonstrated that the credit risk parameters used for Expected Credit Loss calculation (Probability of Default, Loss Given Default) are higher in case the borrower will not comply with the ESG features and are lower in case of compliance. In addition to the above, it shall also be demonstrated that the increase/decrease in spread arising from non compliance/compliance with ESG linked features is also commensurate with the increase/decrease in credit risk.
With reference to the second condition (de minimis), an increase (decrease) in spread arising from non compliance (compliance) with a ESG linked feature is considered “de minimis”, thus allowing the credit exposure to pass the SPPI test, provided that the change in such a spread is immaterial according to some internally defined thresholds.

It is worth to note that the International Accounting Standards Board (IASB) in 2023 has issued an exposure draft “Amendments to the Classification and Measurement of Financial Instruments - Proposed amendments to IFRS9 and IFRS7” in which, among other topics, it provides some proposal of amendments aimed to give a clear guidance in assessing whether contractually specified changes in cash flows following the occurrence (or non-occurrence) of any contingent event (e.g. ESG clause) would give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. In detail, the document specifies that a change in contractual cash flows is consistent with a basic lending arrangement, if:
- the occurrence (or non-occurrence) of the contingent event is specific to the debtor; it means that it depends on the debtor achieving a contractually specified target, even if the same target is included in other contracts for other debtors;
- the resulting contractual cash flows do not represent an investment in the debtor or an exposure to the performance of specified assets;
- if it is aligned with the direction and magnitude of the change in basic lending risks or costs.

Such proposed amendment to IFRS9 is not yet endorsed by the European Commission; therefore, it is not applied in the 2023 Financial statements of UniCredit group.
However, the Group is monitoring the evolution of this topic and will update consistently the Group Accounting policy when the exposure draft will be in force.

Part A - Accounting policies

Recognition of income and expenses

Interest income and expenses

Interest income and expenses and similar income and expense items relate to monetary items, i.e., liquidity and debt financial instruments (i) held for trading, (ii) designated at fair value (iii) mandatorily at fair value (iv) at fair value through other comprehensive income (v) at amortised cost and financial liabilities at amortised cost.

Interest income and expense are recognised through profit or loss with respect to all instruments measured at amortised cost, using the effective interest method.

Interest also includes the net credit or debit balance of differentials and margins on financial derivatives:
- hedging interest-bearing assets and liabilities;
- HfT but linked for business purposes to assets and liabilities designated as measured at fair value (fair value option);
- linked for business purposes to HfT assets and liabilities paying differentials or margins on different maturities.

Fees and commissions income and other operating income

Fees and commissions income and other operating income are accounted for in Income statement as the entity satisfies the performance obligation embedded in the contract, according to “IFRS15 Revenue from Contracts with Customers” rules.
In particular:
- if the performance obligation is satisfied at a specific moment (“point in time”), the related revenue is recognised in Income statement when the service is provided;
- if the performance obligation is satisfied over-time, the related revenue is recognised in Income statement in order to reflect the progress of satisfaction of such obligation.

Due to the above mentioned rules, transaction fees coming from trading in securities are typically booked in the moment when the service is provided while fees related to portfolios management, consulting or fund management are normally recognised during the term of the contract (input method).
For this second type of fees, in fact, it is deemed that the input which are necessary to provide the service incorporated in the performance obligation are evenly distributed during the term of the contract.

If the timing of cash-in is not aligned to the way the performance obligation is satisfied, the Group accounts for a contract asset or a contract liability for the portion of revenue accrued in the period or to defer in the following periods.

The amount of revenues linked to fees and commissions income and other operating income is measured based on contractual provisions.
If the amount contractually foreseen is subject, totally or partially, to variability, a revenue has to be booked based on the most probable amount that the Group expects to receive.
Such amount is determined on the basis of all facts and circumstances considered relevant for the evaluation, that depend on the type of service provided and, in particular, on the presumption that it is not highly probable that the revenue recognised will not be significantly reversed.
Note, nevertheless, that for the services provided by the Group such a variability is not usually foreseen.

Finally, if a contract regards different goods/services whose performance obligations are not satisfied at the same time, the revenue is allocated among the different obligation proportionally to the stand-alone price of the single item delivered. These amounts will therefore be accounted for in Income statement on the basis of the timing of satisfaction of each obligation.
This circumstance, which is not significant, might happen in case of customer loyalty programs that require to provide goods or services for free, or by cashing-in a price not at market condition, if the client reaches a specific volume of fees, or in case of programs to acquire new customers that assign a bonus to the target (in the form of a product or a service) when it becomes a new client.

Dividends

Dividends are recognised as revenue in profit and loss in the financial year in which their distribution has been approved.

Part A - Accounting policies

A.3 - Information on transfers between portfolios of financial assets

There were no transfers between portfolios of financial assets in 2023.

A.4 - Information on fair value

Qualitative information

This section presents a disclosure on fair value as required by IFRS13.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants in the principal market at the measurement date (i.e., an exit price).

The fair value of a financial liability with a demand feature (e.g., a demand deposit) cannot be lower than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

For financial instruments listed in active markets, fair value is determined on the basis of official prices in the principal market to which the Group has access (*Mark to Market*).

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from a pricing service, dealer, broker, agency that determines prices or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. If a published price quotation in an active market does not exist for a financial instrument in its entirety, but active markets exist for its component parts, fair value can be determined on the basis of the relevant market prices for the component parts.

The Group may use valuation techniques, such as:
- a market approach (e.g., using quoted prices for similar assets, liabilities or equity instruments held by other parties as assets);
- cost approach (e.g., it reflects the amount that would be required currently to replace the service capacity of an asset, that is the current replacement cost);
- an income approach (e.g., a present value technique that takes into account the future cash flows that a market participant would expect to receive from holding the liability or equity instrument as an asset).

The Group uses valuation models (*Mark to Model*) in line with the methods generally accepted and used by the market. Valuation models include techniques based on the discounting of future cash flows and on volatility estimates, and they are subject to revision both during their development and periodically in order to ensure their consistency with the objectives of the valuation.

These methods use inputs based on prices set in recent transactions for the instrument being valued and/or prices/quotations for instruments having similar characteristics in terms of risk profile. Indeed, these prices/quotations are relevant for determining significant parameters in terms of credit, liquidity and price risk of the instrument being valued.
Reference to these market parameters allows to limit the discretionary nature of the valuation and ensures that the resulting fair value can be verified. If, for one or more risk factors it is not possible to refer to market data, the valuation models employed use estimates based on historical data as inputs.

As a further guarantee of the objectivity of valuations derived from valuation models, the Group employs:
- independent price verifications (IPVs);
- fair value adjustments (FVAs).

Independent price verification requires that the prices are verified at least monthly by Risk Management units that are independent from the units that assume the risk exposure.
This verification calls for comparing and adjusting the price in line with valuations obtained from independent market participants.

For instruments not quoted in active markets, the above verification process uses prices contributed by info providers as a reference and assigns a greater weighting to those prices that are considered representative of the instrument being valued.
This valuation can include the feasibility of the transaction at the price observed, the number of contributors, the degree of similarity of the financial instruments, the consistency of prices from different sources, and the process followed by the info provider to obtain the information.

Part A - Accounting policies

A.4.1 Fair value Levels 2 and 3: valuation techniques and inputs used

Hereby we provide IFRS13 disclosure requirements about accounting portfolios measured at fair value on a recurring basis, not measured at fair value, or measured at fair value on a non-recurring basis.

Assets and Liabilities measured at fair value on a recurring basis

Debt securities

Debt securities are priced in a two-tier process depending on the liquidity in the respective market. Liquid instruments in active markets are marked to market and consequently they are allocated in the fair value hierarchy under Level 1[51].

Instruments not traded in active markets are marked to model through discounted cash flows model whose inputs include implied credit spread curves. With this respect, depending on the proximity of the credit spread curve applied, the bonds are disclosed as Level 2 or Level 3 respectively. Under fair value accounting, fair value adjustments for liquidity and model deficiencies compensate for the lack of market observables for the Level 2 and Level 3 positions.
In the global bond IPV process market prices of Level 1 bonds and pricing models for illiquid bonds are regularly verified for accuracy.

Structured financial products

The Group determines the fair value of structured financial products not quoted on active markets using the appropriate derivative valuation methodology given the nature of the embedded structure (when this is not to be separated). Such instruments are classified as Level 2 or Level 3 depending on the observability of significant inputs to the model.

Asset Backed Securities

UniCredit valuation process assigns prices considering quotes available in the market.

As a second step, prices are assessed by benchmarking each security to a pool of similar securities with available market quotes. An alternative approach consists in evaluating the instrument through the use of quantitative pricing models, which are applicable every time that information regarding market participants assumptions on model parameters is reasonably made available without excessive costs or efforts.
ABS are assigned to Level 2 or Level 3 depending on the observability of either prices or model inputs.

Derivatives

Fair value of derivatives not traded in an active market is determined using a mark-to-model valuation technique.
Where active markets exist for its component parts, then fair value is determined on the basis of the relevant market prices for the component parts. Valuation techniques that are based on significant inputs that are observable are referred to as Level 2 valuations, while those based on techniques that use significant unobservable inputs are referred to as Level 3 valuations.

Equity instruments

Equity instruments are assigned to Level 1 when a quoted price is available on a liquid market and to Level 3 when no quotations are available, or quotations have been suspended indefinitely. These instruments are classified as Level 2 only when trading volume on the market is not sufficient to qualify the market as active.

Investment funds

The Group holds investments in certain investment funds that publish net asset value ("NAV") per share, including mutual funds, private equity funds, hedge funds (including funds of funds) and real estate funds. The Group's investments include co-investments in funds that are managed by the Group and investments in funds that are managed by third parties and in particular:

- Real estate funds: these funds are mapped to Level 1 when quoted prices are available on an active market; when this condition does not hold, real estate funds are disclosed as Level 3 and they are evaluated through an adequate credit adjustment of the NAV based on the specific features of each fund.
- Other funds: the Group holds investments also in mutual funds, hedge funds and private equity funds. Funds are usually assigned to Level 1 when a quoted price is available on an active market. Funds are disclosed as Level 2 or Level 3 depending on NAV availability, portfolio transparency and possible issues relating to position write-off; these funds are measured on the basis of internal analysis that consider further information, included those provided by management companies.

51 As far as Italian government bonds are concerned, it is worth stressing they are typically exchanged on the MTS market which is largely acknowledged as the main liquid platform for this kind of asset.

Part A - Accounting policies

Loans
Fair Value of loans measured at fair value is determined using either quoted prices or discounted cash flows analysis. They are classified under Level 2 if implied credit spread curves, as well as any other parameters used for determining fair value, are observable on the market. In the case the spreads curves are not observable they are derived using an internal spread model that is based both on observable and unobservable inputs, in the case the impact of unobservable inputs is significant they are classified as Level 3. These include loans to corporates and household for which no indication of applicable credit spread is available and for which, therefore, fair value has been determined through internal credit risk parameters.

Tangible assets measured at fair value
Reference is made to the paragraph "A.4.4 Other information" of the Notes to the consolidated accounts, Part A - Accounting policies, A.4 - Information on fair value, Qualitative information.

Fair Value Adjustments (FVA)
Fair value adjustment is defined as the amount to be added either to the market observed mid-price or to the theoretical price generated by a valuation model with the aim of obtaining a fair value of the position. Therefore, FVA are aimed at insuring that the fair value reflects the actual exit price of a certain position.
Below a list of adjustments:
- Credit/Debit Valuation Adjustment ("CVA/DVA");
- Funding Cost and Benefit Value Adjustment ("FCA/FBA");
- model risk;
- close-out costs;
- other adjustments.

Credit/Debit Valuation Adjustment (CVA/DVA)
Credit valuation adjustments (CVAs) and debit valuation adjustments (DVAs) are incorporated into derivative valuations to reflect the impact on fair value of counterparty credit risk and UniCredit group own credit quality respectively.

UniCredit CVA/DVA methodology is based on the following inputs:
- EAD derived by simulation techniques. Simulated exposures also take into account Specific Wrong-Way Risk that arises from transactions where there is a correlation between counterparty credit risk and the underlying derivative risk factors;
- PD implied by current market default rates, obtained from Credit Default Swaps;
- LGD based on the estimated level of expected recovery should a counterparty default and implied by current market default rates, obtained from credit default swaps.

As at 31 December 2023, net CVA/DVA cumulative adjustment, relating to performing counterparts, amounts to €118.3 million negative; in addition, the adjustment related to own credit spread evolution on own financial liabilities measured at fair value, which is filtered out from regulatory capital (accordingly to CRDIV), amounts to €114.4 million negative.

Funding Cost and Benefit Adjustment ("FCA/FBA")
Funding Valuation Adjustment ("FundVA") is the sum of a Funding Cost Adjustment ("FCA") and of a Funding Benefit Adjustment ("FBA") that indeed account for the expected future funding costs/benefits for derivatives that are not fully collateralised. Most material contributors are in-the-money trades with uncollateralised counterparties.

UniCredit FundVA methodology is based on the following inputs:
- positive and Negative exposure profiles derived leveraging on a risk-neutral spin-off of the counterparty credit risk internal model;
- PD term structure implied by current market default rates obtained from credit default swaps;
- a funding spread curve that is representative of the average funding spread of peer financial groups.

As at 31 December 2023 the Fair Value Adjustment component (FundVA) reflected into P&L amounts to €52 million negative.

Part A - Accounting policies

Model risk
Financial models are used for the valuation of the financial instruments if the direct market quotes are not deemed reliable. In general, the model risk is represented by the possibility that a financial instrument's evaluation is actually sensitive to the choice of model. It is possible to value the same financial instrument by using alternative models which could provide different results in term of pricing. The model risk adjustment refers to the risk that the actual fair value of the instrument differs from the value produced by the model.

Close-out cost
It measures the implicit cost of closing a trading position. The position can be closed by a long position (or purchase in the case of a short position), or by entering into a new transaction (or several transactions) that offsets (hedges) the open position. The close-out costs are typically derived from the bid/ask spreads observed on the market. It accounts for the fact that a position is valued at mid but can only be closed at bid or ask. This adjustment is not needed when the position is marked at bid or ask and already represents an exit price. In addition, a close-out adjustment of the NAV is applied when there are some penalties relating to position write-off in an investment fund.

Other adjustments
Other fair value adjustments, which are not included in the previous categories, could be taken into consideration to align the evaluation to the current exit price, also according to the level of liquidity of the market and valuation parameters, e.g., adjustment of equity prices whose quotation on the market are not representative of the effective exit price.

Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis
Financial instrument not carried at fair value, for example retail loans and deposit and credit facilities extended to corporate clients, are not managed on a fair value basis.
For these instruments fair value is calculated for disclosure purposes only and does not impact the Balance sheet or the profit or loss. Additionally, since these instruments generally do not trade, there is significant management judgment required to determine their fair values as defined by IFRS13.

Cash and cash balances
Cash and cash balances are not carried at amounts that approximate fair value, due to their short-term nature and generally negligible credit risk.

Financial assets at amortised cost
For securities, fair value is determined according to what reported in section "Assets and liabilities measured at fair value on a recurring basis - Debt securities".
On the other hands, fair value for performing loans to banks and customers is determined using the discounted cash flow model adjusted for credit risk. Some portfolios are valued according to simplified approaches, which however take into account the financial features of the financial instruments.

Property, plant and equipment
The fair value of under construction properties, obtained through the enforcement of guarantees received and the right of use of leased assets is determined on the basis of a valuation by an independent appraiser who holds a recognised and relevant professional qualification which perform its valuation by directly visiting the property and in consideration of market analysis (i.e. full appraisal) or, always considering the market analysis, on the basis of an indirect knowledge of the assets through the information made available by the owner and relating to the localisation, consistency, destination (i.e. desktop appraisal).
The attribution of fair value levels is based on the level of observability of the significant market parameters used by the valuation technique. In particular, given the current portfolio composition, most of the positions are at Level 3.

Financial liabilities at amortised cost
Fair value for issued debt securities is determined using the discounted cash flow model adjusted for UniCredit credit risk. The Credit Spread takes seniority into account.
Likewise, fair value for other financial liabilities is determined using the discounted cash flow model adjusted for UniCredit credit risk.

Description of the valuation techniques
Specific valuation techniques are used to value positions for which a market price is not directly observable from market sources. The Group uses well known valuation techniques for determining fair values of financial and non-financial instruments that are not actively traded and quoted. The valuation techniques used for Level 2 and 3 assets and liabilities are described below.

Part A - Accounting policies

Option Pricing Model
Option Pricing model is generally used for instruments in which the holder has a contingent right or obligation based on the occurrence of a future event, such as the price of a referenced asset going above or below a predetermined strike price. Option Pricing models estimate the likelihood of the specified event occurring by incorporating assumptions such as volatility estimates, price of the underlying instrument and expected rate of return.

Discounted cash flow
Discounted cash flow valuation techniques generally consist of developing an estimate of future cash flows that are expected to occur over the life of an instrument. The model requires the estimation of the cash flow and the adoption of market's parameters for the discounting: discount rate or discount margin reflects the credit and/or funding spreads required by the market for instruments with similar risk and liquidity profiles to produce a "discounted value". The fair value of the contract is given by the sum of the present values of future cash flows.

Hazard Rate Model
The valuation of CDS instruments (Credit Default Swap) requires the knowledge of the entity's survival probability at future dates. The estimate of this probability curve uses the standard model for survival probabilities and requires as parameters the credit default swap market quotes on standard future dates in addition to the risk-free curve and the expected recovery rate. The Hazard Rate is part of the described process, and it indicates the instantaneous probability of default at different future instants.

Market Approach
A valuation technique where the value is determined based on the prices generated by market or previous transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities.

Gordon Growth Model
A model used to determine the intrinsic value of a stock, based on a strip of future cash flows growing at a constant rate. Given a single cash flow and a hypothesis on constant growth through time, the model estimates the present value of future cash flows.

Dividend Discount Model
A model used to determine the value of a stock based on expectations on its future dividend flow.
Given a series of forecasts on dividends payable in future exercises and a hypothesis on the subsequent annual growth of dividends at a constant rate, the model estimates the fair value of a stock as the sum of the current value of all future dividends.

Adjusted NAV (Net Asset Value)
NAV is the total value of a fund's assets less liabilities. An increase in NAV would result in an increase in a fair value measure. Usually for funds classified as Level 3, depending on the methodology adopted by the Fund to calculate the NAV, the fair value is adjusted to consider the issuer's default risk and liquidity risk.

Sum of the parts
This approach determines the economic value of a company or a business unit as the sum of the economic capital values attributable to the various business lines within the same corporate structure.

Equity method
In the case of unlisted investments for which a limited availability of information does not allow for other methods to be adopted, the portion of shareholders' equity resulting from the latest financial statements or interim report (quarterly or half-yearly) approved by the company can be used as the best proxy of the fair value. For the purposes of determining shareholders' equity, valuation reserves must also be considered.

Simple equity method
With this method, the value of the company is determined as the difference between the assets and liabilities of the company restated at current values; this method consists, therefore, in defining the individual asset and liability values at current values, highlighting any gains or losses with respect to the carrying amounts.

Complex equity method
In addition to the measurement of the company using the Simple equity method, this method measures some "intangible" assets not present in the financial statements, such as goodwill, trademarks, patents, intellectual property, concessions.

Mixed equity/income method
Determines the value of the company taking into account objective and verifiable aspects of the equity method, without however neglecting the expected income flows, which are conceptually an essential component of the value of the economic capital and represented in the income method.

Part A - Accounting policies

Description of the inputs used to measure the fair value of items categorised in Level 2 and 3

Hereby a description of the main significant inputs used to measure the fair value of items categorised in Level 2 and 3 of the fair value hierarchy.

Volatility

Volatility is the measure of the variation of price of a financial instrument over time. In particular, volatility measures the speed and severity of market price changes for an instrument, parameter or market index given the particular instrument, parameter or index changes in value over time, expressed as a percentage of relative change in price. The higher the volatility of the underlying, the riskier the instrument. In general, long option positions benefit from increases in volatility, whereas short option positions will suffer losses.

There are different macro-types of volatility:
- volatility of interest rate;
- inflation volatility;
- volatility of foreign exchange;
- volatility of equity stocks, equity or other indexes/prices.

Correlation

Correlation is a measure of the relationship between the movements of two variables. When parameters are positively correlated, an increase in correlation results in a higher fair value measure. On the contrary, given a short correlation position, an increase in correlation, in isolation, would generally result in a decrease in a fair value measure. Therefore, changes in correlation levels can have a major impact, favourable or unfavourable, on the fair value of an instrument, depending on the type of correlation.

Correlation is a pricing input for a derivative product where the payoff is driven by multiple underlying risks. The level of correlation used in the valuation of derivatives with multiple underlying risks depends on a number of factors including the nature of those risks.

Dividends

The derivation of a forward price for an individual stock or index is important both for measuring fair value for forward or swap contracts and for measuring fair value using option pricing models. The relationship between the current stock price and the forward price is based on a combination of expected future dividend levels and payment timings and, to a lesser extent, the relevant funding rates applicable to the stock in question.
The dividend yield and timing represent the most significant parameter in determining fair value for instruments that are sensitive to an equity forward price.

Interest rate curve

The calculation of the interest rate curve is based on standard bootstrapping techniques relying on the set of quotes of appropriate financial instruments, for each currency, which turns interest rates in zero-coupon.
Less liquid currencies interest rate curves refer to the rates in currencies for which a market liquidity doesn’t exist in terms of tightness, depth and resiliency.

Inflation swap rate

The determination of forward levels for inflation indexes is based on swap quote over inflation indexes. Swap over inflation may present a low liquidity level whether there is no liquid market in terms of rigidity, deepness and resistance.

Credit spreads

Credit spreads reflects the credit quality of the associated credit name.
The credit spread of a particular security is reported in relation to the yield on a benchmark security or reference rate and is generally expressed in terms of basis points. In the loan evaluation model, the credit spread is used to estimate the market risk premium applied to discounting the cash-flows.

Loss Given Default (LGD)/Recovery Rate

LGD, also known as loss severity (the inverse concept is the recovery rate), represents the percentage of contractual cash flows lost in the event of a default, expressed as the net amount of loss relating to the outstanding balance. An increase in the loss severity, in isolation, would result in a decrease in a fair value measure. Loss given default is facility-specific because such losses are generally understood to be influenced by key transaction characteristics such as the presence of collateral and the degree of subordination.

Part A - Accounting policies

Price
Where market prices are not observable, comparison via proxy is used to measure a fair value of the instrument.

Prepayment Rate (PR)
The PR is the estimated rate at which forecasted prepayments of principal of the related debt instrument are expected to occur. Voluntary unscheduled payments (prepayments) change the future cash flows for the investor and thereby change the fair value of the security.
In general, as prepayment speeds change, the weighted average life of the security changes, which impacts the valuation either positively or negatively, depending on the nature of the security and the direction of the change in the weighted average life.

Probability of Default (PD)
The probability of default is an estimate of the likelihood of not collecting contractual amounts. It provides an estimate of the likelihood that a client of a financial institution will be unable to meet its debt obligations over a particular time horizon. The PD of an obligor does not only depend on the risk characteristics of that particular obligor but also the economic environment and the degree to which it affects the obligor.

Early conversion
The early conversion is the estimate of the probability that the liability would be converted into equity earlier than the terms stated.

EBITDA
EBITDA is an indicator of the current operating profitability of the business, that is the income generated by the use of the company's assets and the commercialisation of the products manufactured.

Ke
The Ke (cost of capital) represents the minimum rate that the company has to offer to its shareholders as remuneration for the funds received.

Growth rate
It is the constant growth rate used for the future dividends estimate.

Quantitative information on significant unobservable inputs used in the fair value measurement: accounting portfolios measured at fair value categorised as Level 3

The following table shows the relevant unobservable parameters for the valuation of financial instruments classified at fair value level 3 according to the IFRS13 definition.

(€ million)

PRODUCT CATEGORIES			FAIR VALUE ASSETS	FAIR VALUE LIABILITIES	VALUATION TECHNIQUES	UNOBSERVABLE PARAMETERS	UNCERTAINTY RANGES	
Derivatives								
	Financial							
		Equity & Commodities	469	335	Option Pricing Model	Volatility	1%	12%
						Correlation	2%	24%
					Option Pricing Model/ Discounted Cash Flows	Dividends Yield	1%	26%
		Foreign Exchange	25	36	Option Pricing Model	Volatility	0%	29%
					Discounted Cash Flows	Interest rate (bps)	0	587
		Interest Rate	449	510	Discounted Cash Flows	Swap Rate (bps)	0	587
						Inflation Swap Rate (bps)	3	12
					Option Pricing Model	Inflation Volatility	1%	3%
						Interest Rate Volatility	0%	29%
						Correlation	0%	22%
	Credit		-	23	Hazard Rate Model	Credit Spread (bps)	1	80
						Recovery rate	0%	5%
Debt Securities and Loans		Corporate/ Government/Other	757	1,171	Market Approach	Credit Spread (bps)	1	790
		Mortgage & Asset Backed Securities	2,023	-	Discounted Cash Flows	Credit Spread (bps)	30	4073
						Recovery rate	0%	70%
						Default Rate	0%	5%
						Prepayment Rate	0%	30%
Equity Securities		Unlisted Equity & Holdings	1,138	-	Market Approach	Price (% of used value)	0%	3%
					Gordon Growth Model	Ke	8%	17%
						Growth Rate	1%	4%
Units in Investment Funds		Real Estate & Other Funds	2,276	-	Adjusted Nav	PD	1%	30%
						LGD	35%	60%

A.4.2 Valuations processes and sensitivities

The Group verifies that the value attributed to each position reflects the current fair value in an appropriate way. Assets and liabilities subject to fair value measurements are determined using different techniques, among which (but not only) models such as *discounted cash flow* and internal models. On the basis of the observability of the input used, all the measurements are classified as Level 1, Level 2 or Level 3 of the fair value hierarchy.
When a financial instrument, measured at fair value, is valued through the use of one or more significant inputs not directly observable on the market, a further procedure for the price verification is implemented. These procedures include the revision of relevant historical data, the analysis of profits and losses, the individual valuation of each component for structural products and *benchmarking*. This approach uses subjective opinions and judgments based on experience and, therefore, it could require valuation adjustments which take into account the *bid/ask* spread, liquidity and counterparty risk, in addition to the valuation model type adopted.

According to Group Market Risk Governance guidelines, in order to ensure the right separateness of the functions in charge of the model development and those in charge of the validation processes, all the valuation models developed by Group companies' front offices are independently tested centrally and validated by Risk Managements functions. The aim of this independent control structure is evaluating the model risk from a theoretical solidity, calibration techniques eventually applied and appropriateness of the model for a specific product in a defined market point of views.
In addition to the daily *mark-to-market or mark-to-model valuation*, the *Independent Price Verification* ("IPV") is applied by from *Market Risk* function with the aim of guaranteeing a fair value provided by an independent structure for all instruments, illiquid included.

Fair value sensitivity to variations in unobservable input used in the fair value computation for instruments categorised as Level 3

The sensitivities to change in the unobservable parameter for the different financial instrument categories of level 3 valued at fair value are presented in the table below as change of corresponding relevant parameters:
- for derivatives on equities and commodities: 1% absolute of volatility, 10% relative of dividend, 1% absolute of correlation and 10% relative of volatility skew;
- for foreign exchanges: 1% absolute of underlying volatility;
- for interest rate derivatives: 1 basis point absolute of rates curves and volatilities or 1% absolute of swaption volatilities;
- for credit derivatives: 1 basis point absolute of credit spread or, if Level 3 attribution for a derivative is due to counterparty classification as not performing, the CVA impact of a 5% absolute shift of the recovery rate;
- for debt securities and loans: 1 basis point absolute of credit spread;
- for equities: 1% of the underlying;
- for Units in Investment Funds quotes: 5 basis points absolute shift in PD and LGD, if evaluated leveraging on models considering counterparty credit risk as main risk factor, otherwise 1% of fair value.

(€ million)

PRODUCT CATEGORIES				FAIR VALUE MOVEMENTS
Derivatives				
	Financial			
		Equities & Commodities	+/-	44.79
		Foreign Exchange	+/-	0.97
		Interest Rate	+/-	4.07
	Credit		+/-	0.38
Debt Securities and Loans				
		Corporate/Government/ Other	+/-	0.90
		Mortgage & Asset Backed Securities	+/-	0.42
Equity Securities				
		Unlisted Equity & Holdings	+/-	11.39
Units in Investment Funds				
		Real Estate & Other Funds	+/-	1.31

The unlisted Level 3 Units in Investment Funds, measured using a model, include the shares in Atlante and Italian Recovery Fund, former Atlante II, (€273 million at 31 December 2023) are classified. For further information refer to Notes to the consolidated accounts, Part B - Consolidated balance sheet - Assets, Section 2 - Financial assets at fair value through profit or loss: c) other financial assets mandatorily at fair value.

Part A - Accounting policies

Amongst the financial instruments subject of valuation methods and sensitivity analysis, there are also included ABS issued by securitisation vehicles as per Italian law 130/99 where the Bank is both originator and underwriter of some issues and quotes of open investment funds acquired through credit disposal.

A.4.3 Fair value hierarchy

IFRS13 establishes a fair value hierarchy according to the observability of the input used in the valuation techniques adopted for valuations.

The fair value hierarchy level associated to assets and liabilities is set as the minimum level among all the significant valuation inputs used.
A valuation input is not considered significant for the fair value of an instrument if the remaining inputs are able to explain a major part of the fair value variance itself.

In particular, three levels are considered:
- Level 1: the fair value for instruments classified within this level is determined according to the quoted prices on active markets;
- Level 2: the fair value for instruments classified within this level is determined according to the valuation models for which significant inputs are observable on active markets;
- Level 3: the fair value for instruments classified within this level is determined according to the valuation models for which significant inputs are unobservable on active markets.

Financial instruments are classified to a certain fair value level according to the observability of the input used for the valuation.

Level 1 (quoted prices in active markets): at measurement date, quoted prices in active markets are available for identical assets or liabilities. An active market is a market in which orderly transactions for the asset or liability take place with sufficient frequency and volume for pricing information to be provided on an on-going basis (e.g. MTS market about prices for most of the government bonds therein traded).

Level 2 (observable inputs): inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Inputs are observable if they are developed on the basis of publicly available information about actual events or transactions and reflect the assumptions that market participants would use when pricing the asset or liability.

Level 3 (unobservable inputs): inputs other than the ones included in Level 1 and Level 2, not directly observable on the market for the evaluation of asset and liability or used for the definition of significant adjustments to fair value. Unobservable inputs shall reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

Deciding among various valuation techniques to be used, the Group employs the one which maximises the use of observable inputs.

Transfers between hierarchy levels

The main drivers to transfers in and out the fair values levels (both between Level 1 and Level 2 and in/out Level 3) include changes in market conditions (among which liquidity parameter) and enhancements to valuation techniques and weights for unobservable inputs used for the valuation itself.
Quantitative and qualitative details about transfers between fair value levels occurred in the period are presented in the following paragraph "A.4.5 Fair value hierarchy", Quantitative information.

A.4.4 Other information

The Group uses the IFRS13 exception for fair value measurements on a net basis with reference to financial assets and liabilities with offsetting positions of market risk or counterparty credit risk.

Starting from 31 December 2019, UniCredit Real Estate Assets classified as "held for investment" (hereinafter referred also as "Investment properties") as well as Real Estate Assets used in business have to be measured at fair value, by applying the "Fair Value method" determined in accordance with IFRS13.
In this context, UniCredit issued a dedicated Global Policy for Real Estate Assets Evaluation, which has the purpose to define common principles, guidelines and models to be followed by the Group Legal Entities in the evaluation of their Real Estate Properties; the policy applies to all Real Estate Assets reflected in the Group Consolidated Financial Statements.
The attribution of fair value levels is based on the level of observability of the significant market parameters used by the valuation technique. In particular, given the current portfolio composition, most of the positions are at Level 3.

Part A - Accounting policies

With specific reference to investment properties, Fair value is determined under a “market perspective”; i.e., it is the price that a third party would pay to buy the asset in an orderly transaction at the measurement date under a “Highest and Best Use” assumption. The “Highest and Best Use” assumption needs to be supported by reasonable evidence that the use is physically possible, and legally and financially allowed. As a rule, it is assumed that the use of a given asset, foreseen by UniCredit managerial intentions, is already the “Highest and Best Use”, unless there is a clear demonstration of the opposite.

In order to derive the Fair value of an asset, either a Market Comparable Approach (i.e., taking into consideration the current market conditions and prices of observable transactions) or an Income Approach (i.e., discounting market level rental fees) is used.
The choice of the valuation methodology and the assumptions used shall include all the available information and reflect the strategy on the Asset; all the inputs used in the evaluation are supported by internal (e.g., technical documents, managerial planning and reporting, existing contracts, etc.) and external evidence (e.g., market reports, researches, etc.).

Fair value is determined, for both Investment properties and Assets used in business, by an external, independent, certified expert either through “full form” or through “desktop appraisals”, subject to remeasurement every six months.
With specific reference to investment properties, the entire portfolio is subject to “full/on-site appraisals” over 3 years; hence, in each year, part of the portfolio is subject to “full/on-site appraisal”, while “Desktop appraisals” are performed on a semi-annual basis for the remaining ones.
In case the difference between the fair value resulting from the desktop appraisals and the fair value resulting from the last “full/onsite” valuation exceeds 10%, the real estate shall be subject to full/on-site appraisal before the 3 years ordinary timeline.

In case Market Comparable Approach is applied, fair value is determined by external appraisers, according to the features of the transactions occurred in the market for properties in the same area and with the same characteristics as the one being valued. In case the property has no comparable transactions, appraisers are asked to apply the most similar transactions available with a reasonable discount that reflects the inherent illiquidity of the property. Such approach:
- is applied when there is no long-term rental agreement in place, as well as for land plots without planned or ongoing developments;
- relies on two key parameters: (i) the area of the real estate property; (ii) the value per unit of area (through the adjustment of values in comparable transactions).

The real estate property valuation is determined as the surface area multiplied by the value per unit of area.

In case the Income approach is applied, external appraisers determine the fair value by converting future cash flows to a single current capital value. The income stream may be derived under contracts, or it can be non-contractual, thus leveraging on the most updated version of the International Valuation Standards.
- In detail, cash flows generated by the property shall be calculated considering rent free periods, rental growth, incentive periods, total contractual length, as well as any additional proceeds/expenses directly related to the rental contract.
- The discounted rate to be used is the Weighted Average Cost of Capital (measured at the valuation date) of an ideal entity operating in the specific real estate market of reference for the specific asset, financed through the average debt/equity structure of comparable entities operating in the same market.

The income approach is to be preferred when there is a long-term rental agreement in place and the agreement is consistent with market conditions, or when there is a decline in markets activity. Such approach could be used also for land plots with planned or ongoing developments. In this case, the value may be determined based on the analysis of the expected future cash flows, assumed that a reasonable expectation of demand for the development can be demonstrated.

Fair value coming from appraisals are subject to plausibility checks; in this regard, the following shall be noted:
- when an income approach is used by external appraisers, the main input underlying the valuation (Cash flows, Capitalization rate, etc.) are internally assessed in term of plausibility;
- the plausibility of fair values arising from external appraisals is assessed internally through a control approach that acquires information from different external info providers, thus determining a range of possible fair values within which the valuation shall fall;
- for the most significant real estate assets, the analysis is further supported by a discounted cash flow analysis that compares the fair value determined by the external appraisal with the outcome of an internal Discounted Cash flow model.

Part A - Accounting policies

Quantitative information

A.4.5 Fair value hierarchy

The following tables show the portfolios breakdown in terms of (i) financial assets and liabilities valued at fair value as well as (ii) assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis, according to the above-mentioned levels.

A.4.5.1 Assets and liabilities measured at fair value on a recurring basis: breakdown by fair value levels

(€ million)

FINANCIAL ASSETS/LIABILITIES MEASURED AT FAIR VALUE	AMOUNTS AS AT 31.12.2023			AMOUNTS AS AT 31.12.2022		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Financial assets at fair value through profit or loss	26,726	33,529	4,759	23,773	44,592	4,809
a) Financial assets held for trading	24,233	31,993	1,048	20,765	41,940	1,738
b) Financial assets designated at fair value	220	-	-	323	-	-
c) Other financial assets mandatorily at fair value	2,273	1,536	3,711	2,685	2,652	3,071
2. Financial assets at fair value through other comprehensive income	52,974	7,753	2,370	44,716	7,368	2,803
3. Hedging derivatives	81	1,836	8	177	2,663	11
4. Property, plant and equipment	-	-	5,446	-	-	5,906
5. Intangible assets	-	-	-	-	-	-
Total	**79,781**	**43,118**	**12,583**	**68,666**	**54,623**	**13,529**
1. Financial liabilities held for trading	11,468	25,301	1,253	11,634	37,705	1,895
2. Financial liabilities designated at fair value	-	11,252	795	-	9,715	477
3. Hedging derivatives	124	2,208	27	335	3,062	6
Total	**11,592**	**38,761**	**2,075**	**11,969**	**50,482**	**2,378**

The sub-item “1. c) Financial assets mandatorily at fair value” at Level 3 as at 31 December 2023 includes the investments in Atlante and Italian Recovery Fund (IRF - former Atlante II) carrying value €273 million.
As at 31 December 2023 the fair value for Atlante and Italian Recovery Fund (former Atlante II) has been determined adopting an internal model in which credit risk changes of single ABS in which Atlante fund is invested are considered.
For further information refer to paragraph “2.5 Other financial assets mandatorily at fair value: breakdown by product” of the Notes to the consolidated accounts, Part B - Consolidated balance sheet - Assets, Section 2 - Financial assets at fair value through profit or loss - Item 20.

Transfers between level of fair value occurring during the year mainly reflect the evolution of reference market and the enhancement of processes for fair value level attribution in some Group entities.

Besides the transfers related to financial assets and liabilities carried at Level 3 detailed in the sections below during the year the following transfers occurred:
- from Level 1 to Level 2 owing to a worsening of the liquidity and price reliability indicators (based on the bid-ask spread, relative size and applicability of the published prices) collected by third parties as calculated and recorded in the context of the Global Bond IPV process:
  - of financial assets measured at fair value through profit or loss (financial assets held for trading, designed at fair value and mandatorily at fair value) for €404 million;
  - of financial assets measured at fair value through reserves (financial assets at fair value through other comprehensive income) for €710 million.
- from Level 2 to Level 1 owing to an improvement of the liquidity and price reliability indicators (based on the bid-ask spread, relative size and applicability of the published prices) collected by third parties as calculated and recorded in the context of the Global Bond IPV process:
  - of financial assets measured at fair value through profit or loss (financial assets held for trading, designed at fair value and mandatorily at fair value) for €370 million;
  - of financial assets measured at fair value through reserves (financial assets at fair value through other comprehensive income) for €69 million;
  - of financial liabilities measured at fair value through profit or loss (financial liabilities held for trading and designated at fair value) for €1 million.

Part A - Accounting policies

A.4.5.2 Annual changes in assets measured at fair value on a recurring basis (Level 3)

(€ million)

	CHANGES IN 2023							
	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS							
	TOTAL	OF WHICH: A) FINANCIAL ASSETS HELD FOR TRADING	OF WHICH: B) FINANCIAL ASSETS DESIGNATED AT FAIR VALUE	OF WHICH: C) OTHER FINANCIAL ASSETS MANDATORILY AT FAIR VALUE	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	HEDGING DERIVATIVES	PROPERTY, PLANT AND EQUIPMENT	INTANGIBLE ASSETS
1. Opening balances	**4,809**	**1,738**	**-**	**3,071**	**2,803**	**11**	**5,906**	**-**
2. Increases	**5,204**	**3,648**	**-**	**1,556**	**269**	**18**	**406**	**-**
2.1 Purchases	4,398	3,336	-	1,062	18	-	133	-
2.2 Profits recognised in	325	118	-	207	92	3	202	-
2.2.1 Income statement	325	118	-	207	7	-	92	-
- of which unrealised gains	*156*	*61*	-	*95*	-	-	*92*	-
2.2.2 Equity	X	X	X	X	85	3	110	-
2.3 Transfers from other levels	375	181	-	194	39	-	-	-
2.4 Other increases	106	13	-	93	120	15	71	-
3. Decreases	**5,254**	**4,338**	**-**	**916**	**702**	**21**	**866**	**-**
3.1 Sales	4,075	3,804	-	271	70	-	129	-
3.2 Redemptions	207	-	-	207	430	-	-	-
3.3 Losses recognised in	455	314	-	141	170	4	627	-
3.3.1 Income statement	455	314	-	141	47	4	318	-
- of which unrealised losses	*378*	*311*	-	*67*	-	-	*243*	-
3.3.2 Equity	X	X	X	X	123	-	309	-
3.4 Transfers to other levels	451	179	-	272	-	-	68	-
3.5 Other decreases	66	41	-	25	32	17	42	-
of which: business combinations	-	-	-	-	-	-	-	-
4. Closing balances	**4,759**	**1,048**	**-**	**3,711**	**2,370**	**8**	**5,446**	**-**

The sub-items “2.2.1 Profits recognised in Income statement” and “3.3.1 Losses recognised in Income statement” in financial assets are included in the profit and loss in the following items:

- Item 80: Net gains (losses) on trading;
- Item 90: Net gains (losses) on hedge accounting;
- Item 110: Net gains (losses) on other financial assets/liabilities at fair value through profit or loss.

The sub-item “2.2.2 Profits recognised in Equity” and the sub-item “3.3.2 Losses recognised in Equity” reports the profits and the losses arising from fair value changes on financial assets at fair value through other comprehensive income and tangible assets used in business, with reference to land and buildings, according to the rules explained below.
With reference to financial assets at fair value through other comprehensive income these profits and losses are accounted in item “120. Valuation reserves” of shareholder’s equity until the financial assets is not sold, instant in which cumulative gains and losses are reported: i) if referred to debt securities in Income statement under item “100. Gains (Losses) on disposal and repurchase of: b) financial assets at fair value through other comprehensive income” and ii) if referred to equity instruments in the shareholder’s equity under item “150. Reserves”; the exception regards the case of impairment and gains and losses on exchange rates on monetary assets (debt securities) which are reported respectively under item “130. Net losses/recoveries on credit impairment relating to: b) financial assets at fair value through other comprehensive income” and item “80. Net gains (losses) on trading”.
With reference to tangible assets used in business, the profits arising from the valuation are recognised in item “120. Valuation reserves” of shareholder’s equity for the portion exceeding the cumulated losses recognised in item “260. Net gains (losses) on property, plant and equipment and intangible assets measured at fair value”. Losses arising from the valuation are recognised in item “120. Valuation reserves” up to the cumulated profits recognised in the same item. Further losses are recognised in item “260. Net gains (losses) on property, plant and equipment and intangible assets measured at fair value”. On disposal the cumulated profits reported in item “120. Valuation reserves” are recycled to item “150. Reserves”.

Transfers between levels of fair value occurring during the year mainly reflect the evolution of reference market and the enhancement of processes for fair value level attribution in some Group entities and mostly refer to exposures held by the subsidiaries UniCredit Bank GmbH and UniCredit Bank Hungary zrt.

Part A - Accounting policies

A.4.5.3 Annual changes in liabilities measured at fair value on a recurring basis (Level 3)

(€ million)

	CHANGES IN 2023		
	FINANCIAL LIABILITIES HELD FOR TRADING	FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE	HEDGING DERIVATIVES
1. Opening balances	**1,895**	**477**	**6**
2. Increases	**765**	**569**	**46**
2.1 Issuance	294	377	-
2.2 Losses recognised in	131	46	21
2.2.1 Income statement	131	41	17
- of which unrealised losses	*115*	*39*	*16*
2.2.2 Equity	X	5	4
2.3 Transfers from other levels	282	142	5
2.4 Other increases	58	4	20
3. Decreases	**1,407**	**251**	**25**
3.1 Redemptions	469	29	-
3.2 Purchases	30	56	-
3.3 Profits recognised in	339	15	2
3.3.1 Income statement	339	15	2
- of which unrealised gains	*292*	*11*	-
3.3.2 Equity	X	-	-
3.4 Transfers to other levels	529	146	-
3.5 Other decreases	40	5	23
of which: business combinations	-	-	-
4. Closing balances	**1,253**	**795**	**27**

The sub-items “2.2.1 Losses recognised in Income statement” and “3.3.1 Profits recognised in Income statement” in financial liabilities are included in the profit and loss in the following items:

- Item 80: Net gains (losses) on trading;
- Item 90: Net gains (losses) on hedge accounting;
- Item 110: Net gains (losses) on other financial assets/liabilities at fair value through profit or loss.

Transfers between levels of fair value occurring during the year mostly refer to exposures held by UniCredit S.p.A. and its subsidiary UniCredit Bank GmbH.

A.4.5.4 Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis: breakdown by fair value levels

(€ million)

ASSETS/LIABILITIES NOT MEASURED AT FAIR VALUE OR MEASURED AT FAIR VALUE ON A NON-RECURRING BASIS	AMOUNTS AS AT 31.12.2023				AMOUNTS AS AT 31.12.2022			
		FAIR VALUE				FAIR VALUE		
	BOOK VALUE	LEVEL 1	LEVEL 2	LEVEL 3	BOOK VALUE	LEVEL 1	LEVEL 2	LEVEL 3
1. Financial assets at amortised cost	556,978	62,852	189,523	294,353	582,762	56,281	234,703	282,765
2. Property, plant and equipment held for investment	-	-	-	-	-	-	-	-
3. Non-current assets and disposal groups classified as held for sale	370	-	82	-	528	-	15	20
Total	**557,348**	**62,852**	**189,605**	**294,353**	**583,290**	**56,281**	**234,718**	**282,785**
1. Financial liabilities at amortised cost	658,308	53,211	248,641	352,198	727,885	46,478	317,989	357,686
2. Liabilities associated with assets classified as held for sale	-	-	-	-	-	-	-	-
Total	**658,308**	**53,211**	**248,641**	**352,198**	**727,885**	**46,478**	**317,989**	**357,686**

Part A - Accounting policies

The changes occurred between 31 December 2022 and 31 December 2023 in the ratio between fair value and book value for financial assets at amortised cost reflect the enhancement of the methodology and the parameters adopted for the fair value calculation for disclosure and the evolution in the benchmark interest rate, in the risk premium and in the probability of default depending on or deriving from markets trend.
These events together with the evolution of the approach to identify the significance of non-observable inputs have been reflected in fair value hierarchy level distribution.

The decrease in the Level 2 of fair value hierarchy occurred in the items “1. Financial assets at amortised cost” and “1. Financial liabilities at amortised cost” mainly derives from (i) transfers in the level 3 and the reduction of the assets exposures of some loans to customers mainly at UniCredit S.p.A. and its subsidiary UniCredit Bank GmbH and (ii) reimbursements of the TLTRO exposures liabilities, mostly at UniCredit S.p.A. and its subsidiaries UniCredit Bank GmbH and UniCredit Bank Austria AG.

The book value of item “3. Non-current assets and disposal groups classified as held for sale” (Assets) includes amounts referred to assets measured on Balance sheet on the basis of their cost for €288 million. For further details on this item refer to table “12.1 Non-current assets and disposal groups classified as held for sale: breakdown by asset type”, Notes to the consolidated accounts, Part B - Consolidated balance sheet - Assets, Section 12 - Non-current assets and disposal groups classified as held for sale and Liabilities associated with assets classified as held for sale - Item 120 (Assets) and Item 70 (Liabilities).

A.5 - Information on “day one profit/loss"

The value at which financial instruments are recognised is equal to their fair value on the same date.

The fair value of financial instruments, other than those designated at fair value through profit or loss, at their recognition date is usually assumed to be equal to the amount collected or paid.

For financial instruments held for trading (refer to Sections 1.a) and 12 of Part A.2 above) and instruments designated at fair value (refer to Sections 1.b) and 13 of Part A.2 above), any difference from the amount collected or paid is posted under the appropriate items of the Income statement.

The use of conservative valuation models, the processes described above for revising the models used and related parameters and value adjustments to reflect model risk ensure that the amount recognised in the Income statement is not derived from the use of valuation parameters that cannot be observed.
More specifically, the calculation of fair value adjustments to reflect model risk ensures that the fair value portion of these instruments relating to the use of subjective parameters is not recognised in the profit and loss accounts but changes the Balance sheet value of these instruments.
The presence of further “day one profit” leads to the recognition of a distinct asset component that is the object of linear amortization.
Recognition of these portions in the profit and loss account is then made only when objective parameters are applied and therefore the adjustments are derecognised.

The overall fair value adjustments to reflect these adjustments (amount not recognised in the Income statement) amounts to +€58 million as at 31 December 2023 (+€75 million as at 31 December 2022).

Part B - Consolidated balance sheet - Assets

Assets

Section 1 - Cash and cash balances - Item 10

1.1 Cash and cash balances: breakdown

(€ million)

	AMOUNTS AS AT	
	31.12.2023	**31.12.2022**
a) Cash	3,477	3,671
b) Current accounts and demand deposits with Central Banks	50,605	100,134
c) Current accounts and demand deposits with Banks	6,918	7,971
Total	**61,000**	**111,776**

The reduction in the item "b) Current accounts and demand deposits with Central Banks" is mainly due to the UniCredit S.p.A. and its subsidiary UniCredit Bank GmbH, as a result of the reimbursement of the TLTRO III liabilities occurred during the 2023, partially offset by the increase observed on the subsidiary UniCredit Bank Austria AG due to the presentation in this item of the liquidity surplus previously reported in the Balance sheet item "40 - Financial assets at amortising cost - A. Loans and advances to Central Banks - b) Compulsory reserves".

The item "b) Current accounts and demand deposits with Central Banks" mainly includes the investment of liquidity in overnight deposits held with Central Banks, in addition to the part that is maintained in the Compulsory Reserves, classified in the item Loans and advances from Banks as a result of the management of a net surplus of funds recognised both (i) in the context of commercial activity with customers and (ii) as part of the interbank business.

Part B - Consolidated balance sheet - Assets

Section 2 - Financial assets at fair value through profit or loss - Item 20

2.1 Financial assets held for trading: breakdown by product

(€ million)

ITEMS/VALUES	AMOUNTS AS AT 31.12.2023			AMOUNTS AS AT 31.12.2022		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
A. Financial assets (non-derivatives)						
1. Debt securities	**10,979**	**1,018**	**106**	**9,053**	**813**	**586**
1.1 Structured securities	5	290	2	2	275	411
1.2 Other debt securities	10,974	728	104	9,051	538	175
2. Equity instruments	**7,257**	**6**	**1**	**5,092**	**4**	**4**
3. Units in investment funds	**1,169**	**410**	**7**	**1,394**	**924**	**4**
4. Loans	**2,082**	**4,930**	**-**	**1,704**	**5,222**	**-**
4.1 Reverse Repos	-	923	-	-	1,167	-
4.2 Other	2,082	4,007	-	1,704	4,055	-
Total (A)	**21,487**	**6,364**	**114**	**17,243**	**6,963**	**594**
B. Derivative instruments						
1. Financial derivatives	**2,659**	**25,546**	**934**	**3,519**	**34,859**	**1,143**
1.1 Trading	2,659	25,522	934	3,519	34,614	1,143
1.2 Linked to fair value option	-	18	-	-	37	-
1.3 Other	-	6	-	-	208	-
2. Credit derivatives	**87**	**83**	**-**	**3**	**118**	**1**
2.1 Trading	87	83	-	3	118	1
2.2 Linked to fair value option	-	-	-	-	-	-
2.3 Other	-	-	-	-	-	-
Total (B)	**2,746**	**25,629**	**934**	**3,522**	**34,977**	**1,144**
Total (A+B)	**24,233**	**31,993**	**1,048**	**20,765**	**41,940**	**1,738**
Total Level 1, Level 2 and Level 3			**57,274**			**64,443**

Valuations at fair value were classified according to a hierarchy of levels reflecting the observability of the valuations input. For further information see paragraph “A.4 - Information on fair value”, Notes to the consolidated accounts Part A - Accounting policies.

The financial assets and liabilities relating to OTC Derivatives and Reverse repos managed through Central Counterparty Clearing Houses (CCPs) are offset when (i) the clearing systems of CCPs guarantee the elimination or reduce to immaterial the credit and liquidity risks of these contracts and (ii) the entity intends to settle these contracts on a net basis, in accordance with IAS32 - Offsetting, in order to improve the presentation of the liquidity profile and counterparty risk connected with them.

The reduction of the item is mainly attributable to the decrease of the fair value and volumes for derivatives instruments, mostly related to the subsidiary UniCredit Bank GmbH, partially offset by an in increase observed in the item “1.2 other debt securities” and item “2. Equity instruments” mainly at UniCredit S.p.A. and its subsidiary UniCredit GmbH.

The sub-item “4.2 Loans - Other” includes CO2 certificates for an amount equal to €1,314 million held by the subsidiary UniCredit Bank GmbH.

The offset effect as at 31 December 2023, already included in the net presentation of these transactions, totaled €180,918 million decreased in comparison to €240,126 million as at 31 December 2022 due to the evolution of the reference market conditions, mainly relating to the activities of the subsidiary UniCredit Bank GmbH.

Part B - Consolidated balance sheet - Assets

In item "1. Debt securities" there are no securities related to securitisation transactions.

2.2 Financial assets held for trading: breakdown by borrowers/issuers/counterparties

(€ million)

ITEMS/VALUES	AMOUNTS AS AT 31.12.2023	31.12.2022
A. Financial assets (non-derivatives)		
1. Debt securities	**12,103**	**10,452**
a) Central Banks	-	-
b) Governments and other Public Sector Entities	10,492	8,315
c) Banks	378	503
d) Other financial companies	484	991
of which: insurance companies	*7*	*7*
e) Non-financial companies	749	643
2. Equity instruments	**7,264**	**5,100**
a) Banks	483	344
b) Other financial companies	542	466
of which: insurance companies	*260*	*197*
c) Non-financial companies	6,239	4,290
d) Other issuers	-	-
3. Units in investment funds	**1,586**	**2,322**
4. Loans	**7,012**	**6,926**
a) Central Banks	161	301
b) Governments and other Public Sector Entities	1,315	1,289
c) Banks	474	775
d) Other financial companies	294	92
of which: insurance companies	-	-
e) Non-financial companies	4,768	4,469
f) Households	-	-
Total A	**27,965**	**24,800**
B. Derivative instruments		
a) Central counterparties	4,041	5,936
d) Other	25,268	33,707
Total B	**29,309**	**39,643**
Total (A+B)	**57,274**	**64,443**

Part B - Consolidated balance sheet - Assets

2.3 Financial assets designated at fair value: breakdown by product

(€ million)

ITEMS/VALUES	AMOUNTS AS AT 31.12.2023			AMOUNTS AS AT 31.12.2022		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	**220**	**-**	**-**	**323**	**-**	**-**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	220	-	-	323	-	-
2. Loans	**-**	**-**	**-**	**-**	**-**	**-**
2.1 Structured	-	-	-	-	-	-
2.2 Other	-	-	-	-	-	-
Total	**220**	**-**	**-**	**323**	**-**	**-**
Total Level 1, Level 2 and Level 3			**220**			**323**

Valuations at fair value are classified according to a hierarchy of levels reflecting the observability of the valuations input.
For further information refer to paragraph "A.4 - Information on fair value" of the Notes to the consolidated accounts, Part A - Accounting policies.

2.4 Financial assets designated at fair value: breakdown by borrowers/issuers

(€ million)

ITEMS/VALUES	AMOUNTS AS AT	
	31.12.2023	31.12.2022
1. Debt securities	**220**	**323**
a) Central Banks	-	-
b) Governments and other Public Sector Entities	210	272
c) Banks	10	51
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
2. Loans	**-**	**-**
a) Central Banks	-	-
b) Governments and other Public Sector Entities	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
Total	**220**	**323**

Part B - Consolidated balance sheet - Assets

2.5 Other financial assets mandatorily at fair value: breakdown by product

(€ million)

ITEMS/VALUES	AMOUNTS AS AT 31.12.2023			AMOUNTS AS AT 31.12.2022		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	**1,311**	**658**	**214**	**2,321**	**1,559**	**232**
1.1 Structured securities	-	-	2	-	-	2
1.2 Other debt securities	1,311	658	212	2,321	1,559	230
2. Equity instruments	**942**	**4**	**344**	**344**	**130**	**372**
3. Units in investment funds	**20**	**11**	**2,269**	**20**	**11**	**1,441**
4. Loans	**-**	**863**	**884**	**-**	**952**	**1,026**
4.1 Reverse Repos	-	-	-	-	-	-
4.2 Other	-	863	884	-	952	1,026
Total	**2,273**	**1,536**	**3,711**	**2,685**	**2,652**	**3,071**
Total Level 1, Level 2 and Level 3			**7,520**			**8,408**

A financial asset is classified as financial asset mandatorily at fair value if it does not meet the conditions, in terms of business model or cash flow characteristics, for being measured at amortised cost or at fair value through other comprehensive income.

The reduction in item “1. Debt securities” is mainly attributable to reimbursements performed during the period mostly related to the subsidiary UniCredit Bank GmbH. This item includes investments (i) in FINO Project’s Mezzanine and Junior Notes with a value of €24 million, (ii) Mezzanine and Junior bonds of Prisma securitisation for €1 million, (iii) Mezzanine and Junior bonds of Olympia securitisations for €1 million, (iv) Mezzanine and Junior bonds of Relais securitisation for €2 million, (v) Mezzanine and Junior bonds of Itaca securitisation for €1 million and (vi) Junior bonds of Altea securitisation for €7 million, all presented among Level 3 instruments.

The increase in the item “2. Equity instruments” is mainly due to the new equity investments purchases held by UniCredit S.p.A. In this item the investment in a “Schema Volontario” (presented among Level 3 instruments) has been fully impaired in 2022.

The item “3. Units in investment funds” includes the investments in Atlante and Italian Recovery Fund, former Atlante II, presented among Level 3 instruments, with a value of €273 million as at 31 December 2023.

The item “4. Loans” includes exposures which have been granted payment moratoriums related to the Covid-19 pandemic context for a total amount of €87 million, mainly held by UniCredit S.p.A.

Valuations at fair value were classified according to a hierarchy of levels reflecting the observability of the valuations input.
For further information refer to paragraph “A.4 - Information on fair value” of the Notes to the consolidated accounts, Part A - Accounting policies.

Exposures to securities related to Securitisation transactions

(€ million)

TRANCHING	AMOUNTS AS AT 31.12.2023
Senior	9
Mezzanine	46
Junior	41
Total	**96**

Part B - Consolidated balance sheet - Assets

Information about the units of Atlante Fund and Italian Recovery Fund

Reference is made to the paragraph “Information about the units of Atlante Fund and Italian Recovery Fund (former Atlante II)” of the Company financial statements of UniCredit S.p.A., Notes to the accounts Part B - Balance sheets - Assets, Section 2 - Financial assets at fair value through profit or loss - Item 20, which is herewith quoted entirely.

Information about the investments in the “Schema Volontario” (Voluntary Scheme)

Reference is made to the paragraph “Information about the investments in the Schema Volontario” of the Company financial statements of UniCredit S.p.A., Notes to the accounts Part B - Balance sheets - Assets, Section 2 - Financial assets at fair value through profit or loss - Item 20, which is herewith quoted entirely.

2.6 Other Financial assets mandatorily at fair value:breakdown by borrowers/issuers

(€ million)

	AMOUNTS AS AT	
ITEMS/VALUES	31.12.2023	31.12.2022
1. Equity instruments	**1,290**	**846**
of which: banks	*476*	*25*
of which: other financial companies	*613*	*612*
of which: non-financial companies	*201*	*209*
2. Debt securities	**2,183**	**4,112**
a) Central banks	-	-
b) Governments and other Public Sector Entities	1,039	2,070
c) Banks	912	1,670
d) Other financial companies	214	354
of which: insurance companies	*56*	*60*
e) Non-financial companies	18	18
3. Units in investment funds	**2,300**	**1,472**
4. Loans and advances	**1,747**	**1,978**
a) Central banks	-	-
b) Governments and other Public Sector Entities	558	668
c) Banks	50	48
d) Other financial companies	139	43
of which: insurance companies	-	-
e) Non-financial companies	530	791
f) Households	470	428
Total	**7,520**	**8,408**

Part B - Consolidated balance sheet - Assets

Section 3 - Financial assets at fair value through other comprehensive income - Item 30

3.1 Financial assets at fair value through other comprehensive income: breakdown by product

(€ million)

ITEMS/VALUES	AMOUNTS AS AT 31.12.2023			AMOUNTS AS AT 31.12.2022		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	**52,624**	**7,301**	**1,576**	**44,709**	**6,918**	**1,960**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other	52,624	7,301	1,576	44,709	6,918	1,960
2. Equity instruments	**350**	**452**	**794**	**7**	**450**	**843**
3. Loans	**-**	**-**	**-**	**-**	**-**	**-**
Total	**52,974**	**7,753**	**2,370**	**44,716**	**7,368**	**2,803**
Total Level 1, Level 2 and Level 3			**63,097**			**54,887**

Valuations at fair value were classified according to a hierarchy of levels reflecting the observability of the valuations input.
For further information see the paragraph “A.4 - Information on fair value” of the Notes to the consolidated accounts, Part A - Accounting Policies.

The increase in the item “1. Debt Securities” is mainly due to an increase in fair value and new purchases occurred during the period, mostly related to UniCredit S.p.A. and its subsidiary UniCredit Bank Austria AG. This Item includes investments (i) in FINO Project’s investments in Senior and in part in Mezzanine notes with a value of €46 million, (ii) in Senior bonds of Prisma securitisation for €478 million, (iii) in Senior bonds of Relais securitisation for €283 million, (iv) in Senior bonds of Olympia securitisation for €166 million, and (v) in Senior bonds of Itaca securitisation for €70 million, all investments presented among Level 3 instruments.

The Item “2. Equity instruments” includes investments (i) in Banca d’Italia stake (presented among Level 2 instruments), with a value of €375 million, (ii) in ABH Holding SA share (presented among Level 3 instruments) acquired in contemplation of the sale of PJSC Ukrsotbank to Alfa Group, with a value of €294 million, and (iii) in Alpha Services and Holdings S.A. share (presented among Level 1 instruments), with a value of €348 million, purchased during the 2023.

Exposures to securities related to Securitisation transactions

(€ million)

TRANCHING	AMOUNTS AS AT 31.12.2023
Senior	1,033
Mezzanine	11
Junior	-
Total	**1,044**

Information about the shareholding in Banca d'Italia

Reference is made to the paragraph “Information about the shareholding in Banca d’Italia” of the Company financial statements of UniCredit S.p.A., Notes to the accounts, Part B - Balance sheet - Assets, Section 3 - Financial assets at fair value through other comprehensive income - Item 30, 3.1 Financial assets at fair value through other comprehensive income: breakdown by product, which is herewith quoted entirely.

Part B - Consolidated balance sheet - Assets

3.2 Financial assets at fair value through other comprehensive income: breakdown by borrowers/issuers

(€ million)

ITEMS/VALUES	AMOUNTS AS AT 31.12.2023	31.12.2022
1. Debt securities	**61,501**	**53,587**
a) Central Banks	600	-
b) Governments and other Public Sector Entities	47,291	41,453
c) Banks	10,095	8,587
d) Other financial companies	2,387	2,288
of which: insurance companies	-	-
e) Non-financial companies	1,128	1,259
2. Equity instruments	**1,596**	**1,300**
a) Banks	531	489
b) Other issuers	1,065	811
- Other financial companies	870	560
of which: insurance companies	-	*31*
- Non-financial companies	190	246
- Other	5	5
3. Loans and advances	**-**	**-**
a) Central Banks	-	-
b) Governments and other Public Sector Entities	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
Total	**63,097**	**54,887**

The item “2.Equity instruments a) Banks” includes Banca d’Italia stake.

3.3 Financial assets at fair value through other comprehensive income: gross value and total accumulated impairments

(€ million)

	GROSS VALUE					TOTAL ACCUMULATED IMPAIRMENTS				
	STAGE 1									
		OF WHICH: INSTRUMENTS WITH LOW CREDIT RISK EXEMPTION	STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	STAGE 1	STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	PARTIAL ACCUMULATED WRITE-OFFS(*)
Debt securities	60,818	56,753	761	2	-	73	5	2	-	-
Loans and advances	-	-	-	-	-	-	-	-	-	-
Total 31.12.2023	**60,818**	**56,753**	**761**	**2**	**-**	**73**	**5**	**2**	**-**	**-**
Total 31.12.2022	**53,217**	**50,241**	**465**	**2**	**-**	**62**	**33**	**2**	**-**	**-**

Note:
(*) Value shown for information purposes.

Part B - Consolidated balance sheet - Assets

Section 4 - Financial assets at amortised cost - Item 40

4.1 Financial assets at amortised cost: breakdown by product of loans and advances to banks

(€ million)

TYPE OF TRANSACTIONS/VALUES	AMOUNTS AS AT 31.12.2023						AMOUNTS AS AT 31.12.2022					
	BOOK VALUE			FAIR VALUE			BOOK VALUE			FAIR VALUE		
	STAGE 1 AND STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	LEVEL 1	LEVEL 2	LEVEL 3	STAGE 1 AND STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	LEVEL 1	LEVEL 2	LEVEL 3
A. Loans and advances to Central Banks	**15,918**	**-**	**-**	**-**	**6,326**	**9,559**	**25,775**	**-**	**-**	**-**	**17,771**	**7,955**
1. Time deposits	2,772	-	-	X	X	X	2,191	-	-	X	X	X
2. Compulsory reserves	7,809	-	-	X	X	X	19,415	-	-	X	X	X
3. Reverse repos	5,316	-	-	X	X	X	4,152	-	-	X	X	X
4. Other	21	-	-	X	X	X	17	-	-	X	X	X
B. Loans and advances to banks	**37,413**	**58**	**-**	**9,896**	**23,582**	**3,629**	**31,959**	**64**	**-**	**7,888**	**16,829**	**6,319**
1. Loans	23,409	58	-	-	20,002	3,544	19,824	64	-	-	14,238	5,451
1.1 Current accounts	-	-	-	X	X	X	-	-	-	X	X	X
1.2 Time deposits	2,496	-	-	X	X	X	3,438	-	-	X	X	X
1.3 Other loans	20,913	58	-	X	X	X	16,386	64	-	X	X	X
- Reverse repos	17,737	-	-	X	X	X	12,017	-	-	X	X	X
- Lease Loans	2	-	-	X	X	X	2	-	-	X	X	X
- Other	3,174	58	-	X	X	X	4,367	64	-	X	X	X
2. Debt securities	14,004	-	-	9,896	3,580	85	12,135	-	-	7,888	2,591	868
2.1 Structured	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Other	14,004	-	-	9,896	3,580	85	12,135	-	-	7,888	2,591	868
Total	**53,331**	**58**	**-**	**9,896**	**29,908**	**13,188**	**57,734**	**64**	**-**	**7,888**	**34,600**	**14,274**
Total Level 1, Level 2 and Level 3						**52,992**						**56,762**

The decrease in item “A. Loans and advance to Central Banks” is mostly due to the decrease in the item 2. Compulsory reserves mainly due to the presentation within the Balance sheet item “10. Cash and Cash balances - b) Current accounts and demand deposits to Central Banks” of the liquidity surplus to National Central Bank by the subsidiary UniCredit Bank Austria AG.

Loans and advances to banks are not carried at fair value, which is presented solely for the purpose of fulfilling financial disclosure requirements. Fair value measurements are classified according to a three levels hierarchy that reflects the observability of the inputs used in the measurements. For further information see the paragraph “A.4 - Information on fair value”, Notes to the consolidated accounts Part A - Accounting Policies.

Security lending transactions collateralised by securities or not collateralized were classified under "off-Balance sheet" exposures of table in the paragraph “A.1.4 Regulatory consolidation - On - and off-Balance sheet credit exposure with banks: gross and net values” of the Notes to the consolidated accounts, Part E - Information on risks and related hedging polices, Section 2 - Risks of the prudential consolidated perimeter, Quantitative information, A. Credit quality. Refer also the paragraph “Other information” of the Notes to the consolidated accounts, Part B - Consolidated balance sheet - Liabilities.

Part B - Consolidated balance sheet - Assets

4.2 Financial assets at amortised cost: breakdown by product of loans and advances to customers

(€ million)

TYPE OF TRANSACTIONS/VALUES	AMOUNTS AS AT 31.12.2023						AMOUNTS AS AT 31.12.2022					
	BOOK VALUE			FAIR VALUE			BOOK VALUE			FAIR VALUE		
	STAGE 1 AND STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	LEVEL 1	LEVEL 2	LEVEL 3	STAGE 1 AND STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	LEVEL 1	LEVEL 2	LEVEL 3
1. Loans	**421,686**	**6,134**	**23**	**-**	**140,778**	**278,300**	**447,497**	**6,476**	**23**	**-**	**183,762**	**264,743**
1.1 Current accounts	24,446	609	1	X	X	X	27,773	525	-	X	X	X
1.2 Reverse repos	19,975	-	-	X	X	X	23,340	-	-	X	X	X
1.3 Mortgages	179,074	1,744	9	X	X	X	184,400	1,945	10	X	X	X
1.4 Credit cards and personal loans, including wage assignment	18,718	242	1	X	X	X	17,533	255	-	X	X	X
1.5 Lease loans	12,257	278	-	X	X	X	13,096	284	-	X	X	X
1.6 Factoring	13,379	94	-	X	X	X	13,721	145	-	X	X	X
1.7 Other loans	153,837	3,167	12	X	X	X	167,634	3,322	13	X	X	X
2. Debt securities	**75,745**	**1**	**-**	**52,956**	**18,837**	**2,865**	**70,968**	**-**	**-**	**48,393**	**16,341**	**3,748**
2.1 Structured securities	71	1	-	-	-	75	83	-	-	-	-	83
2.2 Other debt securities	75,674	-	-	52,956	18,837	2,790	70,885	-	-	48,393	16,341	3,665
Total	**497,431**	**6,135**	**23**	**52,956**	**159,615**	**281,165**	**518,465**	**6,476**	**23**	**48,393**	**200,103**	**268,491**
Total Level 1, Level 2 and Level 3						**493,736**						**516,987**

The column "purchased or originated credit-impaired financial assets" includes loans, belonging to stage 2 and stage 3, that at the time of the purchase, as part of transactions other than business combinations, were already impaired.
The sub-items "1.2. Reverse repos" and "1.7 Other loans" do not include security lending transactions collateralised by securities or not collateralised. These transactions were classified under "off-Balance sheet" exposures of table A.1.5 of Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter, Quantitative information, A. Credit Quality. Refer also the section "Other Information" of Part B - Consolidated balance sheet - Liabilities.

The sub-item "1.7 Other loans" includes:
- €27,502 million for loans with amortised plan;
- €27,046 million other advances to customers for import/export services;
- €23,685 million for pooled transactions;
- €23,114 million other Loans not settled through current account;
- €4,498 million for trade receivables.

Loans to customers are not carried at fair value, which is presented solely for the purpose of fulfilling financial disclosure requirements. Fair value measurements are classified according to a three levels hierarchy that reflects the observability of the inputs used in the measurements. For further information see paragraph "A.4 Information on fair value" of the Notes to the consolidated accounts, Part A - Accounting Policies.
The fair value of demand items was estimated to be equal to their net book value by exercising the option provided for by IFRS7.29. According to this assumption, demand items were classified as Level 3 in the fair value hierarchy.
The fair value of impaired loans was estimated by considering that the realizable value expressed by the net book value is the best estimate of the future expected cash flows discounted at the valuation date, further adjusted to incorporate, when available, a premium derived from significant market's transaction for similar instruments. According to this assumption, impaired loans were classified as Level 3 in the fair value hierarchy.

Part B - Consolidated balance sheet - Assets

The item “2.2 Other debt securities" include securities related to securitisation transactions shown in the following table.

Exposures to securities related to Securitisation transactions

(€ million)

TRANCHING	AMOUNTS AS AT 31.12.2023
Senior	16,478
Mezzanine	25
Junior	-
Total	**16,503**

4.3 Financial assets at amortised cost: breakdown by borrowers/issuers of loans and advances to customers

(€ million)

TYPE OF TRANSACTIONS/VALUES	AMOUNTS AS AT 31.12.2023			AMOUNTS AS AT 31.12.2022		
	STAGE 1 OR STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	STAGE 1 OR STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS
1. Debt securities	**75,745**	**1**	**-**	**70,968**	**-**	**-**
a) Governments and other Public Sector Entities	55,540	-	-	53,013	-	-
b) Other financial companies	17,386	-	-	14,449	-	-
of which: insurance companies	-	-	-	-	-	-
c) Non-financial companies	2,819	1	-	3,506	-	-
2. Loans	**421,686**	**6,134**	**23**	**447,497**	**6,476**	**23**
a) Governments and other Public Sector Entities	22,514	465	-	22,844	521	-
b) Other financial companies	57,961	249	-	62,877	473	-
of which: insurance companies	*663*	*1*	-	*963*	*1*	-
c) Non-financial companies	214,278	4,084	12	231,895	4,029	12
d) Households	126,933	1,336	11	129,881	1,453	11
Total	**497,431**	**6,135**	**23**	**518,465**	**6,476**	**23**

4.4 Financial assets at amortised cost: gross value and total accumulated impairments

(€ million)

	GROSS VALUE					TOTAL ACCUMULATED IMPAIRMENTS				
	STAGE 1									
		OF WHICH: INSTRUMENTS WITH LOW CREDIT RISK EXEMPTION	STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	STAGE 1	STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	PARTIAL ACCUMULATED WRITE-OFFS(*)
1. Debt securities	88,297	49,986	1,607	1	-	10	145	-	-	-
2. Loans	387,210	134,488	78,497	11,694	27	878	3,816	5,502	4	627
Total 31.12.2023	**475,507**	**184,474**	**80,104**	**11,695**	**27**	**888**	**3,961**	**5,502**	**4**	**627**
Total 31.12.2022	**494,019**	**187,025**	**88,031**	**12,575**	**28**	**1,364**	**4,487**	**6,035**	**5**	**1,032**

Note:
(*) Value shown for information purposes.

Part B - Consolidated balance sheet - Assets

4.4a Financial assets at amortised cost subject to Covid-19 measures: gross value and total accumulated impairments

(€ million)

	GROSS VALUE					TOTAL ACCUMULATED IMPAIRMENTS				
	STAGE 1									
		OF WHICH: INSTRUMENTS WITH LOW CREDIT RISK EXEMPTION	STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT IMPAIRED	STAGE 1	STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT IMPAIRED	PARTIAL ACCUMULATED WRITE-OFFS(*)
Loans guaranteed by public guarantee Covid 19	13,918	-	3,696	507	5	25	52	125	-	-
Total 31.12.2023	**13,918**	**-**	**3,696**	**507**	**5**	**25**	**52**	**125**	**-**	**-**

Note:
(*) Value shown for information purposes.

Loans benefitting from Covid-19 measures guaranteed by public guarantee are held, in term of gross exposures, mainly by UniCredit S.p.A. for an amount of €14,674 million, of which €358 million of non-performing.

Section 5 - Hedging derivatives - Item 50

5.1 Hedging derivatives: breakdown by hedged risk and fair value hierarchy

(€ million)

	AMOUNTS AS AT 31.12.2023				AMOUNTS AS AT 31.12.2022			
	FAIR VALUE			NOTIONAL AMOUNT	FAIR VALUE			NOTIONAL AMOUNT
	LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3	
A. Financial derivatives	**81**	**1,836**	**8**	**458,009**	**177**	**2,663**	**11**	**453,010**
1) Fair value	81	1,109	5	427,015	177	1,647	11	416,754
2) Cash flows	-	725	3	29,222	-	999	-	34,914
3) Net investment in foreign subsidiaries	-	2	-	1,772	-	17	-	1,342
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**81**	**1,836**	**8**	**458,009**	**177**	**2,663**	**11**	**453,010**
Total Level 1, Level 2 and Level 3			**1,925**				**2,851**	

Valuations at fair value were classified according to a hierarchy of levels reflecting the observability of the inputs used in the measurement.
For further information refer to the paragraph "A.4 - Information on fair value" of the Notes to the consolidated accounts, Part A - Accounting policies.

Part B - Consolidated balance sheet - Assets

5.2 Hedging derivatives: composition for covered portfolios and by type of hedging

(€ million)

TRANSACTIONS/TYPE OF HEDGES	AMOUNTS AS AT 31.12.2023									
	FAIR VALUE							CASH FLOW		
	MICRO-HEDGE									
	DEBT SECURITIES AND INTEREST RATES RISK	EQUITY INSTRUMENTS AND EQUITY INDICES RISK	CURRENCY AND GOLD	CREDIT RISK	COMMODITIES	OTHERS	MACRO-HEDGE	MICRO-HEDGE	MACRO-HEDGE	FOREIGN INVESTMENTS
1. Financial assets at fair value through other comprehensive income	294	-	-	-	X	X	X	-	X	X
2. Financial assets at amortised cost	30	X	-	-	X	X	X	-	X	X
3. Portfolio	X	X	X	X	X	X	98	X	662	X
4. Other transactions	-	-	-	-	-	-	X	-	X	2
Total assets	**324**	**-**	**-**	**-**	**-**	**-**	**98**	**-**	**662**	**2**
1. Financial liabilities	520	X	-	-	-	-	X	-	X	X
2. Portfolio	X	X	X	X	X	X	112	X	63	X
Total liabilities	**520**	**-**	**-**	**-**	**-**	**-**	**112**	**-**	**63**	**-**
1. Expected transactions	X	X	X	X	X	X	X	-	X	X
2. Financial assets and liabilities portfolio	X	X	X	X	X	X	141	X	3	-

Section 6 - Changes in fair value of portfolio hedged items - Item 60

6.1 Changes to macro-hedged financial assets: breakdown by hedged portfolio

(€ million)

CHANGES TO HEDGED ASSETS/GROUP COMPONENTS	AMOUNTS AS AT	
	31.12.2023	31.12.2022
1. Positive changes	**2,151**	**2,431**
1.1 Of specific portfolios	1,022	1,292
a) Financial assets at amortised cost	1,005	1,239
b) Financial assets at fair value through other comprehensive income	17	53
1.2 Overall	1,129	1,139
2. Negative changes	**5,415**	**9,007**
2.1 Of specific portfolios	2,448	3,907
a) Financial assets at amortised cost	2,448	3,883
b) Financial assets at fair value through other comprehensive income	-	24
2.2 Overall	2,967	5,100
Total	**(3,264)**	**(6,576)**

The decrease in the item is mainly attributable to the evolution in the markets interest rate curves observed in 2023.

Part B - Consolidated balance sheet - Assets

Section 7 - Equity investments - Item 70

During 2023, impairment for €64 million were recognised, mainly attributable to write-downs on CNP Unicredit Vita S.p.A(-€61 million).

Furthermore write-backs of previous impairments were recognised for €116 million mainly attributable to BKS Bank AG (+€77 million) and Bank Fuer Tirol Und Vorarlberg Aktiengesellschaft (BTV) (+€20 million).

The calculation of the value in use for impairment testing purposes was carried out by using a Dividend Discount Model (DDM) which discounts future cash flow projections (free cash flows to equity) at an appropriate discount rate. The free cash flows to equity were determined by subtracting from Net Profit the annual capital requirement, which considers the changes in Risk Weighted Exposure Amounts (RWEA) needed to achieve an adequate level of capitalization. The applied discount rate is a cost of equity assessed with the Capital Asset Pricing Model which calculates the cost of equity as the sum of the risk-free rate and equity risk premium.

With reference to BTV and Bks Bank AG, the set of projections employed for their impairment test as at 31 December 2023 was based on two alternative scenarios: (i) “Baseline” scenario, coherent with the updated Multiyear plan released by the banks; (ii) “Downturn” scenario, in which the cash-flows were lowered to reflect worsened macroeconomic conditions. The use of a multiple scenario approach stems from the already mentioned high level of uncertainties arising from the Geopolitical tensions and the recommendation by ESMA’s public statement ("European common enforcement priorities for 2023 Annual Financial Reports").
The parameters used in the execution of the impairment test is furthermore in line with the methodology outlined by the KSW guidance.

7.1 Equity investments: information on shareholders’ equity

								OWNERSHIP RELATIONSHIP		
	COMPANY NAME	ADMINISTRATIVE OFFICE	MAIN OFFICE	COUNTRY	TYPE OF RELATIONSHIP(1)	NATURE OF RELATIONSHIP(3)	BUSINESS SECTOR(4)	HELD BY	HOLDING %	VOTING RIGHTS %(2)
	VALUED AT EQUITY METHOD **A.2 INVESTMENTS IN JOINT VENTURES**									
1	FIDES LEASING GMBH Issued capital EUR 36,000	VIENNA	VIENNA	AUSTRIA	7	2	36	CALG ANLAGEN LEASING GMBH	50.00	
2	HETA BA LEASING SUED GMBH IN LIQU. Issued capital EUR 36,500	KLAGENFURT	KLAGENFURT	AUSTRIA	7	2	36	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	50.00	
3	PALATIN GRUNDSTUECKVERWALTUNGS GESELLSCHAFT M.B.H. Issued capital EUR 36,336	ST.POELTEN	ST.POELTEN	AUSTRIA	7	2	36	UNICREDIT LEASING (AUSTRIA) GMBH	50.00	
	A.3 COMPANIES UNDER SIGNIFICANT INFLUENCE									
4	ALLIANZ ZB D.O.O. DRUSTVO ZA UPRAVLJANJE OBVEZNIM I DOBROVOLJNIM MIROVINSKIM FONDOVIMA Issued capital EUR 13,935,895	ZAGREB	ZAGREB	CROATIA	8	2	36	ZAGREBACKA BANKA D.D.	49.00	
5	ASSET BANCARI II Issued capital EUR 25,050,203	MILAN	MILAN	ITALY	8	2	35	UNICREDIT SPA	21.55	
6	BANK FUER TIROL UND VORARLBERG AKTIENGESELLSCHAFT Issued capital EUR 74,250,000	INNSBRUCK	INNSBRUCK	AUSTRIA	8	1	34	UNICREDIT BANK AUSTRIA AG	9.85	
								CABO BETEILIGUNGSGESELLSCHAFT M.B.H.	37.53	
7	BARN B.V.* Issued capital EUR 237,890,000	AMSTERDAM	AMSTERDAM	NETHERLANDS	8	2	36	AO UNICREDIT BANK	40.00	
8	BKS BANK AG Issued capital EUR 91,612,000	KLAGENFURT	KLAGENFURT	AUSTRIA	8	1	34	UNICREDIT BANK AUSTRIA AG	6.63	
								CABO BETEILIGUNGSGESELLSCHAFT M.B.H.	23.15	
9	CAMFIN S.P.A. Issued capital EUR 110,000,000	MILAN	MILAN	ITALY	8	5	37	UNICREDIT SPA	8.53	15,82
10	CASH SERVICE COMPANY AD Issued capital BGN 12,500,000	SOFIA	SOFIA	BULGARIA	8	2	36	UNICREDIT BULBANK AD	25.00	
11	CBD INTERNATIONAL SP.ZO.O. Issued capital PLN 100,500	WARSAW	WARSAW	POLAND	8	2	36	ISB UNIVERSALE BAU GMBH	49.75	
12	CNP UNICREDIT VITA S.P.A. Issued capital EUR 381,698,529	MILAN	MILAN	ITALY	8	4	31	UNICREDIT SPA	49.00	
13	COMPAGNIA AEREA ITALIANA S.P.A. Issued capital EUR 352,940	ROME	ROME	ITALY	8	2	35	UNICREDIT SPA	36.59	
14	COMTRADE GROUP B.V. Issued capital EUR 4,522,000	ROTTERDAM	ROTTERDAM	NETHERLANDS	8	5	38	UNICREDIT BANK GMBH	21.05	

Part B - Consolidated balance sheet - Assets

	COMPANY NAME	ADMINISTRATIVE OFFICE	MAIN OFFICE	COUNTRY	TYPE OF RELATIONSHIP(1)	NATURE OF RELATIONSHIP(3)	BUSINESS SECTOR(4)	OWNERSHIP RELATIONSHIP HELD BY	OWNERSHIP RELATIONSHIP HOLDING %	VOTING RIGHTS %(2)
15	DA VINCI S.R.L. Issued capital EUR 100,000	ROME	ROME	ITALY	8	5	37	IDEA FIMIT SGR FONDO SIGMA IMMOBILIARE	37.50	
16	INCONTRA ASSICURAZIONI S.P.A. Issued capital EUR 5,200,000	MILAN	MILAN	ITALY	8	4	31	UNICREDIT SPA	50.00	
17	NOTARTREUHANDBANK AG Issued capital EUR 8,030,000	VIENNA	VIENNA	AUSTRIA	8	2	36	UNICREDIT BANK AUSTRIA AG	25.00	
18	OBERBANK AG Issued capital EUR 105,873,000	LINZ	LINZ	AUSTRIA	8	1	34	UNICREDIT BANK AUSTRIA AG	3.41	
								CABO BETEILIGUNGSGESELLSCHAFT M.B.H.	23.76	
19	OESTERREICHISCHE KONTROLLBANK AKTIENGESELLSCHAFT Issued capital EUR 130,000,000	VIENNA	VIENNA	AUSTRIA	8	1	34	UNICREDIT BANK AUSTRIA AG	16.14	
								CABET-HOLDING GMBH	24.75	
								SCHOELLERBANK AKTIENGESELLSCHAFT	8.26	
20	OESTERREICHISCHE WERTPAPIERDATEN SERVICE GMBH Issued capital EUR 100,000	VIENNA	VIENNA	AUSTRIA	8	5	38	UNICREDIT BANK AUSTRIA AG	29.30	
21	PSA PAYMENT SERVICES AUSTRIA GMBH Issued capital EUR 285,000	VIENNA	VIENNA	AUSTRIA	8	2	36	UNICREDIT BANK AUSTRIA AG	24.00	
22	RCI FINANCIAL SERVICES S.R.O. Issued capital CZK 70,000,000	PRAGUE	PRAGUE	CZECH REPUBLIC	8	2	36	UNICREDIT LEASING CZ, A.S.	50.00	49.86
23	RISANAMENTO SPA* Issued capital EUR 107.689.512,20	MILAN	MILAN	ITALY	8	5	37	UNICREDIT SPA	13.57	
24	UNI GEBAEUDEMANAGEMENT GMBH Issued capital EUR 18,168	LINZ	LINZ	AUSTRIA	8	2	36	BA GEBAEUDEVERMIETUNGSGMBH	50.00	
25	UNICREDIT ALLIANZ ASSICURAZIONI S.P.A. Issued capital EUR 52,000,000	MILAN	MILAN	ITALY	8	4	31	UNICREDIT SPA	50.00	
26	UNICREDIT ALLIANZ VITA S.P.A. Issued capital EUR 112,200,000	MILAN	MILAN	ITALY	8	4	31	UNICREDIT SPA	50.00	
27	WKBG WIENER KREDITBUERGSCHAFTS- UND BETEILIGUNGSBANK AG Issued capital EUR 9,205,109	VIENNA	VIENNA	AUSTRIA	8	2	36	UNICREDIT BANK AUSTRIA AG	21.54	

Notes:
* Company classified in the Financial Statements as "non-current assets and disposal groups classified as held for sale" according to IFRS5 and therefore valued at minor between fair value net of cost to sell and booking value. The latter is determined by interrupting the valuation at Equity starting from the date of IFRS5 classification.

(1) Type of relationship:
- 7 = joint control;
- 8 = associates.

(2) Voting rights available at the general meeting. Voting rights are disclosed only if different from the percentage of ownership;

(3) Nature of relationship:
- 1= Banks;
- 2= Financial entities
- 3= Ancillary banking entities services;
- 4= Insurance enterprises;
- 5= Non-financial enterprises;
- 6= Other equity investments.

(4) Business sector:
- 1= Banking Group: resident banks and ancillary companies
- 2= Banking Group: non resident banks and ancillary companies
- 3= Banking Group: resident financial companies
- 4= Banking Group: non resident financial companies
- 31= Other companies included in the consolidation scope: resident insurance companies
- 32= Other companies included in the consolidation scope: non resident insurance companies
- 33= Other companies included in the consolidation scope: resident banks
- 34= Other companies included in the consolidation scope: non resident banks
- 35= Other companies included in the consolidation scope: resident financial companies
- 36= Other companies included in the consolidation scope: non resident financial companies
- 37= Other companies included in the consolidation scope: resident non financial companies
- 38= Other companies included in the consolidation scope: non resident non financial companies

Part B - Consolidated balance sheet - Assets

Refer to Section 3 of Part A - Accounting policies for a description of the consolidation procedures and scope.
Joint ventures or companies under significant influence, consolidated at equity or classified as non-current assets and assets disposal groups, decreased from 28 as at 31 December 2022 to 27 as at 31 December 2023 due to 1 disposal.

The following table shows changes in equity investments in Joint Ventures and in companies under significant influence (consolidated at Net Equity).

Equity investments in joint ventures and in companies under significant influence (consolidated at net equity): annual changes

	NUMBER OF COMPANIES
A. Opening balance (from previous year)	**28**
B. Increased by	**-**
B.1 Newly established companies	-
B.2 Change of the consolidation method	-
B.3 Entities consolidated for the first time in the year	-
C. Reduced by	**1**
C.1 Disposal/Liquidation	1
C.2 Change of the consolidation method	-
C.3 Absorption by other entities	-
C.4 Other changes	-
D. Closing balance	**27**

Increases

During the period there were no changes in newly established companies, change of the consolidation method and entities consolidated for the first time in the year.

Reductions

Disposal/Liquidation

COMPANY NAME	MAIN OFFICE
MULTIPLUS CARD D.O.O. ZA PROMIDZBU I USLUGE	ZAGREB

Joint ventures and the companies under significant influence that changed their names during the year

COMPANY NAME	MAIN OFFICE
HETA BA LEASING SUED GMBH IN LIQU. (ex HETA BA LEASING SUED GMBH)	KLAGENFURT

The following table shows the breakdown of item “70. Equity investments”, reporting the adopted accounting method, held either directly or through consolidated subsidiaries.

(milion)

	NUMBER OF ENTITY	CARRYING VALUE
Joint ventures accounted for under equity method	3	-
Associates accounted for under equity method	22	3,925
Entities controlled either directly or through consolidated subsidiaries held at cost	167	95
Joint Venture held either directly or through consolidated subsidiaries at cost	-	-
Associates held either directly or through consolidated subsidiaries at cost	6	4
Total	**198**	**4,024**

Part B - Consolidated balance sheet - Assets

7.2 Significant Shareholdings: book value, fair value and dividends received

(€ million)

COMPANY NAME	BALANCE SHEET VALUE	FAIR VALUE(*)	DIVIDENDS RECEIVED(**)	NOTE(***)
A. Companies under joint control	-	-	-	
B. Companies subject to significant influence				
BANK FUER TIROL UND VORARLBERG AKTIENGESELLSCHAFT	809	809	6	(1)
BKS BANK AG	497	222	3	(1)
CNP UNICREDIT VITA S.P.A.	527	-	23	(2)
OBERBANK AG	1,064	1,236	14	(1)
OESTERREICHISCHE KONTROLLBANK AKTIENGESELLSCHAFT	442	-	16	(2)
UNICREDIT ALLIANZ VITA S.P.A.	383	-	-	(2)
Total	**3,722**	**2,267**	**62**	

Notes:
(*) It should be noted that all investments in listed associates show a fair value at Level 1 (L1).
(**) Dividends received by the investor company.
(***) In the present table and in the following relating to significant shareholdings the values are referred to the last financial statements in line with IAS28 requirements.

(1) It should be noted that on the basis of the International Accounting Standards, equity investments in associates listed on regulated markets with a fair value (quotation) lower than consolidated book value are impairment tested by calculating recoverable value, stated as the higher of fair value net of costs to sell and value in use, and an impairment loss is recognised when the recoverable value is lower than the book value.
As at 31 December 2023 for Bank Fuer Tirol un Vorarlberg Aktiengesellschaft and for Bks Bank AG the recoverable value was higher than the book value therefore a write-back of previous impairment was recognised.
(2) Note that on the basis of the International Accounting Standards, equity investments in associates for which there is clear evidence of occurrence of events that may reduce their value, are impairment tested by calculating recoverable value, stated as the higher of fair value net of costs to sell and value in use, and an impairment loss is recognised when the recoverable value is lower than the book value.
As at 31 December 2023 for CNP UniCredit Vita S.P.A. the recoverable value was lower than the book value therefore a write-down was recognised.

For more details see paragraph 7.1 of this section and to the section "Section 17 - Gain (Losses) of equity investments - Item 250 Part C of Notes to the consolidated accounts.

Financial information of the investee companies used for the purposes of measurement with the net equity method is presented below. These figures include any adjustments made in line with paragraph B14 of IFRS12 requirements.

Part B - Consolidated balance sheet - Assets

7.3 Significant Shareholdings: accounting information

(€ million)

COMPANY NAME	CASH AND CASH BALANCES	FINANCIAL ASSETS	NON-FINANCIAL ASSETS	FINANCIAL LIABILITIES	NON-FINANCIAL LIABILITIES	TOTAL REVENUES	INTEREST MARGIN
A. Companies under joint control	-	-	-	-	-	-	-
B. Companies subject to significant influence							
BANK FUER TIROL UND VORARLBERG AKTIENGESELLSCHAFT	X	11,520	548	11,556	390	666	X
BKS BANK AG	X	9,746	253	8,650	270	468	X
CNP UNICREDIT VITA S.P.A.	X	15,510	684	-	15,359	1,362	X
OBERBANK AG	X	24,429	557	23,592	627	1,408	X
OESTERREICHISCHE KONTROLLBANK AKTIENGESELLSCHAFT	X	33,873	100	32,028	1,739	844	X
UNICREDIT ALLIANZ VITA S.P.A.	X	27,914	1,219	92	28,426	1,056	X

continued: 7.3 Significant Shareholdings: accounting information

COMPANY NAME	WRITE-BACK AND WRITE-DOWNS ON TANGIBLE AND INTAGIBLE ASSETS	PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXES	PROFIT (LOSS) FROM CONTINUING OPERATIONS NET OF TAX	PROFIT (LOSS) FROM DISCONTINUED OPERATIONS NET OF TAX	NET PROFIT (LOSS) (1)	OTHER COMPREHENSIVE INCOME, NET OF TAX (2)	COMPREHENSIVE INCOME (3)=(1)+(2)
A. Companies under joint control	-	-	-	-	-	-	-
B. Companies subject to significant influence							
BANK FUER TIROL UND VORARLBERG AKTIENGESELLSCHAFT	X	200	157	-	157	9	166
BKS BANK AG	X	171	145	-	145	13	158
CNP UNICREDIT VITA S.P.A.	X	74	54	-	54	30	84
OBERBANK AG	X	591	494	-	494	24	518
OESTERREICHISCHE KONTROLLBANK AKTIENGESELLSCHAFT	X	86	72	-	72	(6)	66
UNICREDIT ALLIANZ VITA S.P.A.	X	148	123	-	123	23	146

For each significant equity investment, the reconciliation between the book value of the equity investment and financial information of the companies is reported below.

(€ million)

COMPANY NAME	BALANCE SHEET VALUE	EQUITY PROQUOTA	GOODWILL ON CONSOLIDATION
A. Companies under joint control	-	-	-
B. Companies subject to significant influence			
BANK FUER TIROL UND VORARLBERG AKTIENGESELLSCHAFT	809	1,041	-
BKS BANK AG	497	492	5
CNP UNICREDIT VITA S.P.A.	527	518	9
OBERBANK AG	1,064	1,021	43
OESTERREICHISCHE KONTROLLBANK AKTIENGESELLSCHAFT	442	442	-
UNICREDIT ALLIANZ VITA S.P.A.	383	383	-

With reference to the nature of the relationships see paragraph 7.1 of this Section.

With reference to the investment in Bank Fuer Tirol und Vorarlberg Aktiengesellschaft, the carrying amount is affected by cumulated write downs.

Below are reported the aggregated financial information which are disclosed for the related stake in the equity held.

Part B - Consolidated balance sheet - Assets

7.4 Equity investments are not significant: accounting information

(€ million)

NAME	BALANCE SHEET VALUE OF SHAREHOLDING	TOTAL ASSET	TOTAL LIABILITIES	TOTAL REVENUES	PROFIT (LOSS) FROM CONTINUING OPERATIONS NET OF TAX	PROFIT (LOSS) FROM DISCONTINUED OPERATIONS NET OF TAX	NET PROFIT (LOSS) (1)	OTHER COMPREHENSIVE INCOME, NET OF TAX (2)	OTHER COMPREHENSIVE INCOME (3)=(1)+(2)
Companies under joint control	-	15	15	-	-	-	-	-	-
Companies subject to significant influence	203	1,449	1,251	227	44	-	44	1	45

Note:
Note that on the basis of the International Accounting Standards, equity investments in associates for which there is clear evidence of occurrence of events that may reduce their value, are impairment tested by calculating recoverable value, stated as the greater of fair value net of costs to sell and value in use, and an impairment loss is recognised when the recoverable value is lower than the book value.

7.5 Equity investments: annual changes

(€ million)

	CHANGES IN	
	2023	2022
A. Opening balance	**3,543**	**4,073**
B. Increases	**900**	**523**
of which: business combinations	-	-
B.1 Purchases	107	124
B.2 Write-backs	116	61
B.3 Revaluation	423	274
B.4 Other changes	254	64
C. Decreases	**418**	**1,053**
of which: business combinations	-	-
C.1 Sales	82	4
C.2 Write-downs	71	238
C.3 Impairment	3	2
C.4 Other changes	262	809
D. Closing balance	**4,025**	**3,543**
E. Total revaluation	**3,396**	**3,064**
F. Total write-downs	**423**	**596**

It should be noted that items B.3 Revaluation and C.3 Impairment include, respectively, the changes in the carrying value of the equity investments stemming from profit and losses of the companies measured through the equity method. Changes in carrying value of the investments stemming from changes in equity reserves are reported in items B.4 Other changes and C.4 Other changes.

Part B - Consolidated balance sheet - Assets

7.6 Valuation and significant assumptions to establish the existence of joint control or significant influence
The Group has classified among associates the entities governed through voting rights with reference to which it can participate in defining the operating or financial policies through possession of at least 20%[52] of the voting rights or the possibility of appointing members of the governing body.
In particular, as shown in Table "7.1 Equity investments: information on shareholding relationships", it should be noted that the investees CAMFIN S.p.A. and Risanamento S.p.A. are classified among associates, although the Group does not have more than 20% of the voting rights, in virtue of the possibility of appointing members of the governing body.

The Group has classified its investees among jointly-controlled equity investments in the presence of agreements that state that decisions on significant activities are taken with the unanimous consent of all parties that share control.
These agreements, in particular, attribute to the Group rights related only to the net assets and not rights to the assets and obligations on the liabilities of the investee.

As at 31 December 2023, 7 equity investments (all held either directly or through consolidated subsidiaries) in associates were carried at cost.

Based on available information, it should be considered that their consolidation at equity would not have impacted significantly the Group Shareholders' equity.

7.7 Commitments related to equity investments in jointly-controlled companies
There are no commitments related to jointly-controlled companies.

7.8 Commitments related to equity investments in companies subject to significant influence
There are no commitments related to companies subject to significant influence.

7.9 Significant restrictions
As at 31 December 2023, we note, with reference to Value Transformation Services S.p.A., the existence of a shareholders' agreement which limits the Group's possibility to participate in the profits, in the form of dividend distribution, and in the losses to a maximum amount of €300,000.

Finally, the ability to receive dividends or capital distributions from associates is subordinated to the majority, also qualified, or unanimous decision of the relevant corporate body as provided by the law or by specific shareholder agreements.

7.10 Other information
With reference to significant equity investments in associates and jointly-controlled companies, the net equity method was applied starting from the 2023 draft financial statements approved by the competent corporate bodies or from the reports approved in the three previous months.

With reference to non-significant equity investments in associates and jointly-controlled companies, in limited cases financial statements or reports with a date prior to 3 months from 31 December 2023 were used, if no more up-to-date reports were available.

However, if financial statements or reports with a date other than 31 December 2023 were used, no subsequent transactions or events emerged such as to require an adjustment of the results contained therein.

Finally, it should be noted that as at 31 December 2023 UniCredit group has in place several alliance agreements, as well as several shareholders' agreements stipulated with other parties under the scope of co-investment agreements (e.g. agreements for the establishment of joint ventures), with special reference to the insurance sector. Under the scope of these agreements, as per market practice, there are investment protective clauses which, depending on the case, allow the parties to negotiate their respective positions on the underlying investment in the case of their "exit", through mechanisms that require purchase and/or sale. These provisions are usually applied after a certain period of time and/or when specific events occur, also connected to the underlying distribution agreements.

Section 8 - Insurance assets - Item 80
No data to be disclosed.

52 10% for listed companies.

Part B - Consolidated balance sheet - Assets

Section 9 - Property, plant and equipment - Item 90

Valuation of the Group real estate portfolio

The Group adopts the fair value model for the measurement of properties held for investment and the revaluation model for the measurement of properties used in business.
Such approach is deemed to result in reliable and more relevant information for financial statements' users taking into account:
- the expected disposal of real estate assets held for investment (IAS40), as fair value model presents a higher capability to approximate the expected disposal price, accounting for the related effects timely in advance;
- the possibility to better represent the equity of the Group, with regard to real estate assets used in business (IAS16), as revaluation model represents the net equity updated in light of current market conditions.

As at 31 December 2023, according to the Group regulation, the fair value of the Group Real Estate properties (both held for investment and used in business) was determined through external appraisals for the whole perimeter (through full or desktop appraisals, also depending on the significance of properties, the real estate assets type, if held for investment or used in business, and/or the elapsed time since the last full external appraisal).

With reference to the Group, the update of appraisals has led to an overall negative Balance sheet effect of -€350 million, whose breakdown is here outlined:
- -€260 million for assets used in business, of which -€193 million through Net Equity (decrease in the valuation reserve) and -€67 million in the Income statement;
- -€90 million in the Income statement for assets held for investment.

The impacts mainly stem from UCB GmbH and its subsidiaries; in the relevant locations: (i) the market has experienced a low demand in the office letting markets; (ii) the investment market remained subdued for all the year 2023; in quantitative terms, the drop was equal to -€265 million for assets used in business (-€210 in net equity and -€55 in P&L) and -€69 million for assets held for investment.
With reference to UniCredit S.p.A., the update of appraisals led to an overall negative Balance sheet effect for -€13 million.

It is worth to note that the valuation of properties at current values implies a possible risk of volatility, as well as an increase of the so-called real estate risk (for the description of which refer to Part E - Information on risks and related hedging policies of the Notes to the consolidated accounts, Other risk included in the Economic Capital).
By reference to the real estate units held as at 31 December 2023 and their corresponding market value overall equal to €5,446 million, a sensitivity to the increase/decrease in real estate values of +/-1%, equal to approximately €54 million, was estimated corresponding to approximately +/-1 basis point of CET1 ratio.

Moreover, as evolution of fair value measurement, the Group has introduced the periodical review of assets' useful life (at least at each financial year-end), based on periodical external appraisals, since it better reflects the real assets useful life and related depreciation, especially considering continuous enhancement/maintenance executed on instrumental properties.
Since the approach was already partially used at UniCredit group, a homogeneous approach is now applied group-wide.
The new approach led to a positive Income statement effect for approx. €35 million (gross of tax) in 2023, mainly related to UniCredit S.p.A.

The measurement of inventories of property, plant and equipment to the lower between cost and net realizable value has determined the recognition of a net write-down for -€124 million. In particular, such an impact stems from the evaluation of inventories belonging to:
- Wealthcap companies, which have been reclassified out of held for sale as at 31 December 2023 (for further information refer to Section 5 - Other matters of Notes to the consolidated accounts, Part A - Accounting policies, A.1 General);
- Unicredit Leased Asset Management S.p.A., mainly as a result of the approval by the company's governing body of (i) the disposal of a real estate portfolio which led to adjust the carrying value to the sale price and (ii) a strategy which foresees an accelerated disposal of certain assets which led to the assessment of a net realizable value lower than the carrying value.

Part B - Consolidated balance sheet - Assets

9.1 Property, plant and equipment used in the business: breakdown of assets carried at cost

(€ million)

	AMOUNTS AS AT	
ASSETS/VALUES	31.12.2023	31.12.2022
1. Owned assets	**1,276**	**1,257**
a) Land	-	-
b) Buildings	-	-
c) Office furniture and fitting	136	144
d) Electronic systems	429	440
e) Other	711	673
2. Right of use of Leased Assets	**1,366**	**1,519**
a) Land	9	10
b) Buildings	1,293	1,464
c) Office furniture and fitting	-	-
d) Electronic systems	-	-
e) Other	64	45
Total	**2,642**	**2,776**
of which: obtained by the enforcement of collateral	-	-

9.2 Property, plant and equipment held for investment: breakdown of assets carried at cost

No data to be disclosed.

Part B - Consolidated balance sheet - Assets

9.3 Property, plant and equipment used in the business: breakdown of revalued assets

(€ million)

ASSETS/VALUES	AMOUNTS AS AT 31.12.2023			AMOUNTS AS AT 31.12.2022		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Owned assets	**-**	**-**	**4,582**	**-**	**-**	**5,005**
a) Land	-	-	2,015	-	-	2,151
b) Buildings	-	-	2,567	-	-	2,854
c) Office furniture and fitting	-	-	-	-	-	-
d) Electronic systems	-	-	-	-	-	-
e) Other	-	-	-	-	-	-
2. Right of use of Leased Assets	**-**	**-**	**-**	**-**	**-**	**-**
a) Land	-	-	-	-	-	-
b) Buildings	-	-	-	-	-	-
c) Office furniture and fitting	-	-	-	-	-	-
d) Electronic systems	-	-	-	-	-	-
e) Other	-	-	-	-	-	-
Total	**-**	**-**	**4,582**	**-**	**-**	**5,005**
of which: obtained by the enforcement of collateral	*-*	*-*	*1*	*-*	*-*	*-*
Total Level 1, Level 2 and Level 3			**4,582**			**5,005**

9.4 Property, plant and equipment held for investment: breakdown of assets designated at fair value

(€ million)

ASSETS/VALUES	AMOUNTS AS AT 31.12.2023			AMOUNTS AS AT 31.12.2022		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Owned assets	**-**	**-**	**812**	**-**	**-**	**838**
a) Land	-	-	363	-	-	377
b) Buildings	-	-	449	-	-	461
2. Right of use of Leased Assets	**-**	**-**	**52**	**-**	**-**	**63**
a) Land	-	-	47	-	-	58
b) Buildings	-	-	5	-	-	5
Total	**-**	**-**	**864**	**-**	**-**	**901**
of which: obtained by the enforcement of collateral	*-*	*-*	*46*	*-*	*-*	*49*
Total Level 1, Level 2 and Level 3			**864**			**901**

9.5 Inventories of property, plant and equipment regulated by IAS2: breakdown

(€ million)

ASSETS/VALUES	AMOUNTS AS AT	
	31.12.2023	31.12.2022
1. Inventories of property, plant and equipment obtained through the enforcement of guarantees received	**374**	**493**
a) Land	24	29
b) Buildings	348	463
c) Office furniture and fitting	-	-
d) Electronic systems	-	-
e) Other	2	1
2. Other inventories of property, plant and equipment	**166**	**317**
Total	**540**	**810**
of which: measured at fair value less costs to sell	*1*	*1*

Part B - Consolidated balance sheet - Assets

9.6 Property, plant and equipment used in the business: annual changes

(€ million)

	CHANGES IN 2023					
	LANDS	BUILDINGS	OFFICE FURNITURE AND FITTINGS	ELECTRONIC SYSTEMS	OTHER	TOTAL
A. Gross opening balance	**2,161**	**8,113**	**1,086**	**2,804**	**1,623**	**15,787**
A.1 Total net reduction in value	-	(3,795)	(942)	(2,364)	(905)	(8,006)
A.2 Net opening balance	2,161	4,318	144	440	718	7,781
B. Increases	**49**	**710**	**22**	**139**	**329**	**1,249**
B.1 Purchases	1	382	19	135	319	856
of which: business combinations	-	-	-	-	-	-
B.2 Capitalised expenditure on improvements	-	51	-	-	-	51
B.3 Write-backs	-	27	2	1	1	31
B.4 Increases in fair value	42	118	-	-	-	160
a) In equity	35	75	-	-	-	110
b) Through profit or loss	7	43	-	-	-	50
B.5 Positive exchange differences	1	3	-	-	-	4
B.6 Transfer from properties held for investment	4	5	X	X	X	9
B.7 Other changes	1	124	1	3	9	138
C. Reductions	**186**	**1,168**	**30**	**150**	**272**	**1,806**
C.1 Disposals	1	255	1	2	108	367
of which: business combinations	-	-	-	-	-	-
C.2 Depreciation	1	366	25	134	141	667
C.3 Impairment losses	-	73	4	5	-	82
a) In equity	-	-	-	-	-	-
b) Through profit or loss	-	73	4	5	-	82
C.4 Reduction of fair value	143	277	-	-	-	420
a) In equity	126	177	-	-	-	303
b) Through profit or loss	17	100	-	-	-	117
C.5 Negative exchange differences	1	30	-	5	3	39
C.6 Transfer to	40	89	-	-	-	129
a) Property, plant and equipment held for investment	38	86	X	X	X	124
b) Non-current assets and disposal groups classified as held for sale	2	3	-	-	-	5
C.7 Other changes	-	78	-	4	20	102
D. Net final balance	**2,024**	**3,860**	**136**	**429**	**775**	**7,224**
D.1 Total net reduction in value	-	(3,971)	(931)	(2,317)	(932)	(8,151)
D.2 Gross closing balance	2,024	7,831	1,067	2,746	1,707	15,375
E. Carried at cost	**815**	**1,687**	**-**	**-**	**-**	**2,502**

Part B - Consolidated balance sheet - Assets

9.7 Property, plant and equipment held for investment: annual changes

(€ million)

	CHANGES IN 2023		
	LANDS	BUILDINGS	TOTAL
A. Opening balances	**435**	**466**	**901**
B. Increases	**64**	**117**	**181**
B.1 Purchases	-	3	3
of which: business combinations	-	-	-
B.2 Capitalised expenditure on improvements	2	5	7
B.3 Increases in fair value	23	19	42
B.4 Write-backs	-	-	-
B.5 Positive exchange differences	-	2	2
B.6 Transfer from properties used in the business	38	86	124
B.7 Other changes	1	2	3
C. Reductions	**89**	**129**	**218**
C.1 Disposals	2	3	5
of which: business combinations	-	-	-
C.2 Depreciation	-	-	-
C.3 Reductions in fair value	34	97	131
C.4 Impairment losses	-	-	-
C.5 Negative exchange differences	-	1	1
C.6 Transfer to	51	23	74
a) Properties used in the business	4	5	9
b) Non-current assets and disposal groups classified as held for sale	47	18	65
C.7 Other changes	2	5	7
D. Closing balances	**410**	**454**	**864**
E. Measured at fair value	**-**	**-**	**-**

9.8 Inventories of property, plant and equipment regulated by IAS2: annual changes

(€ million)

	CHANGES IN 2023						
	INVENTORIES OF PROPERTY, PLANT AND EQUIPMENT OBTAINED BY ENFORCEMENT OF COLLATERAL						
	LANDS	BUILDINGS	OFFICE FURNITURE AND FITTINGS	ELECTRONIC SYSTEMS	OTHER	OTHER INVENTORIES OF PROPERTY, PLANT AND EQUIPMENT	TOTAL
A. Opening balances	**29**	**463**	**-**	**-**	**1**	**317**	**810**
B. Increases	**-**	**15**	**-**	**-**	**11**	**77**	**103**
B.1 Purchases	-	4	-	-	3	59	66
of which: business combinations	-	-	-	-	-	-	-
B.2 Write-backs	-	-	-	-	-	1	1
B.3 Positive exchange differences	-	-	-	-	-	-	-
B.4 Other changes	-	11	-	-	8	17	36
C. Reductions	**5**	**130**	**-**	**-**	**10**	**228**	**373**
C.1 Disposals	5	76	-	-	10	14	105
of which: business combinations	-	-	-	-	-	-	-
C.2 Impairment losses	-	48	-	-	-	77	125
C.3 Negative exchange differences	-	1	-	-	-	-	1
C.4 Other changes	-	5	-	-	-	137	142
D. Closing balances	**24**	**348**	**-**	**-**	**2**	**166**	**540**

Part B - Consolidated balance sheet - Assets

9.9 Commitments to purchase property, plant and equipment

(€ million)

	AMOUNTS AS AT	
	31.12.2023	31.12.2022
A. Contractual commitments	-	2

Section 10 - Intangible assets - Item 100

An intangible asset is an identifiable non-monetary asset without physical substance, to be used for several years.
Intangible assets may include goodwill and, among “other intangible assets”, brands, customer relationships and software.
As at 31 December 2023 intangible assets amounted to €2,272 million and mostly referred to software slightly decreased in comparison to €2,354 million as at 31 December 2022.

10.1 Intangible assets: breakdown by asset type

(€ million)

	AMOUNTS AS AT 31.12.2023		AMOUNTS AS AT 31.12.2022	
ASSETS/VALUES	FINITE LIFE	INDEFINITE LIFE	FINITE LIFE	INDEFINITE LIFE
A.1 Goodwill	**X**	**-**	**X**	**-**
A.1.1 Attributable to the Group	X	-	X	-
A.1.2 Attributable to minorities	X	-	X	-
A.2 Other intangible assets	**2,272**	**-**	**2,354**	**-**
of which: software	*2,269*	*-*	*2,353*	*-*
A.2.1 Assets carried at cost	2,272	-	2,354	-
a) Intangible assets generated internally	1,863	-	1,899	-
b) Other assets	409	-	455	-
A.2.2 Assets measured at fair value	-	-	-	-
a) Intangible assets generated internally	-	-	-	-
b) Other assets	-	-	-	-
Total	**2,272**	**-**	**2,354**	**-**
Total finite and indefinite life		**2,272**		**2,354**

The Group does not use the revaluation model (fair value) to measure intangible assets.

Part B - Consolidated balance sheet - Assets

10.2 Intangible assets: annual changes

(€ million)

	CHANGES IN 2023					
		OTHER INTANGIBLE ASSETS				
		GENERATED INTERNALLY		OTHER		
	GOODWILL	FINITE LIFE	INDEFINITE LIFE	FINITE LIFE	INDEFINITE LIFE	TOTAL
A. Gross opening balance	**-**	**5,720**	**-**	**2,917**	**-**	**8,637**
A.1 Total net reduction in value	-	(3,821)	-	(2,462)	-	(6,283)
A.2 Net opening balance	**-**	**1,899**	**-**	**455**	**-**	**2,354**
B. Increases	**-**	**472**	**-**	**112**	**-**	**584**
B.1 Purchases	-	30	-	84	-	114
B.2 Increases in intangible assets generated internally	X	433	-	18	-	451
B.3 Write-backs	X	-	-	-	-	-
B.4 Increases in fair value	-	-	-	-	-	-
- In equity	X	-	-	-	-	-
- Through profit or loss	X	-	-	-	-	-
B.5 Positive exchange differences	-	3	-	9	-	12
B.6 Other changes	-	6	-	1	-	7
of which: business combinations	-	-	-	-	-	-
C. Reduction	**-**	**508**	**-**	**158**	**-**	**666**
C.1 Disposals	-	-	-	2	-	2
C.2 Write-downs	-	498	-	128	-	626
- Amortisation	X	412	-	117	-	529
- Write-downs	-	86	-	11	-	97
+ In equity	X	-	-	-	-	-
+ Through profit or loss	-	86	-	11	-	97
C.3 Reduction in fair value	-	-	-	-	-	-
- In equity	X	-	-	-	-	-
- Through profit or loss	X	-	-	-	-	-
C.4 Transfer to non-current assets held for sale	-	-	-	-	-	-
C.5 Negative exchange differences	-	5	-	27	-	32
C.6 Other changes	-	5	-	1	-	6
of which: business combinations	-	-	-	-	-	-
D. Net closing balance	**-**	**1,863**	**-**	**409**	**-**	**2,272**
D.1 Total net write-down	-	(4,284)	-	(2,504)	-	(6,788)
E. Gross closing balance	**-**	**6,147**	**-**	**2,913**	**-**	**9,060**
F. Carried at cost	**-**	**-**	**-**	**-**	**-**	**-**

10.3 Intangible assets: other information

There is no significant information to be reported.

Part B - Consolidated balance sheet - Assets

Section 11 - Tax assets and tax liabilities - Item 110 (Assets) and Item 60 (Liabilities)

11.1 Deferred tax assets: breakdown

(€ million)

	AMOUNTS AS AT	
	31.12.2023	31.12.2022
Deferred tax assets arising from Italian law 214/2011	**4,380**	**5,793**
Deferred tax assets arising from tax losses(*)	**3,842**	**3,125**
Deferred tax assets arising from temporary differences	**4,278**	**4,755**
Financial assets and liabilities (different from loans and deposits)	278	333
Loans and deposits to/from banks and customers	667	806
Hedging and hedged item revaluation	618	762
Property, plant and equipment and intangible assets different from goodwill	338	522
Goodwill and equity investments	3	10
Current assets and liabilities held for sale	-	-
Other assets and Other liabilities	745	703
Provisions, pension funds and similar	1,629	1,619
Other	-	-
Accounting offsetting	**(1,751)**	**(1,824)**
Total	**10,749**	**11,849**

Note:
(*) The item "Deferred tax assets arising from tax losses" includes tax credit IRAP deriving from the conversion of the ACE benefit.

11.2 Deferred tax liabilities: breakdown

(€ million)

	AMOUNTS AS AT	
	31.12.2023	31.12.2022
Deferred tax liabilities arising from temporary differences	**2,043**	**2,388**
Financial assets and liabilities (different from loans and deposits)	262	357
Loans and deposits to/from banks and customers	306	275
Hedging and hedged item revaluation	466	628
Property, plant and equipment and intangible assets different from goodwill	734	818
Goodwill and equity investments	-	-
Assets and liabilities held for sale	-	1
Other assets and Other liabilities	228	252
Other	47	57
Accounting offsetting	**(1,751)**	**(1,824)**
Total	**292**	**564**

Part B - Consolidated balance sheet - Assets

Deferred Tax Assets (DTAs) totally amount to €10,749 million (compared with €11,849 million as at 31 December 2022), of which:
- €4,380 million (compared with €5,793 million as at 31 December 2022) can be converted into tax credits pursuant to Law No.214/2011 (i.e., DTA convertible into tax credits);
- €2,527 million (compared with €2,931 million as at 31 December 2022), net of the accounting offsetting, are related to temporary effects (i.e., costs and write-offs tax deductible in future years compared to the year of accounting relevance) which are not-convertible into tax credits;
- €3,842 million (compared with €3,125 million as at 31 December 2022) are tax losses carried forward (TLCF).

The €3,842 million DTA on TLCF are mainly related to:
- UniCredit S.p.A. DTA on TLCF for €3,418 million (of which €913 million booked at the end of 2023 following the sustainability test);
- UniCredit Bank Austria AG for €201 million;
- UniCredit Leasing S.p.A. for €56 million;
- moreover, the amount related UniCredit S.p.A. includes also €134 million of tax credit IRAP deriving from the conversion of so called Aiuto alla Crescita Economica (ACE).

The above-mentioned amounts are the ones resulting from the sustainability test provided for IAS12, which, taking into account the economic projections foreseeable for future years and the peculiarities of the fiscal legislations of each country, checks whether there are future taxable incomes against which TLCF can be offset. For further info concerning sustainability test refer to “Section 10 Tax assets and liabilities - Item 100 (Assets) and Item 60 (Liabilities)” of the Company financial statements of UniCredit S.p.A., Notes to the accounts, Part B - Balance sheet - Assets.

At Group level:
- total not recognised DTAs on TLCF are equal to €1,125 million mainly relate to: €549 million to UniCredit S.p.A., €275 million to UniCredit Leasing S.p.A., €207 million to the UniCredit Bank GmbH and its subsidiaries and €63 million to the UniCredit Bank Austria AG and its subsidiaries;
- the DTs net amount on temporary differences out of balance is equal to -€327 million mainly related to: -€448 million to UniCredit Bank Austria AG and its subsidiaries and €84 million to UniCredit Bank Czech Republic and Slovakia A.S.

In respect of foreign permanent establishments of UniCredit S.p.A. relevant tax losses not utilised are equal to €7,420 million, due to start-up expenses or other operating costs. These tax losses can only be used against the taxable income at the level of each single permanent establishment for taxes due in the relevant Country of establishment.

For deferred tax assets and liabilities of UniCredit S.p.A., reference is made to “Section 10 Tax assets and liabilities - Item 100 (Assets) and Item 60 (Liabilities)” of Company financial statements of UniCredit S.p.A., Notes to the accounts, Part B - Balance sheet - Assets, which is herewith quoted entirely.

Part B - Consolidated balance sheet - Assets

11.3 Deferred tax assets: annual changes (balancing P&L)

(€ million)

	CHANGES IN	
	2023	2022
1. Opening balance	**9,931**	**9,656**
2. Increases	**3,440**	**3,622**
2.1 Deferred tax assets arisen during the year	1,940	2,164
a) Relating to previous years	254	82
b) Due to change in accounting criteria	-	-
c) Write-backs	981	908
d) Other	705	1,174
2.2 New taxes or increases in tax rates	5	6
2.3 Other increases	1,495	1,452
3. Decreases	**4,232**	**3,347**
3.1 Deferred tax assets derecognised during the year	2,657	1,546
a) Reversals of temporary differences	2,469	1,308
b) Write-downs of non-recoverable items	20	116
c) Change in accounting criteria	-	-
d) Other	168	122
3.2 Reduction in tax rates	1	1
3.3 Other decreases	1,574	1,800
a) Conversion into tax credit under Italian Law 214/2011	159	164
b) Other	1,415	1,636
4. Closing balance	**9,139**	**9,931**

For the portion of deferred tax assets arising from tax losses carried forward to subsequent years, refer to the table 11.1 of this section of the Notes to the consolidated accounts.
The sub-item “2.1 c) Write-backs” mainly reports the effects coming from the results of the sustainability test of DTA TLCF for Italian Tax Perimeter.
The sub-items “2.3 Other increases” and “3.3 Other decreases” b) Other” include the effect of netting DTA/DTL of previous and current year.
The sub-item “3.1 a) Reversals of temporary differences” includes reversal of both convertible and non-convertible DTAs.

11.4 Deferred tax assets (Italian Law 214/2011): annual changes

(€ million)

	CHANGES IN	
	2023	2022
1. Opening balance	**5,793**	**6,313**
2. Increases	**4**	**17**
3. Decreases	**1,417**	**537**
3.1 Reversals of temporary differences	1,257	373
3.2 Conversion into tax credits	159	164
a) Due to loss positions arisen from P&L	-	-
b) Due to tax losses	159	164
3.3 Other decreases	1	-
4. Closing balance	**4,380**	**5,793**

In accordance with the Circular No.262 of 22 December 2005 of Banca d’Italia (and subsequent amendments), starting from 31 December 2018, the table shows the deferred tax asset annual changes of which L.214/2011 both equity balancing and Income statement balancing.

Part B - Consolidated balance sheet - Assets

11.5 Deferred tax liabilities: annual changes (balancing P&L)

(€ million)

	CHANGES IN	
	2023	2022
1. Opening balance	**257**	**236**
2. Increases	**1,533**	**1,433**
2.1 Deferred tax liabilities arisen during the year	291	338
a) Relating to previous years	3	1
b) Due to change in accounting criteria	-	-
c) Other	288	337
2.2 New taxes or increases in tax rates	11	-
2.3 Other increases	1,231	1,095
3. Decreases	**1,517**	**1,412**
3.1 Deferred tax liabilities derecognised during the year	280	162
a) Reversals of temporary differences	194	157
b) Due to change in accounting criteria	-	-
c) Other	86	5
3.2 Reduction in tax rates	-	-
3.3 Other decreases	1,237	1,250
4. Closing balance	**273**	**257**

The items “2.3 Other increases” and “3.3 Other decreases” include the effect of netting DTA/DTL of previous and current year.

11.6 Deferred tax assets: annual changes (balancing Net Equity)

(€ million)

	CHANGES IN	
	2023	2022
1. Opening balance	**1,918**	**2,070**
2. Increases	**313**	**374**
2.1 Deferred tax assets arisen during the year	78	155
a) Relating to previous years	-	-
b) Due to change in accounting criteria	-	-
c) Other	78	155
2.2 New taxes or increase in tax rates	-	-
2.3 Other increases	235	219
3. Decreases	**621**	**526**
3.1 Deferred tax assets derecognised during the year	113	251
a) Reversals of temporary differences	81	248
b) Write-downs of non-recoverable items	-	-
c) Due to change in accounting criteria	-	-
d) Other	32	3
3.2 Reduction in tax rates	-	-
3.3 Other decreases	508	275
4. Closing balance	**1,610**	**1,918**

Part B - Consolidated balance sheet - Assets

11.7 Deferred tax liabilities: annual changes (balancing Net Equity)

(€ million)

	CHANGES IN	
	2023	2022
1. Opening balance	**306**	**360**
2. Increases	**633**	**695**
2.1 Deferred tax liabilities arisen during the year	17	110
a) Relating to previous years	-	15
b) Due to change in accounting criteria	-	-
c) Other	17	95
2.2 New taxes or increase in tax rates	-	-
2.3 Other increases	616	585
3. Decreases	**920**	**748**
3.1 Deferred tax liabilities derecognised during the year	182	126
a) Reversal of temporary differences	135	83
b) Due to change in accounting criteria	-	-
c) Other	47	43
3.2 Reduction in tax rates	13	1
3.3 Other decreases	725	621
4. Closing balance	**19**	**307**

The sub-items “2.3 Other increases” and “3.3 Other decreases” include the effect of netting DTA/DTL of previous and current year.

Part B - Consolidated balance sheet - Assets

11.8 Other informations

Referring to fiscal year 2022, UniCredit S.p.A., UniCredit Leasing S.p.A. and UniCredit Factoring S.p.A. registered a profit in their separate financial statements (respectively €3,107 million, €49 million and €64 million), therefore, the conditions to carry out a new transformation of deferred tax assets, for IRES and IRAP, into tax credits were not met. However, UniCredit Bank GmbH - Milan Branch registered for the fiscal year 2022 a loss of -€31 million in the financial statement, therefore the conditions to carry out a new transformation of deferred tax assets, for IRES and IRAP, into tax credits were verified.

UniCredit S.p.A., UniCredit Factoring S.p.A., UniCredit Leasing S.p.A. and UniCredit Bank GmbH - Milan Branch, entities belonging to the Italian Tax Group, in the previous years have accounted for foreign tax credits not recovered in the year of accounting in the financial statements. Such foreign tax credits, which amount to a total of €75 million (updated as for the usage as determined with the tax return related to fiscal year 2022), may be recovered in the future years if the requirements provided by the current tax legislation are verified.

Pillar Two - Global Minimum Tax

As of fiscal year 2024, the UniCredit group will fall within the scope of the newly designed Pillar Two regulation.
The Pillar Two regulation provides for an international framework of rules aimed at ensuring that the worldwide profits of multinational groups are subject to tax at a rate not lower than 15% in every jurisdiction in which the groups operate.
The rules have been firstly designed by the Inclusive Framework of the OECD and then implemented in the European Union through the EU Council Directive 2022/2523 of 14 December 2022. For EU countries, this Directive is expected to enter into force as of 2024 (in Italy, the provisions of the Directive have been transposed into Italian law with the Legislative Decree No.209/2023). Certain non-EU Member State in which the UniCredit group operates have announced that they will implement the Pillar Two rules as of 2024 (e.g., United Kingdom) while other jurisdictions have not yet communicated if and when they will implement such set of rules.
In a nutshell, the Pillar Two rules provide that, if in certain jurisdictions where the UniCredit group operates the effective tax rate (given by the ratio between adjusted accounting results and adjusted corporate income taxes paid in that jurisdiction) falls below 15%, then the UniCredit group will be required to pay an additional tax (so-called top-up tax) to reach the 15% tax rate threshold.
The relevant set of rules also provides for a transition period in which the in-scope multinational groups may avoid undergoing the complex effective tax rate calculation required by the new piece of legislation. In particular, the Pillar Two legislation provides for a transitional safe harbor ("TSH") that applies for the first three fiscal years following the entry into force of the relevant regulation; the TSH relies on simplified calculations (mainly based on data extracted from the Country-by-Country Reporting under BEPS Action 13, implemented in Italy with Law No.208/2015) and three kinds of alternative tests. Where at least one of the TSH tests is met for a jurisdiction in which the UniCredit group operates, the top-up tax due for such jurisdiction will be deemed to be zero. A test is met for a jurisdiction where:

- revenue and profit before tax are below, respectively, €10 million and €1 million (the de minimis test);
- the Effective Tax Rate (ETR) equals or exceeds an agreed rate (the ETR test, 15% for FY 2024); or
- the profit before tax does not exceed an amount calculated as a percentage of tangible assets and payroll expense (the routine profits test).

Even if for the financial year 2023 the Pillar Two rules have not entered into force yet, the UniCredit group has performed an assessment of its potential exposure for Pillar Two top-up taxes.
The above-mentioned assessment is based on the most recent information available regarding the financial performance of the constituent entities in the UniCredit group, being the 2022 Country by Country Reporting and 2022 financial statements data.
Based on the assessment performed, most of the jurisdictions should benefit from the TSH. Only five jurisdictions might not benefit from the TSH, namely Bosnia and Herzegovina, Bulgaria, Italy, Serbia and Hungary.
With respect to those five jurisdictions, the UniCredit group has provisionally calculated the potential top-up tax exposure based on the full Pillar Two regime and only one country would not meet the 15% minimum ETR with a limited top-up tax potentially due for an amount lower than €10 million.
The above analysis has to be considered as an estimate exposure given that, as already highlighted above, it was based on the 2022 data, and differences in revenues, costs, local tax regimes etc. may affect the conclusions reached; furthermore, the estimated calculation is based on complex regulations that have only recently been enacted with limited guidelines and not all the relevant data required to perform the full Pillar Two calculation was available.
Starting from 2024, each legal entity of the UniCredit group will apply the exception to the recognition and disclosure of deferred tax assets and liabilities relating to Pillar Two income taxes referred to in paragraph 4A IAS12.

Part B - Consolidated balance sheet - Assets

Section 12 - Non-current assets and disposal groups classified as held for sale and Liabilities associated with assets classified as held for sale - Item 120 (Assets) and Item 70 (Liabilities)

Non-current assets or groups of assets and directly connected liabilities, which constitute a set of cash flow generating assets, the sale of which is highly likely, are recognised under these items. They are measured at the lower value between the book value and the fair value less costs to sell according to IFRS5.

Figures of December 2022 have been restated following the reclassification of the WealthCap group out of the non-current assets held for sale. For further information refer to paragraph “A.1. General, Section 5 - Other matters”, Notes to the consolidated accounts, Part A - Accounting policies.

In the Balance sheet as at 31 December 2023, compared with 31 December 2022, the main variations are referred to the sales, partially offset by new classifications, of mainly non-performing loans related to portfolio’s sale initiatives.

Fair value measurements, made for disclosure purposes only, are classified into a fair value hierarchy that reflects the significance of inputs used in the valuations. For further information refer to paragraph “A.4 Information on fair value”, Notes to the consolidated accounts, Part A - Accounting policies.

Part B - Consolidated balance sheet - Assets

12.1 Non-current assets and disposal groups classified as held for sale: breakdown by asset type

(€ million)

	AMOUNTS AS AT	
	31.12.2023	31.12.2022
A. Assets held for sale		
A.1 Financial assets	278	481
A.2 Equity investments	41	13
A.3 Property, plant and equipment	51	34
of which: obtained by the enforcement of collateral	*-*	*15*
A.4 Intangible assets	-	-
A.5 Other non-current assets	-	-
Total (A)	**370**	**528**
of which: carried at cost	*288*	*493*
of which: designated at fair value - level 1	*-*	*-*
of which: designated at fair value - level 2	*82*	*15*
of which: designated at fair value - level 3	*-*	*20*
B. Discontinued operations		
B.1 Financial assets at fair value through profit or loss	-	-
- Financial assets held for trading	-	-
- Financial assets designated at fair value	-	-
- Other financial assets mandatorily at fair value	-	-
B.2 Financial assets at fair value through other comprehensive income	-	-
B.3 Financial assets at amortised cost	-	-
B.4 Equity investments	-	-
B.5 Property, plant and equipment	-	-
of which: obtained by the enforcement of collateral	-	-
B.6 Intangible assets	-	-
B.7 Other assets	-	-
Total (B)	**-**	**-**
of which: carried at cost	-	-
of which: designated at fair value - level 1	-	-
of which: designated at fair value - level 2	-	-
of which: designated at fair value - level 3	-	-
C. Liabilities associated with assets classified as held for sale		
C.1 Deposits	-	-
C.2 Securities	-	-
C.3 Other liabilities	-	-
Total (C)	**-**	**-**
of which: carried at cost	-	-
of which: designated at fair value - level 1	-	-
of which: designated at fair value - level 2	-	-
of which: designated at fair value - level 3	-	-
D. Liabilities associated with discontinued operations		
D.1 Financial liabilities at amortised cost	-	-
D.2 Financial liabilities held for trading	-	-
D.3 Financial liabilities designated at fair value	-	-
D.4 Provisions	-	-
D.5 Other liabilities	-	-
Total (D)	**-**	**-**
of which: carried at cost	-	-
of which: designated at fair value - level 1	-	-
of which: designated at fair value - level 2	-	-
of which: designated at fair value - level 3	-	-

Part B - Consolidated balance sheet - Assets

As at 31 December 2023 the financial assets classified as non-current assets and disposal groups classified as held for sale included in stage 3 are equal to €278 million (€481 million as at December 2022).

12.2 Other information
There is no significant information to be reported.

Section 13 - Other assets - Item 130

13.1 Other assets: breakdown

(€ million)

ITEMS/VALUES	AMOUNTS AS AT 31.12.2023	AMOUNTS AS AT 31.12.2022
Margin with derivatives clearers (non-interest bearing)	1	1
Gold, silver and precious metals	116	99
Accrued income and prepaid expenses other than capitalised income	604	596
Positive value of management agreements (so-called servicing assets)	-	-
Cash and other valuables held by cashier	111	123
- Current account cheques being settled, drawn on third parties	111	122
- Current account cheques payable by group banks, cleared and in the process of being debited	-	1
- Money orders, bank drafts and equivalent securities	-	-
- Coupons, securities due on demand, revenue stamps and miscellaneous valuables	-	-
Interest and changes to be debited to	244	267
- Customers	237	256
- Banks	7	11
Items in transit between branches not yet allocated to destination accounts	-	-
Items in processing	467	417
Items deemed definitive but not-attributable to other items	3,144	3,031
- Securities and coupons to be settled	183	191
- Other transactions	2,961	2,840
Adjustments for unpaid bills and notes	448	341
Tax items other than those included in item 110	6,744	3,528
Commercial credits pursuant to IFRS15	108	223
Other items	1,124	1,231
Total	**13,111**	**9,857**

Item “Accrued income and prepaid expenses other than capitalised income” includes the contract assets recognised in accordance with IFRS15.
In this context accrued income represents the portion of the performance obligation already satisfied through the services provided by the Group and that will be settled in the future periods in accordance with contractual provisions.
In this regard, it is worth to note that the aggregate amount of revenues from services to customers related to the portion of performance obligations not yet satisfied, and therefore not represented in the table above, is equal to €3.5 million. The majority of this amount relates to performance obligations expected to be satisfied by the following year end reporting date.
It should be noted that during the period there have not been significant changes in the accrued income and prepaid expenses not included in the carrying amount of the relevant financial assets.
The item “Tax items other than those included in item 110” mainly includes Tax credits connected with the "Cura Italia" and "Rilancio" Law Decrees. For further information on this topic refer to “Section 5 - Other matters” of Notes to the consolidated accounts, Part A - Accounting policies, A.1 General.

Part B - Consolidated balance sheet - Assets

Periodic change of accrued income/expenses and prepaid expenses/income

(€ million)

	AMOUNTS AS AT 31.12.2023	
	ACCRUED INCOME AND PREPAID EXPENSES	ACCRUED EXPENSES AND DEFERRED INCOME
Opening balance	**596**	**523**
Increases	**120**	**94**
a) Changes due to business combinations	-	-
b) Cumulative catch-up adjustments to revenue that affect the corresponding contract asset or contract liability, including adjustments arising from a change in the measure of progress, a change in an estimate of the transaction price (including any changes in the assessment of whether an estimate of variable consideration is constrained) or a contract modification (IFRS15 Par. 118.b)	12	31
c) Reversal of impairment of a contract asset (IFRS15 Par. 118.c)	-	X
d) Change in the time frame for a right to consideration to become unconditional (ie for a contract asset to be reclassified to a receivable) (IFRS15 Par. 118.d)	-	1
e) Change in the time frame for a performance obligation to be satisfied (ie for the recognition of revenue arising from a contract liability (IFRS15 Par. 118.e)	-	1
f) Other	108	61
Decreases	**112**	**98**
a) Changes due to business combinations	-	-
b) Cumulative catch-up adjustments to revenue that affect the corresponding contract asset or contract liability, including adjustments arising from a change in the measure of progress, a change in an estimate of the transaction price (including any changes in the assessment of whether an estimate of variable consideration is constrained) or a contract modification (IFRS15 Par. 118.b)	11	27
c) Impairment of a contract asset (IFRS15 Par. 118.c)	-	X
d) Change in the time frame for a right to consideration to become unconditional (ie for a contract asset to be reclassified to a receivable) (IFRS15 Par. 118.d)	3	-
e) Change in the time frame for a performance obligation to be satisfied (ie for the recognition of revenue arising from a contract liability (IFRS15 Par. 118.e)	-	-
f) Other	98	71
Closing balance	**604**	**519**

Note that the item “f) other” includes (i) the deferral of income and expenses related to performance obligation that have already been paid but not yet satisfied, as well as the recognition in P&L of the amount previously deferred in accordance with the progressive satisfaction of the performance obligation and (ii) the accrual in P&L of the amounts due as a result of the satisfaction of a performance obligation for which the payment is contractually postponed as well as their subsequent derecognition after the settlement.

Part B - Consolidated balance sheet - Liabilities

Liabilities

Section 1 - Financial liabilities at amortised cost - Item 10

1.1 Financial liabilities at amortised cost: breakdown by product of deposits from banks

(€ million)

TYPE OF TRANSACTIONS/VALUES	AMOUNTS AS AT 31.12.2023				AMOUNTS AS AT 31.12.2022			
	BOOK VALUE	FAIR VALUE			BOOK VALUE	FAIR VALUE		
		LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3
1. Deposits from central banks	**15,694**	X	X	X	**79,833**	X	X	X
2. Deposits from banks	**55,375**	X	X	X	**51,651**	X	X	X
2.1 Current accounts and demand deposits	11,637	X	X	X	9,400	X	X	X
2.2 Time deposits	9,027	X	X	X	10,121	X	X	X
2.3 Loans	33,594	X	X	X	30,534	X	X	X
2.3.1 Repos	17,153	X	X	X	13,845	X	X	X
2.3.2 Other	16,441	X	X	X	16,689	X	X	X
2.4 Liabilities relating to commitments to repurchase treasury shares	-	X	X	X	-	X	X	X
2.5 Lease deposits	27	X	X	X	17	X	X	X
2.6 Other deposits	1,090	X	X	X	1,579	X	X	X
Total	**71,069**	**-**	**47,005**	**22,858**	**131,484**	**-**	**117,646**	**14,154**
Total Level 1, Level 2 and Level 3				**69,863**				**131,800**

The decrease in the item "1. Deposits from central banks" mainly derives from the reduction due to a reimbursement of the TLTRO III exposures liabilities occurred during the 2023 for €65 billion.

The sub-item "2.3 Loans" includes also liabilities related to repos transactions executed using proprietary securities issued by Group companies, which were eliminated from assets at consolidated level.
The same sub-item does not include the type of bond lending transactions collateralised by securities or not collateralised.
For further information refer to the paragraph "Other information", Notes to the consolidated accounts, Part B - Consolidated balance sheet.

Deposits from banks are not carried at fair value, which is presented solely for the purpose of fulfilling financial disclosure requirements. Valuations at fair value are classified according to a hierarchy of levels reflecting the observability of the inputs used in the measurements.

For further information refer to the paragraph "A.4 - Information on fair value of the Notes to the consolidated accounts, Part A - Accounting Policies.

Part B - Consolidated balance sheet - Liabilities

1.2 Financial liabilities at amortised cost: breakdown by product of deposits from customers

(€ million)

TYPE OF TRANSACTION/VALUES	AMOUNTS AS AT 31.12.2023				AMOUNTS AS AT 31.12.2022			
	BOOK VALUE	FAIR VALUE			BOOK VALUE	FAIR VALUE		
		LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3
1. Current accounts and demand deposits	369,675	X	X	X	405,184	X	X	X
2. Time deposits	95,801	X	X	X	76,791	X	X	X
3. Loans	24,617	X	X	X	21,429	X	X	X
3.1 Repos	21,333	X	X	X	18,276	X	X	X
3.2 Other	3,284	X	X	X	3,153	X	X	X
4. Liabilities relating to commitments to repurchase treasury shares	21	X	X	X	-	X	X	X
5. Lease deposits	1,677	X	X	X	1,831	X	X	X
6. Other deposits	5,603	X	X	X	6,959	X	X	X
Total	**497,394**	**-**	**182,821**	**314,383**	**512,194**	**-**	**179,739**	**332,431**
Total Level 1, Level 2 and Level 3				**497,204**				**512,170**

The item "3. Loans" also includes liabilities relating to repos executed using proprietary securities issued by Group companies, which were eliminated from assets at consolidated level; the same sub-item does not include the type of bond lending transactions collateralised by securities or not collateralised. For further information refer to the paragraph "Other information", Notes to the consolidated accounts, Part B - Consolidated balance sheet - Liabilities.
Deposits from customers are not carried at fair value, which is presented solely for the purpose of fulfilling financial disclosure requirements. Fair value measurements are classified according to a three levels hierarchy that reflects the observability of the inputs used in the measurements.
The fair value of demand items was estimated to be equal to their net book value by exercising the option provided for by IFRS7.29.
According to this assumption, demand items were classified as Level 3 in the fair value hierarchy.

For further information see the paragraph "A.4 - Information on fair value", Notes to the consolidated accounts Part A - Accounting Policies.

1.3 Financial liabilities at amortised cost: breakdown by product of debt securities in issue

(€ million)

TYPE OF SECURITIES/VALUES	AMOUNTS AS AT 31.12.2023				AMOUNTS AS AT 31.12.2022			
	BOOK VALUE	FAIR VALUE			BOOK VALUE	FAIR VALUE		
		LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3
A. Debt securities								
1. Bonds	84,171	53,211	18,760	9,355	80,618	46,478	19,725	8,386
1.1 Structured	965	26	922	-	1,021	124	713	125
1.2 Other	83,206	53,185	17,838	9,355	79,597	46,354	19,012	8,261
2. Other securities	5,674	-	55	5,602	3,589	-	879	2,715
2.1 Structured	45	-	45	-	44	-	41	-
2.2 Other	5,629	-	10	5,602	3,545	-	838	2,715
Total	**89,845**	**53,211**	**18,815**	**14,957**	**84,207**	**46,478**	**20,604**	**11,101**
Total Level 1, Level 2 and Level 3				**86,983**				**78,183**

Fair value measurements, solely for the purpose of fulfilling financial disclosure requirements, are classified according to a hierarchy of levels reflecting the observability of the valuations input used in the measurements. For further information see the paragraph "A.4 - Information on fair value", Notes to the consolidated accounts, Part A - Accounting policies.

Sub-items "1.1 Bonds - Structured" and "2.1 Other securities -structured" has an overall amount equal to €1,010 million and accounted for 1.12% of total debt securities. They mainly refer to interest-rate linked instruments with closely related embedded derivatives, identified according to the classification rules of Mifid.
The increase of the item debt securities in issue is mainly due to new issuances made in particular by the subsidiaries UniCredit Bank GmbH and UniCredit Bank Austria AG.

Part B - Consolidated balance sheet - Liabilities

The fair value of derivatives embedded in structured securities and separated, is presented in item 20 of Assets and item 20 of Liabilities and included in Trading derivatives - Others, amounted to a net balance of €12 million negative.

1.4 Breakdown of subordinated debts/securities

(€ million)

	AMOUNTS AS AT	
	31.12.2023	31.12.2022
Deposits from banks	-	-
Deposits from customers	33	34
Debt securities	7,655	7,886
Total	**7,688**	**7,920**

1.5 Breakdown of structured debts

(€ million)

	AMOUNTS AS AT	
	31.12.2023	31.12.2022
Deposits from banks	-	-
Deposits from customers	1	2
Total	**1**	**2**

1.6 Amounts payable under finance leases

(€ million)

	31.12.2023		31.12.2022	
	CASH OUTFLOWS		CASH OUTFLOWS	
TIME BUCKET	FINANCE LEASES	OPERATING LEASES	FINANCE LEASES	OPERATING LEASES
Up to 1 year	50	310	51	302
1 year to 2 years	41	278	50	277
2 year to 3 years	40	342	42	240
3 year to 4 years	39	192	139	204
4 year to 5 years	38	124	38	159
Over 5 years	155	268	167	300
Total Lease Payments to be made	**363**	**1,514**	**487**	**1,482**
RECONCILIATION WITH DEPOSITS				
Unearned finance expenses (-) (Discounting effect)	51	122	42	79
Lease deposits	**312**	**1,392**	**445**	**1,403**

It should be noted that table 1.6 Amounts payable under finance leases reports the maturity analysis based on time bucket of the lease liability as requested by IFRS16 and the Circular No.262 of 22 December 2005 of Banca d'Italia (and subsequent amendments).

Part B - Consolidated balance sheet - Liabilities

Section 2 - Financial liabilities held for trading - Item 20

2.1 Financial liabilities held for trading: breakdown by product

(€ million)

TYPE OF TRANSACTIONS/VALUES	AMOUNTS AS AT 31.12.2023					AMOUNTS AS AT 31.12.2022				
	NOMINAL VALUE	FAIR VALUE LEVEL 1	FAIR VALUE LEVEL 2	FAIR VALUE LEVEL 3	FAIR VALUE*	NOMINAL VALUE	FAIR VALUE LEVEL 1	FAIR VALUE LEVEL 2	FAIR VALUE LEVEL 3	FAIR VALUE*
A. Cash liabilities										
1. Deposits from banks	-	747	-	2	749	-	581	1	-	582
2. Deposits from customers	9	5,884	19	1	5,904	115	6,178	182	4	6,364
3. Debt securities	3,779	-	3,306	373	3,678	4,174	-	3,654	293	3,944
3.1 Bonds	1,789	-	1,586	187	1,773	1,994	-	1,804	111	1,914
3.1.1 Structured	1,709	-	1,504	187	X	1,499	-	1,309	111	X
3.1.2 Other	80	-	82	-	X	495	-	495	-	X
3.2 Other securities	1,990	-	1,720	186	1,905	2,180	-	1,850	182	2,030
3.2.1 Structured	1,990	-	1,720	186	X	2,180	-	1,850	182	X
3.2.2 Other	-	-	-	-	X	-	-	-	-	X
Total (A)	**3,788**	**6,631**	**3,325**	**376**	**10,331**	**4,289**	**6,759**	**3,837**	**297**	**10,890**
B. Derivatives instruments										
1. Financial derivatives	X	4,730	21,901	855	X	X	4,867	33,750	1,436	X
1.1 Trading derivatives	X	4,730	21,791	843	X	X	4,867	33,367	1,423	X
1.2 Linked to fair value option	X	-	57	-	X	X	-	62	-	X
1.3 Other	X	-	53	12	X	X	-	321	13	X
2. Credit derivatives	X	107	75	22	X	X	8	118	162	X
2.1 Trading derivatives	X	107	75	22	X	X	8	118	162	X
2.2 Linked to fair value option	X	-	-	-	X	X	-	-	-	X
2.3 Other	X	-	-	-	X	X	-	-	-	X
Total (B)	**X**	**4,837**	**21,976**	**877**	**X**	**X**	**4,875**	**33,868**	**1,598**	**X**
Total (A+B)	**X**	**11,468**	**25,301**	**1,253**	**X**	**X**	**11,634**	**37,705**	**1,895**	**X**
Total Level 1, Level 2 and Level 3				**38,022**					**51,234**	

Note:
Fair value* = Fair value calculated excluding the value changes due to the change of credit worthiness of the issuer compared to the issue date.

Valuations at fair value were classified according to a hierarchy of levels reflecting the observability of the valuations input.
For further information refer to the paragraph "A.4 - Information on fair value" of the Notes to the consolidated accounts, Part A - Accounting Policies.

The reduction of the item is mainly attributable to the decrease of the fair value and volumes for derivatives instruments, mostly related to the subsidiary UniCredit Bank GmbH.

The financial assets and liabilities relating to OTC Derivatives and repos managed through Central Counterparty Clearing Houses (CCPs) are offset when (i) the clearing systems of CCPs guarantee the elimination or reduce to immaterial the credit and liquidity risks of these contracts and (ii) the entity intends to settle these contracts on a net basis, in accordance with IAS32 - Offsetting, in order to better present the liquidity profile and counterparty risk connected with them.

The offset effect as at 31 December 2023, already included in the net presentation of these transactions, totaled €181,115 million decreased in comparison to €237,693 million as at 31 December 2022 due to the evolution of reference market conditions, mainly relating to the activities of the subsidiary UniCredit Bank GmbH.

The sub-items "Deposits from banks" and "Deposits from customers" include short selling totaling €6,643 million as at 31 December 2023 (€6,831 million as at 31 December 2022), in respect of which no nominal amount was attributed.

2.2 Breakdown of "Financial liabilities held for trading": subordinated liabilities

No data to be disclosed.

Part B - Consolidated balance sheet - Liabilities

2.3 Breakdown of "Financial liabilities held for trading": structured debts

(€ million)

	AMOUNTS AS AT	
	31.12.2023	31.12.2022
Deposits from banks	22	22
Deposits from customers	-	-
Debt securities	3,699	3,679
Total	**3,721**	**3,701**

Section 3 - Financial liabilities designated at fair value - Item 30

3.1 Financial liabilities designated at fair value: breakdown by product

(€ million)

TYPE OF TRANSACTIONS/VALUES	AMOUNTS AS AT 31.12.2023					AMOUNTS AS AT 31.12.2022				
	NOMINAL VALUE	FAIR VALUE			FAIR VALUE*	NOMINAL VALUE	FAIR VALUE			FAIR VALUE*
		LEVEL 1	LEVEL 2	LEVEL 3			LEVEL 1	LEVEL 2	LEVEL 3	
1. Deposits from banks	**3**	**-**	**2**	**1**	**3**	**3**	**-**	**2**	**1**	**3**
1.1 Structured	-	-	-	-	X	-	-	-	-	X
1.2 Other	3	-	2	1	X	3	-	2	1	X
of which:										
- loan commitments given	-	*X*	*X*	*X*	*X*	-	*X*	*X*	*X*	*X*
- financial guarantees given	-	*X*	*X*	*X*	*X*	-	*X*	*X*	*X*	*X*
2. Deposits from customers	**696**	**-**	**791**	**38**	**663**	**733**	**-**	**620**	**38**	**651**
2.1 Structured	-	-	-	-	X	-	-	-	-	X
2.2 Other	696	-	791	38	X	733	-	620	38	X
of which:										
- loan commitments given	-	*X*	*X*	*X*	*X*	-	*X*	*X*	*X*	*X*
- financial guarantees given	-	*X*	*X*	*X*	*X*	-	*X*	*X*	*X*	*X*
3. Debt securities	**11,577**	**-**	**10,459**	**756**	**11,063**	**10,432**	**-**	**9,093**	**438**	**9,426**
3.1 Structured	11,070	-	9,946	756	X	9,852	-	8,514	438	X
3.2 Other	507	-	513	-	X	580	-	579	-	X
Total	**12,276**	**-**	**11,252**	**795**	**11,729**	**11,168**	**-**	**9,715**	**477**	**10,080**
Total Level 1, Level 2 and Level 3		**12,047**					**10,192**			

Note:
Fair value* = Fair value calculated excluding the value changes due to the change of credit worthiness of the issuer compared to the issue date.

The classification of Liabilities in this item aims to reduce the accounting mismatch related to the use of financial instruments measured with changes in fair value in the Income statement in order to manage the risk profile.

Valuations at fair value are classified according to a hierarchy of levels reflecting the observability of the valuations input.
For further information refer to the paragraph “A.4 - Information on fair value” of the Notes to the consolidated accounts, Part A - Accounting policies.

The sub-item “3.1 Debt securities - Structured” includes “Certificates”, structured debt securities, issued by UniCredit S.p.A. and by other Group’s legal entities. These instruments are designated at fair value as the embedded derivatives cannot be bifurcated.

3.2 Breakdown of "Financial liabilities designated at fair value": subordinated liabilities

No data to be disclosed.

Part B - Consolidated balance sheet - Liabilities

Section 4 - Hedging derivatives - Item 40

4.1 Hedging derivatives: breakdown by type of hedging and by levels

(€ million)

	AMOUNTS AS AT 31.12.2023				AMOUNTS AS AT 31.12.2022			
	FAIR VALUE			NOTIONAL AMOUNT	FAIR VALUE			NOTIONAL AMOUNT
	LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3	
A. Financial derivatives	**124**	**2,208**	**27**	**497,981**	**335**	**3,062**	**6**	**508,744**
1) Fair value	124	1,300	22	460,661	335	1,736	4	469,794
2) Cash flows	-	906	5	36,161	-	1,299	2	37,914
3) Net investment in foreign subsidiaries	-	2	-	1,159	-	27	-	1,036
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**124**	**2,208**	**27**	**497,981**	**335**	**3,062**	**6**	**508,744**
Total Level 1, Level 2 and Level 3			**2,359**				**3,403**	

Valuations at fair value were classified according to a hierarchy of levels reflecting the observability of the valuations input.
For further information refer to paragraph "A.4 - Information on fair value" of the Notes to the consolidated accounts, Part A - Accounting policies.

4.2 Hedging derivatives: breakdown by hedged portfolios and type of hedging

(€ million)

	AMOUNTS AS AT 31.12.2023									
	FAIR VALUE							CASH FLOW		
	MICRO-HEDGE									
TRANSACTIONS/HEDGE TYPES	DEBT SECURITIES AND INTEREST RATES RISK	EQUITY INSTRUMENTS AND EQUITY INDICES RISK	CURRENCY AND GOLD	CREDIT RISK	COMMODITIES	OTHER	MACRO-HEDGE	MICRO-HEDGE	MACRO-HEDGE	FOREIGN INVESTMENTS
1. Financial assets at fair value through other comprehensive income	68	-	-	-	X	X	X	-	X	X
2. Financial assets at amortised cost	-	X	-	-	X	X	X	-	X	X
3. Portfolio	X	X	X	X	X	X	161	X	795	X
4. Other transactions	-	-	-	-	-	-	X	-	X	2
Total assets	**68**	**-**	**-**	**-**	**-**	**-**	**161**	**-**	**795**	**2**
1. Financial liabilities	981	X	-	-	-	-	X	3	X	X
2. Portfolio	X	X	X	X	X	X	164	X	109	X
Total liabilities	**981**	**-**	**-**	**-**	**-**	**-**	**164**	**3**	**109**	**-**
1. Expected transactions	X	X	X	X	X	X	X	(1)	X	X
2. Financial assets and liabilities portfolio	X	X	X	X	X	X	72	X	5	-

Part B - Consolidated balance sheet - Liabilities

Section 5 - Value adjustment of hedged financial liabilities - Item 50

5.1 Changes to hedged financial liabilities

(€ million)

CHANGES TO HEDGED LIABILITIES/GROUP COMPONENTS	AMOUNTS AS AT 31.12.2023	31.12.2022
1. Positive changes to financial liabilities	7,994	10,832
2. Negative changes to financial liabilities	(20,926)	(32,336)
Total	**(12,932)**	**(21,504)**

The decrease in the item is mainly attributable to the evolution in the markets interest rate curves observed in 2023.

Section 6 - Tax liabilities - Item 60

Refer to the paragraph "Section 11 - Tax assets and tax liabilities - Item 110 (Assets) and Item 60 (Liabilities)" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part B - Consolidated balance sheet - Assets.

Section 7 - Liabilities associated with assets classified as held for sale - Item 70

See the paragraph "Section 12 - Non-current assets and disposal group classified as held for sale and Liabilities associated with assets classified as held for sale - Item 120 (Assets) and Item 70 (Liabilities)" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part B - Consolidated balance sheet - Assets.

Part B - Consolidated balance sheet - Liabilities

Section 8 - Other liabilities - Item 80

8.1 Other liabilities: breakdown

(€ million)

ITEMS/VALUES	AMOUNTS AS AT 31.12.2023	31.12.2022
Liabilities in respect of financial guarantees issued	3	3
Accrued expenses and deferred income other than those to be capitalised for the financial liabilities concerned	519	523
Negative value of management agreements (so-called servicing assets)	-	-
Payment agreements based on the value of own capital instruments classified as liabilities pursuant to IFRS2	6	4
Other liabilities due to employees	2,433	2,229
Other liabilities due to other staff	13	14
Other liabilities due to Directors and Statutory Auditors	1	1
Interest and amounts to be credited to	228	209
- Customers	219	193
- Banks	9	16
Items in transit between branches and not yet allocated to destination accounts	9	14
Available amounts to be paid to others	220	249
Items in processing	1,454	1,201
Entries relating to securities transactions	103	400
Definitive items but not attributable to other lines	4,175	4,417
- Accounts payable - suppliers	990	1,275
- Provisions for tax withholding on accrued interest, bond coupon payments or dividends	6	5
- Other entries	3,179	3,137
Liabilities for miscellaneous entries related to tax collection service	-	-
Adjustments for unpaid portfolio entries	4	2
Tax items different from those included in item 60	1,313	960
Other entries	3,085	2,949
Total	**13,566**	**13,175**

Item “Accrued expenses and deferred income other than those to be capitalised for the financial liabilities” includes the contract liabilities recognised in accordance with IFRS15.
In this context, deferred income represents the portion of performance obligations not yet satisfied through the services provided by the Group, but already settled during the period or in previous periods.
In this regard, it is worth to specify that the majority of this amount relates to performance obligations expected to be satisfied by the end of the following year.
Refer to the paragraph “Section 13 - Other assets - Item 130” of the Notes to the consolidated accounts Part B - Consolidated balance sheet - Assets for information about the changes in deferred income and accrued expenses occurred in the period.

Part B - Consolidated balance sheet - Liabilities

Section 9 - Provision for employee severance pay - Item 90

The "TFR" provision for Italy-based employee benefits is to be construed as a "post-retirement defined benefit", therefore its recognition in financial statements has required the estimate, through actuarial techniques, of the amount of benefit accrued by employees and its discount to present value. This benefit is calculated by an external actuary using the "projected unit credit" method (refer to the paragraph "Part A.2 - Main items of the accounts" of the Notes to the consolidated accounts Part A - Accounting policies).

9.1 Provisions for employee severance pay: annual changes

(€ million)

	CHANGES IN	
	2023	2022
A. Opening balance	**368**	**520**
B. Increases	**33**	**25**
B.1 Provisions for the year	14	4
B.2 Other increases	19	21
of which: business combinations	-	-
C. Reductions	**66**	**177**
C.1 Severance payments	66	66
C.2 Other decreases	-	111
of which: business combinations	-	-
D. Closing Balance	**335**	**368**

9.2 Other information

(€ million)

	CHANGES IN	
	2023	2022
Cost Recognised in P&L:	**14**	**4**
- Current Service Cost	-	-
- Interest Cost on the DBO	14	4
- Settlement (gains)/losses	-	-
- Past Service Cost	-	-
Remeasurement Effects (Gains) Losses Recognised in OCI	**20**	**(90)**
Annual weighted average assumptions		
- Discount rate	3.50%	3.80%
- Price inflation	1.75%	2.15%

Financial duration of defined benefit obligation equals to 10 years; Valuation Reserve negative balance, net of tax, move from -€109 million as at 31 December 2022 to -€123 million as at 31 December 2023.
A change of -25 basis points of discount rate would result in an increase of the liability of €8 million (+2.36%); a correspondent increase of discount rate, on the other hand, would result in a reduction in the liability of €8 million (-2.30%). A change of -25 basis points of price inflation rate would result in a reduction of the liability of €5 million (-1.46%); a correspondent increase of price inflation rate, on the other hand, would result in an increase of the liability of €5 million (+1.48%).

Part B - Consolidated balance sheet - Liabilities

Section 10 - Provisions for risks and charges - Item 100

10.1 Provisions for risks and charges: breakdown

(€ million)

ITEMS/COMPONENTS	AMOUNTS AS AT 31.12.2023	AMOUNTS AS AT 31.12.2022
1. Provisions for credit risk on commitments and financial guarantees given	1,195	1,295
2. Provisions for other commitments and other guarantees given	89	107
3. Pensions and other post-retirement benefit obligations	3,083	2,962
4. Other provisions for risks and charges	3,176	3,453
4.1 Legal and tax disputes	637	761
4.2 Staff expenses	1,587	1,635
4.3 Other	952	1,057
Total	**7,543**	**7,817**

The item "4. Other provisions for risks and charges" consists of provisions for:
- legal disputes: cases in which the Group is a defendant, and post-insolvency clawback petitions (more information on litigation is set out in the paragraph “B. Legal risks” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part E - Information on risks and related hedging policies, 2.5 Operational risks, Qualitative information). In particular it is worth to note that such sub-item includes provisions posted by Zagrebacka Banka related to CHF loans;
- staff expenses including the restructuring costs associated with the update of the Strategic Plan for the portion that has not been either settled or reclassified to "Other liabilities" as a result of the incurrence of a specific debt toward the employees;
- other: provisions for risks and charges not attributable to the above items, whose details are illustrated in the following table 10.6.

10.2 Provisions for risks and charges: annual changes

(€ million)

	CHANGES IN 2023			
	PROVISIONS FOR OTHER OFF-BALANCE SHEET COMMITMENTS AND OTHER GUARANTEES GIVEN	PENSION AND POST-RETIREMENT BENEFIT OBLIGATIONS	OTHER PROVISIONS FOR RISKS AND CHARGES	TOTAL
A. Opening balance	**107**	**2,962**	**3,453**	**6,522**
B. Increases	**(14)**	**432**	**1,263**	**1,681**
B.1 Provisions for the year	(17)	55	923	961
B.2 Changes due to the passing time	-	103	64	167
B.3 Differences due to discount-rate changes	-	-	1	1
B.4 Other changes	3	274	275	552
of which: business combinations	-	-	-	-
C. Decreases	**4**	**311**	**1,540**	**1,855**
C.1 Use during the year	-	244	662	906
C.2 Differences due to discount-rate changes	-	-	57	57
C.3 Other changes	4	67	821	892
of which: business combinations	-	-	3	3
D. Closing balance	**89**	**3,083**	**3,176**	**6,348**

The sub-item “B.1 Provisions for the year” referred to “provision for other off-Balance sheet commitments and other guarantees given” includes amounts reversed during the year.

Part B - Consolidated balance sheet - Liabilities

10.3 Provisions for credit risk on commitments and financial guarantees given

(€ million)

	AMOUNTS AS AT 31.12.2023				
	PROVISIONS FOR CREDIT RISK ON COMMITMENTS AND FINANCIAL GUARANTEES GIVEN				
	STAGE 1	STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	TOTAL
Loan commitments given	97	238	208	-	543
Financial guarantees given	39	212	401	-	652
Total	**136**	**450**	**609**	**-**	**1,195**

10.4 Provisions on other commitments and other issued guarantees

(€ million)

	AMOUNTS AS AT	
	31.12.2023	31.12.2022
1. Other issued guarantees	89	107
2. Other commitments	-	-
Total	**89**	**107**

10.5 Pensions and other post-retirement defined-benefit obligations

1. Pensions and other post-retirement benefit obligations

There are several defined-benefit plans within the Group, i.e. plans whose benefit is linked to salary and employee length of service both in Italy and abroad. The Austrian, German and Italian plans account for over 90% of the Group's pension obligations.

The 60% of the total obligations for defined benefit plans are financed with segregated assets. These plans are established in (i) Germany, among others "Direct Pension Plan" (i.e. an external fund managed by independent trustees), the "HVB Trust Pensionfonds AG" and the "Pensionkasse der Hypovereinsbank WaG", all created by UniCredit Bank GmbH, and (ii) in the United Kingdom, Italy and Luxembourg created by UniCredit Bank GmbH and UniCredit S.p.A.

The Group's defined-benefit plans are mainly closed to new recruits where most new recruits join defined-contribution plans instead and the related contributions are charged to the Income statement.

According to IAS19, obligations arising from defined-benefit plans are determined using the "projected unit credit" method, while segregated assets are measured at fair value at Balance sheet reporting date. The Balance sheet obligation is the result of the deficit or surplus (i.e., the difference between obligations and assets) net of any impacts of the asset ceiling; actuarial gains and losses are recognised in shareholders' equity and shown in a specific item of revaluation reserves in the financial year in which they are recorded.

The actuarial assumptions used to determine obligations vary from country to country and from plan to plan; the discount rate is determined, depending on the currency of denomination of the commitments and the maturity of the liability, by reference to market yields on a basket of "high quality corporate bonds".

In light of evolving common interpretation about "high quality corporate bonds" identification, UCG refined its Discount Rate setting methodology by referencing AA rated corporate bonds basket. In addition, it is worth to mention that, instead of econometric models, a Nelson Siegel Svensson methodology has been applied since years in modelling the yield-curve expressed by the basket of securities (by adjusting the long-term segment of the curve above the last liquid point, defined as the average maturity of the last 5 available bonds, relying on the slope of a Treasury curve build with AA Govies).

The remeasurement of commitments, performed on the basis of the methodology described above, as at 31 December 2023 leads to an increase in the negative balance of the valuation reserve relating to actuarial gains/losses on defined benefit plans of €172 million, net of deferred taxes, for a negative balance which move from -€2,299 million as at 31 December 2022 to -€2,471 million as at 31 December 2023.

Part B - Consolidated balance sheet - Liabilities

2. Changes of net defined benefit liability/asset and any reimbursement rights

2.1 Breakdown of defined benefit net obligation

(€ million)

	31.12.2023	31.12.2022
Current value of the defined benefit obligation	7,588	7,431
Current value of the plan assets	(4,528)	(4,496)
Deficit/(Surplus)	**3,060**	**2,935**
Irrecoverable surplus (effect of asset ceiling)	-	-
Net defined benefit liability/(asset) as of the period end date	**3,060**	**2,935**

2.2 Changes in defined benefit obligations

(€ million)

	31.12.2023	31.12.2022
Initial defined benefit obligation	7,431	10,168
Current service cost	53	96
Settlement (gain)/loss	-	-
Past service cost	-	1
Interest expense on the defined benefit obligation	277	115
Write-downs for actuarial (gains)/losses on defined benefit plans	259	(2,560)
Employees' contributions for defined benefit plans	9	10
Disbursements from plan assets	(185)	(182)
Disbursements directly paid by the fund	(249)	(226)
Settlements	-	-
Other increases (decreases)	(7)	9
Net defined benefit liability/(asset) as of the period end date	**7,588**	**7,431**

2.3 Changes to plan assets

(€ million)

	31.12.2023	31.12.2022
Initial fair value of plan assets	4,496	5,452
Interest income on plan assets	174	68
Administrative expenses paid from plan assets	-	-
Write-downs on the fair value of plan assets for actuarial gains (losses) on the discount rate	(2)	(874)
Employer contributions	6	23
Disbursements from plan assets	(185)	(182)
Settlements	-	-
Other increases (decreases)	39	9
Final fair value of plan assets	**4,528**	**4,496**

3. Information on plan assets' fair value

(€ million)

	31.12.2023	31.12.2022
1. Shares	264	279
2. Bonds	290	266
3. Units in investment funds	3,900	3,864
4. Real estate properties	24	24
5. Derivative instruments	-	-
6. Other assets	50	63
Total	**4,528**	**4,496**

Part B - Consolidated balance sheet - Liabilities

4. Description of major actuarial assumptions

	31.12.2023 %	31.12.2022 %
Discount rate	3.60	3.84
Expected return on plan assets	3.60	3.84
Expected compensation increase rate	2.60	2.68
Future increases relating to pension treatments	2.45	2.59
Expected inflation rate	2.25	2.67

5. Information of amounts, timing and uncertainties of disbursement cash flows

(€ million)

	31.12.2023
- Impact of changes in financial/demographic assumptions on DBOs	
A. Discount rate	
A1. -25 basis points	248
	3.27%
A2. +25 basis points	(235)
	-3.10%
B. Future increase rate relating to pension treatments	
B1. -25 basis points	(183)
	-2.41%
B2. +25 basis points	190
	2.50%
C. Mortality	
C.1 Life expectancy + 1 year	217
	2.86%
- Financial duration (years)	13.2

10.6 Provisions for risks and charges - other provisions

(€ million)

	AMOUNTS AS AT	
	31.12.2023	31.12.2022
4.3 Other provisions for risks and charges - other		
Real estate risks/charges	86	116
Restructuring costs	71	81
Allowances payable to agents	81	78
Disputes regarding financial instruments and derivatives	9	15
Costs for liabilities arising from equity investment disposals	27	13
Other	678	754
Total	**952**	**1,057**

- The item "Other" includes provisions:
  - posted in order to cope with the probable risks of loss relating to the purchases of diamonds, that could be carried out under the "customer care" initiative promoted by UniCredit S.p.A. For the sake of completeness refer to the related paragraph "Diamond offer" of the Company financial statements of UniCredit S.p.A., Notes to the accounts Part E - Information on risks and related hedging policies, Section 5 - Operational risks, Qualitative information, E. Other claims by customers;
  - aimed to cover the risks related to certain standard contractual terms contained in the documentary frameworks (i.e. reps & warranties), including securitisation transactions with derecognition of non-performing loans, signed with the SPVs, of which UniCredit S.p.A. is Originator, pending the analysis and assessments to be completed within the deadlines established.

Part B - Consolidated balance sheet - Liabilities

Section 11 - Insurance liabilities - Item 110
No data to be disclosed.

Section 12 - Redeemable Shares - Item 130
No data to be disclosed.

Section 13 - Group shareholders' equity - Items 120, 130, 140, 150, 160, 170 and 180
As at 31 December 2023 the Group shareholders' equity, including the result for the year of +€9,507 million, amounted to €64,079 million, against €63,339 million at the end of the previous year.
The table below shows the breakdown of Group equity and the changes over the previous year.

Group shareholders' equity: breakdown

(€ million)

	AMOUNTS AS AT		CHANGES	
	31.12.2023	31.12.2022	AMOUNT	%
1. Share capital	21,278	21,220	58	0.3%
2. Share premium reserve	23	2,516	-2,493	-99.1%
3. Reserves	35,063	31,657	3,406	10.8%
4. Treasury shares	(1,727)	-	-1,727	n.m.
a. Parent Company	(1,727)	-	-1,727	n.m.
b. Subsidiaries	-	-	-	n.m.
5. Valuation reserve	(4,928)	(4,612)	-316	6.9%
6. Equity instruments	4,863	6,100	-1,237	-20.3%
7. Net profit (loss)	9,507	6,458	3,049	47.2%
Total	**64,079**	**63,339**	**740**	1.2%

Part B - Consolidated balance sheet - Liabilities

The +€740 million change in Group equity resulted from:

(€ million)

Change in capital:	
withdrawal from the specifically constituted reserve, for the issue of the shares connected to the medium-term incentive plan for Group personnel following the resolution of the Board of Directors of 16 February 2023	**58**
Use of share premium reserve for:	
(i) the allocation to specific unavailable reserve in relation to the purchases of treasury shares in execution of Share Buy-Back Programme 2022 (-€2,191 million); (ii) coverage of the negative reserves to eliminate the negative components related to the payment of AT1 coupons (-€302 million)	**(2,493)**
Change in reserves, including those one in treasury shares arising from:	**1,679**
· the attribution to the reserve of the result of the previous year of the Group, net of dividends and other allocations	4,563
· (i) the allocation of a portion of the Share Premium Reserve to set up the specific unavailable reserve for the execution of Share Buy-Back Programme 2022 (+€2,191 million); (ii) coverage of the negative reserves to eliminate the components related to the payment of AT1 coupons (+€302 million)	2,493
· (i) the purchases of No.170,174,493 UniCredit S.p.A. ordinary shares in execution of "First and Second Tranche of the Buy-Back Programme 2022" ("First Tranche of the Buy-Back Programme 2022" has been completed on 29 June 2023 while "Second Tranche of the Buy-Back Programme 2022" has been completed on 29 September 2023); (ii) the purchase of No.58,179,836 UniCredit S.p.A. ordinary shares in execution of the "First Tranche of the Share Buy-Back Programme 2023" started on 30 October 2023 and whose completion is expected by the end of the first quarter of 2024	(4,758)
· the allocation to the reserves of the coupon paid to subscribers of the Additional Tier 1 notes, net of the related taxes	(250)
· the withdrawal from the specifically constituted reserves, for the capital increase connected to the medium term incentive plan for Group personnel following the resolution of the Board of Directors of 16 February 2023	(58)
· the charge to reserves for the disbursements made in connection with cash-out of usufruct contract signed with Mediobanca S.p.A. on UniCredit shares supporting the issuance of convertible securities denominated "Cashes" referring to the results of the year 2022	(175)
· other changes	(136)
Change in valuation reserves related to:	**(316)**
· financial assets and liabilities valued at fair value	309
· tangible assets	(147)
· hedging of foreign investments	(45)
· cash-flow hedges	270
· exchange rate differences	(712)
· non-current assets classified held-for-sale	1
· actuarial gains (losses) on defined-benefit plans	(186)
· the valuation of companies carried at net equity	194
Change in equity instruments:	
early redemption of the Additional Tier 1 instruments issued in 2017 exercising the redemption option in accordance with the relevant terms and conditions of the securities, net of the related placement costs	**(1,237)**
Change of the profit for the period compared with that of 31 December 2022	**3,049**

Part B - Consolidated balance sheet - Liabilities

13.1 "Share capital" and "treasury shares": breakdown

(€ million)

	AMOUNT AS AT 31.12.2023		AMOUNT AS AT 31.12.2022	
	ISSUED SHARES	UNDERWRITTEN AND NOT YET FULLY PAID SHARES	ISSUED SHARES	UNDERWRITTEN AND NOT YET FULLY PAID SHARES
A. Share Capital				
A.1 Ordinary shares	21,278	-	21,220	-
A.2 Savings shares	-	-	-	-
Total A	**21,278**	**-**	**21,220**	**-**
B. Treasury Shares	**(1,727)**	**-**	**-**	**-**

Reference is made to the paragraph "12.1 "Share capital" and "treasury shares": breakdown" of the Company financial statements of UniCredit S.p.A., Notes to the accounts, Part B - Balance sheet - Liabilities, Section 12 - Shareholders' equity - Item 110, 130, 140, 150, 160, 170 and 180 which is herewith quoted entirely.

13.2 Share capital - number of shares owned by the Parent Company: annual changes

ITEMS/TYPES	CHANGES IN 2023	
	ORDINARY	SAVINGS
A. Issued shares as at the beginning of the year	**1,935,269,741**	**-**
- Fully paid	1,935,269,741	-
- Not fully paid	-	-
A.1 Treasury shares (-)	-	-
A.2 Shares outstanding: opening balance	1,935,269,741	-
B. Increases	**5,508,167**	**-**
B.1 New issues	5,508,167	-
- Against payment	-	-
- Business combinations	-	-
- Bonds converted	-	-
- Warrants exercised	-	-
- Other	-	-
- Free	5,508,167	-
- To employees	5,508,167	-
- To directors	-	-
- Other	-	-
B.2 Sales of treasury shares	-	-
B.3 Other changes	-	-
C. Decreases	**228,354,329**	**-**
C.1 Cancellation	-	-
C.2 Purchase of treasury shares	228,354,329	-
C.3 Business tranferred	-	-
C.4 Other changes	-	-
of which: business combinations	-	-
D. Shares outstanding: closing balance	**1,712,423,579**	**-**
D.1 Treasury shares (+)	72,239,501	-
D.2 Shares outstanding as at the end of the year	1,784,663,080	-
- Fully paid	1,784,663,080	-
- Not fully paid	-	-

Reference is made to the paragraph "12.2 Share capital - Number of shares: annual changes" of the Company financial statements of UniCredit S.p.A., Notes to the accounts, Part B - Balance sheet - Liabilities, Section 12 - Shareholders' equity - Item 110, 130, 140, 150, 160, 170 and 180 which is herewith quoted entirely.

Part B - Consolidated balance sheet - Liabilities

13.3 Share capital: other information

Reference is made to the paragraph “12.3 Capital: other information” of the Company financial statements of UniCredit S.p.A., Notes to the accounts, Part B - Balance sheet - Liabilities, Section 12 - Shareholders’ equity - Item 110, 130, 140, 150, 160, 170 and 180 which is herewith quoted entirely.

13.4 Reserves from profits: other information

(€ million)

	AMOUNTS AS AT	
	31.12.2023	31.12.2022
Legal reserve	1,618	1,518
Statutory reserve	13,917	15,754
Other reserves	9,929	6,450
Total	**25,464**	**23,722**

For further information on Legal reserve, reference is made to the paragraph “12.4 Reserves from profit: other information” of the Company financial statements of UniCredit S.p.A., Notes to the accounts, Part B - Balance sheet - Liabilities, Section 12 - Shareholders’ equity - Item 110, 130, 140, 150, 160, 170 and 180.

13.5 Equity instruments: breakdown and annual changes

Reference is made to the paragraph “12.5 Equity instruments; composition and annual changes” of the Company financial statements of UniCredit S.p.A., Notes to the accounts, Part B - Balance sheet - Liabilities, Section 12 - Shareholders’ equity - Item 110, 130, 140, 150, 160, 170 and 180 which is herewith quoted entirely.

13.6 Other Information

Valuation reserves: breakdown

(€ million)

	AMOUNTS AS AT	
ITEM/TYPES	31.12.2023	31.12.2022
1. Equity instruments designated at fair value through other comprehensive income	(103)	(146)
2. Financial assets (other than equity instruments) at fair value through other comprehensive income	(322)	(621)
3. Hedging of equity instruments at fair value through other comprehensive income	-	-
4. Financial liabilities at fair value through profit or loss (changes in own credit risk)	(114)	(81)
5. Hedging instruments (non-designated elements)	-	-
6. Property, plant and equipment	1,631	1,778
7. Intangible assets	-	-
8. Hedges of foreign investments	(193)	(148)
9. Cash-flow hedges	(356)	(626)
10. Exchange differences	(3,154)	(2,442)
11. Non-current assets classified as held for sale	3	2
12. Actuarial gains (losses) on defined-benefit plans	(2,591)	(2,405)
13. Part of valuation reserves of investments valued at net equity	(6)	(200)
14. Special revaluation laws	277	277
Total	**(4,928)**	**(4,612)**

The FX currency reserves as at 31 December 2023 mainly refer to the Russian Ruble for -€2,792 million included in the item “Exchange differences”.
The main variations in comparison to 31 December 2022 refer to the following reserves:
- “Financial assets (other than equity instruments) at fair value through other comprehensive income” for +€299 million mainly due to Government securities;
- “Cash-flow hedges” for +€270 million due to the change in interest rates;
- “Part of valuation reserves of investments valued at net equity” for +€194 million, which mainly include the effect of first-time adoption of IFRS17 accounting standard by bancassurance companies consolidated through the “equity-method” (for further details reference is made to the paragraph “Section 5 - Other matters”, Notes to the consolidated accounts, Part A - Accounting policies, A.1 - General) and in some part the effects arising from the disposal of RN Bank held by associated company Barn BV; the aforementioned ones refer to the reclassification of negative valuation reserve on exchange difference of Russian Ruble into valuation reserve of non-current assets classified as held for sale and following recycle through profit or loss;
- “Exchange differences” for -€712 million mainly referred to Russian Ruble for -€676 million.

Part B - Consolidated balance sheet - Liabilities

Section 14 - Minority shareholders‘ equity - Item 190

14.1 Breakdown of item 190 "Shareholders' equity: minorities"

(€ million)

COMPANY NAME	2023	2022
Equity investments in consolidated companies with significant minority interests	**138**	**136**
Zagrebacka Banka D.D.	88	90
UniCredit Bank Austria AG Sub-Group	34	32
UniCredit Bank D.D.	16	14
Other equity investments	**26**	**22**
Total	**164**	**158**

The shareholders' equity attributable to minority interests for 2023 amounts to +€164 million.

The main contributions are attributable to the minority shareholders of Zagrebacka Banka D.D. and its subsidiary UniCredit Bank D.D. and UniCredit Bank Austria AG Sub-Group, mainly referring to Card Complete Service Bank AG.

14.2 Capital instruments:breakdown and annual changes

There are no equity instruments.

Part B - Consolidated balance sheet - Liabilities

Other information

1. Commitments and financial guarantees given (different from those designated at fair value)

(€ million)

	AMOUNTS AS AT 31.12.2023					AMOUNTS AS AT 31.12.2022
	NOTIONAL AMOUNTS OF COMMITMENTS AND FINANCIAL GUARANTEES GIVEN					
	STAGE 1	STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	TOTAL	TOTAL
1. Loan commitments given	**164,960**	**26,118**	**999**	**-**	**192,077**	**187,013**
a) Central Banks	13	-	-	-	13	15
b) Governments and other Public Sector Entities	8,863	1,160	50	-	10,073	7,550
c) Banks	1,798	108	2	-	1,908	1,557
d) Other financial companies	26,410	2,399	36	-	28,845	29,984
e) Non-financial companies	120,314	20,282	890	-	141,486	136,846
f) Households	7,562	2,169	21	-	9,752	11,061
2. Financial guarantees given	**41,043**	**10,437**	**1,287**	**-**	**52,767**	**51,891**
a) Central Banks	1	-	-	-	1	5
b) Governments and other Public Sector Entities	134	6	-	-	140	137
c) Banks	6,868	327	8	-	7,203	7,167
d) Other financial companies	4,377	69	11	-	4,457	4,079
e) Non-financial companies	29,442	9,960	1,266	-	40,668	40,084
f) Households	221	75	2	-	298	419

2. Others commitments and others guarantees given

(€ million)

	AMOUNTS AS AT	
	31.12.2023	31.12.2022
	NOTIONAL AMOUNTS	NOTIONAL AMOUNTS
1. Others guarantees given	**25,561**	**26,319**
of which: non-performing loans	*197*	*196*
a) Central Banks	-	-
b) Governments and other Public Sector Entities	4	4
c) Banks	2,670	3,138
d) Other financial companies	2,978	3,191
e) Non-financial companies	19,868	19,935
f) Households	41	51
2. Others commitments	**90,686**	**101,647**
of which: non-performing loans	*412*	*436*
a) Central Banks	430	567
b) Governments and other Public Sector Entities	1,540	2,180
c) Banks	10,173	11,269
d) Other financial companies	14,599	13,952
e) Non-financial companies	59,688	68,237
f) Households	4,256	5,442

Table “1. Commitments and financial guarantees given (different from those designated at fair value)” shows commitments and guarantees evaluated according to the IFRS9 requirements.
Table “2. Others commitments and others guarantees given” shows commitments and guarantees that are not evaluated according to the IFRS9 requirements. According to the Circular No.262 of 22 December 2005 of Banca d’Italia (and subsequent amendments), the tables also include the revocable commitments and the item financial guarantees also includes the commercial ones.

Part B - Consolidated balance sheet - Liabilities

3. Assets used to guarantee own liabilities and commitments

(€ million)

PORTFOLIOS	AMOUNTS AS AT 31.12.2023	AMOUNTS AS AT 31.12.2022
1. Financial assets at fair value through profit or loss	6,692	8,634
2. Financial assets at fair value through other comprehensive income	14,186	18,593
3. Financial assets at amortised cost	85,992	141,201
4. Property, plant and equipment	-	-
of which: inventories of property, plant and equipment	-	-

4. Breakdown of investments relating to unit-linked and index-linked policies

There were no transactions concerning unit-linked and index-linked policies.

5. Asset management and trading on behalf of third parties

(€ million)

TYPE OF SERVICES	AMOUNTS AS AT 31.12.2023	AMOUNTS AS AT 31.12.2022
1. Execution of orders on behalf of customers		
a) Purchases	71,938	83,226
1. Settled	71,904	83,209
2. Unsettled	34	17
b) Sales	74,857	90,229
1. Settled	74,811	90,212
2. Unsettled	46	17
2. Portfolio management		
a) Individual	20,539	20,065
b) Collective	17,342	14,842
3. Custody and administration of securities		
a) Third party securities on deposits: relating to depositary bank activities (excluding portfolio management)	2,981	2,969
1. Securities issued by companies included in consolidation	-	-
2. Other securities	2,981	2,969
b) Third party securities held in deposits (excluding portfolio management): other	265,335	233,762
1. Securities issued by companies included in consolidation	11,077	10,769
2. Other securities	254,258	222,993
c) Third party securities deposited with third parties	213,683	156,840
d) Property securities deposited with third parties	107,819	115,468
4. Other transactions	**7,072**	**7,354**

Part B - Consolidated balance sheet - Liabilities

6. Financial assets subject to accounting offsetting or under master netting agreements and similar agreements

(€ million)

INSTRUMENT TYPE	GROSS AMOUNTS OF FINANCIAL ASSETS (A)	FINANCIAL LIABILITIES OFFSET IN BALANCE SHEET (B)	NET BALANCE SHEET VALUES OF FINANCIAL ASSETS (C=A-B)	RELATED AMOUNTS NOT SUBJECT TO ACCOUNTING OFFSETTING: FINANCIAL INSTRUMENTS (D)	RELATED AMOUNTS NOT SUBJECT TO ACCOUNTING OFFSETTING: CASH COLLATERAL RECEIVED (E)	NET AMOUNT 31.12.2023 (F=C-D-E)	NET AMOUNT 31.12.2022
1. Derivatives	211,535	186,806	24,729	15,219	6,962	2,548	3,273
2. Reverse repos	44,263	1,294	42,969	42,197	23	749	576
3. Securities lending	-	-	-	-	-	-	-
4. Others	123,757	2,624	121,133	-	-	121,133	126,018
Total 31.12.2023	**379,555**	**190,724**	**188,831**	**57,416**	**6,985**	**124,430**	**X**
Total 31.12.2022	**447,357**	**250,739**	**196,618**	**58,204**	**8,547**	**X**	**129,867**

The amount of financial derivative assets offset in Balance sheet by financial liabilities (column "B" item 1. Derivatives) mainly refers to derivative contracts settled with Central Clearing Counterparties (CCPs).

7. Financial liabilities subject to accounting offsetting or under master netting agreements and similar agreements

(€ million)

INSTRUMENT TYPE	GROSS AMOUNTS OF FINANCIAL LIABILITIES (A)	FINANCIAL ASSETS OFFSET IN BALANCE SHEET (B)	NET BALANCE SHEET VALUES OF FINANCIAL LIABILITIES (C=A-B)	RELATED AMOUNTS NOT SUBJECT TO ACCOUNTING OFFSETTING: FINANCIAL INSTRUMENTS (D)	RELATED AMOUNTS NOT SUBJECT TO ACCOUNTING OFFSETTING: CASH COLLATERAL PLEDGED (E)	NET AMOUNT 31.12.2023 (F=C-D-E)	NET AMOUNT 31.12.2022
1. Derivatives	213,785	188,717	25,068	15,436	6,024	3,608	4,864
2. Reverse repos	39,006	1,294	37,712	35,548	11	2,153	273
3. Securities lending	-	-	-	-	-	-	-
4. Others	176,707	713	175,994	-	-	175,994	195,093
Total 31.12.2023	**429,498**	**190,724**	**238,774**	**50,984**	**6,035**	**181,755**	**X**
Total 31.12.2022	**512,248**	**250,739**	**261,509**	**53,877**	**7,402**	**X**	**200,230**

The amount of financial derivative liabilities offset in Balance sheet by financial assets (column "B" item 1. Derivatives) mainly refers to derivative contracts settled with CCPs.

8. Security borrowing transactions

(€ million)

TYPE OF LENDER	AMOUNTS AS AT 31.12.2023 - AMOUNTS OF THE SECURITIES BORROWED/TRANSACTION PURPOSES: GIVEN AS COLLATERAL IN OWN FUNDING TRANSACTIONS	SOLD	SOLD IN REPO TRANSACTIONS	OTHER PURPOSES
A. Banks	6,917	1,080	901	7,486
B. Financial companies	3	7	866	898
C. Insurance companies	-	-	-	-
D. Non-financial companies	639	18	51	174
E. Others	-	-	230	64
Total	**7,559**	**1,105**	**2,048**	**8,622**

Part C - Consolidated income statement

Section 1 - Interests - Items 10 and 20

1.1 Interest income and similar revenues: breakdown

(€ million)

ITEMS/TYPES	YEAR 2023 DEBT SECURITIES	YEAR 2023 LOANS	YEAR 2023 OTHER TRANSACTIONS	YEAR 2023 TOTAL	YEAR 2022 TOTAL
1. Financial assets at fair value through profit or loss	**485**	**156**	**1,408**	**2,049**	**1,193**
1.1 Financial assets held for trading	385	72	1,408	1,865	1,015
1.2 Financial assets designated at fair value	3	-	-	3	2
1.3 Other financial assets mandatorily at fair value	97	84	-	181	176
2. Financial assets at fair value through other comprehensive income	**1,489**	**-**	**X**	**1,489**	**747**
3. Financial assets at amortised cost	**1,689**	**24,043**	**X**	**25,732**	**12,679**
3.1 Loans and advances to banks	192	5,567	X	5,759	1,783
3.2 Loans and advances to customers	1,497	18,476	X	19,973	10,896
4. Hedging derivatives	**X**	**X**	**4,270**	**4,270**	**278**
5. Other assets	**X**	**X**	**352**	**352**	**468**
6. Financial liabilities	**X**	**X**	**X**	**27**	**974**
Total	**3,663**	**24,199**	**6,030**	**33,919**	**16,339**
of which: interest income on impaired financial assets	*4*	*420*	*-*	*424*	*333*
of which: interest income on financial lease	*X*	*691*	*X*	*691*	*463*

The interests on financial liabilities in 2022 included €412 million arising from TLTRO III facilities matured till 23 November 2022, end of negative interests regime for this instrument, following 27 October 2022 BCE's decision; from that date onward the instrument produces normal negative interests exposed in table 1.3 Interest expenses and similar charges: composition.
The increase of the item "Interest income and similar revenues" is mainly attributable to the evolution in the markets interest rate curves observed in 2023.

1.2 Interest income and similar revenues: other information

1.2.1 Interest income from financial assets denominated in currency

(€ million)

ITEMS	YEAR 2023	YEAR 2022
a) Assets denominated in currency	7,745	5,889

Part C - Consolidated income statement

1.3 Interest expenses and similar charges: breakdown

(€ million)

ITEMS/TYPES	YEAR 2023 DEBTS	YEAR 2023 SECURITIES	YEAR 2023 OTHER TRANSACTIONS	YEAR 2023 TOTAL	YEAR 2022 TOTAL
1. Financial liabilities at amortised cost	**(9,331)**	**(2,632)**	**X**	**(11,963)**	**(4,408)**
1.1 Deposits from central banks	(1,453)	X	X	(1,453)	(224)
1.2 Deposits from banks	(1,942)	X	X	(1,942)	(397)
1.3 Deposits from customers	(5,936)	X	X	(5,936)	(2,007)
1.4 Debt securities in issue	X	(2,632)	X	(2,632)	(1,780)
2. Financial liabilities held for trading	**(21)**	**(247)**	**(1,873)**	**(2,141)**	**(1,102)**
3. Financial liabilities designated at fair value	**(5)**	**(77)**	**-**	**(82)**	**(59)**
4. Other liabilities and funds	**X**	**X**	**(26)**	**(26)**	**13**
5. Hedging derivatives	**X**	**X**	**(5,344)**	**(5,344)**	**362**
6. Financial assets	**X**	**X**	**X**	**(15)**	**(521)**
Total	**(9,357)**	**(2,956)**	**(7,243)**	**(19,571)**	**(5,715)**
of which: interest expenses on lease deposits	*(35)*	*X*	*X*	*(35)*	*(26)*

The interests on financial liabilities from Central Banks include a negative impact of the period arising from TLTRO III facilities, that, following 23 November 2022, have lost the negative interests framework. These facilities have been partially redeemed in 2023.
The increase of the item “Interest expenses and similar charges” is mainly attributable to the evolution in the markets interest rate curves observed in 2023.

1.4 Interest expenses and similar charges: other information

1.4.1 Interest expenses on liabilities denominated in currency

(€ million)

ITEMS	YEAR 2023	YEAR 2022
a) Liabilities denominated in currency	(4,965)	(3,269)

1.5 Differentials relating to hedging operations

(€ million)

ITEMS	YEAR 2023	YEAR 2022
A. Positive differentials relating to hedging operations	11,914	4,963
B. Negative differentials relating to hedging operations	(12,988)	(4,323)
C. Net differential (A-B)	**(1,074)**	**640**

Part C - Consolidated income statement

Section 2 - Fees and commissions - Items 40 and 50

2.1 Fees and commissions income: breakdown

(€ million)

TYPE OF SERVICES/VALUES	YEAR 2023	YEAR 2022
a) Financial Instruments	1,218	1,082
1. Placement of securities	882	817
1.1 Underwriting and/or on the basis of an irrevocable commitment	45	46
1.2 Without irrevocable commitment	837	771
2. Reception and transmission of orders	206	111
2.1 Reception and transmission of orders of financial instruments	205	111
2.2 Execution of orders on behalf of customers	1	-
3. Other fees related to activities linked to financial instruments	130	154
of which: proprietary Trading	*1*	*9*
of which: individual portfolio management	*129*	*144*
b) Corporate Finance	65	70
1. M&A advisory	13	19
2. Treasury services	-	1
3. Other fee and commission income in relation to corporate finance activities	52	50
c) Fee based advice	105	93
d) Clearing and settlement	-	-
e) Collective portfolio management	219	200
f) Custody and administration of securities	278	254
1. Custodian Bank	24	82
2. Other fee and commission income in relation to corporate finance activities	254	172
g) Central administrative services for collective investment	1	1
h) Fiduciary transactions	-	-
i) Payment services	1,701	1,567
1. Current accounts	57	54
2. Credit cards	124	122
3. Debits cards and other card payments	482	439
4. Transfers and other payment orders	488	450
5. Other fees in relation to payment services	550	502
j) Distribution of third party services	1,484	1,552
1.Collective portfolio management	603	657
2. Insurance products	864	878
3. Other products	17	17
of which: individual portfolio management	*1*	*2*
k) Structured finance	1	-
l) Loan securitisation servicing activities	13	21
m) Loan commitment given	104	94
n) Financial guarantees	361	353
of which: credit derivatives	-	-
o) Lending transaction	543	517
of which: factoring services	*77*	*76*
p) Currency trading	218	262
q) Commodities	-	-
r) Other fee income	1,936	2,039
of which: management of sharing multilateral trading facilities	-	-
of which: management of organized trading systems	-	-
Total	**8,247**	**8,105**

Part C - Consolidated income statement

Item “r) other fee income” mainly comprise:
- fees for ancillary services linked to current accounts (e.g., token, debt card): €724 million in 2023, €845 million in 2022 (-14.3%);
- fees for immediate funds availability: €327 million in 2023, €315 million in 2021 (+3.8%);
- fees for ATM and credit card services not included in collection and payment services: €322 million in 2023, €307 million in 2022 (+4.9%);
- fees for current accounts keeping: €109 million in 2023, €124 million in 2022 (-12.1%).

2.2 Fees and commissions expenses: breakdown

(€ million)

SERVICES/VALUES	YEAR 2023	YEAR 2022
a) Financial instruments	(86)	(99)
of which: trading in financial instruments	*(71)*	*(73)*
of which: placement of financial instruments	*(12)*	*(19)*
of which: individual Portfolio management	*(3)*	*(9)*
- own portfolio	-	(1)
- third party portfolio	(3)	(8)
b) Clearing and settlement	(3)	(3)
c) Portfolio management: collective	(28)	(33)
1. Own portfolio	(14)	(20)
2. Third party portfolio	(14)	(13)
d) Custody and Admnistration	(182)	(172)
e) Collection and payments services	(865)	(803)
of which: debit credit card service and other payment cards	*(754)*	*(689)*
f) Loan securitisation servicing activities	(1)	(1)
g) Loan commitment given	(24)	(10)
h) Financial guarantees received	(214)	(120)
of which: credit derivatives	-	-
i) Off - site distribution of financial instruments, products and services	(48)	(43)
j) Currency trading	(9)	(10)
k) Other commission expenses	(183)	(124)
Total	**(1,643)**	**(1,418)**

Part C - Consolidated income statement

Section 3 - Dividend income and similar revenue - Item 70

3.1 Dividend income and similar revenues: breakdown

(€ million)

ITEMS/REVENUES	YEAR 2023		YEAR 2022	
	DIVIDENDS	SIMILAR REVENUES	DIVIDENDS	SIMILAR REVENUES
A. Financial assets held for trading	221	-	322	-
B. Other financial assets mandatorily at fair value	31	14	60	21
C. Financial assets at fair value through other comprehensive income	32	-	26	-
D. Equity investments	7	-	8	-
Total	**291**	**14**	**416**	**21**
Total dividends and similar revenues		**305**		**437**

Dividends are recognised in the Income statement when distribution is approved.
In 2023 dividend income and similar revenues totaled €305 million, as against overall €437 million for the previous period.

The item "A. Financial assets held for trading" includes the dividends that UniCredit Bank GmbH received in relation to equity securities recognised as Financial assets held for trading.

The item "B. Other financial assets mandatorily at fair value" includes dividends received mainly by the subsidiary UniCredit Bank GmbH.
In 2022 the item included mainly the dividends received relating to the investment in La Villata S.p.A. Immobiliare di Investimento e Sviluppo for €29 million.

The item "C. Financial assets at fair value through other comprehensive income" includes mainly the dividends received relating to the investment in Banca d'Italia for €17 million (€17 million in 2022).

Part C - Consolidated income statement

Section 4 - Gains (Losses) on financial assets and liabilities held for trading - Item 80

4.1 Net gains (losses) on trading: breakdown

(€ million)

TRANSACTIONS/INCOME ITEMS	YEAR 2023				
	CAPITAL GAINS (A)	REALISED PROFITS (B)	CAPITAL LOSSES (C)	REALISED LOSSES (D)	NET PROFIT [(A+B)-(C+D)]
1. Financial assets held for trading	**3,092**	**1,141**	**(1,684)**	**(1,734)**	**815**
1.1 Debt securities	893	386	(131)	(992)	156
1.2 Equity instruments	523	639	(186)	(543)	433
1.3 Units in investment funds	122	49	(11)	(112)	48
1.4 Loans	1,480	14	(1,298)	(31)	165
1.5 Other	74	53	(58)	(56)	13
2. Financial liabilities held for trading	**677**	**822**	**(906)**	**(838)**	**(245)**
2.1 Debt securities	288	483	(474)	(326)	(29)
2.2 Deposits	-	-	-	(6)	(6)
2.3 Other	389	339	(432)	(506)	(210)
3. Financial assets and liabilities: exchange differences	**X**	**X**	**X**	**X**	**(227)**
4. Derivatives	**230,832**	**251,807**	**(233,822)**	**(247,955)**	**1,921**
4.1 Financial derivatives	230,406	251,628	(233,522)	(247,679)	1,892
- On debt securities and interest rates	215,264	235,378	(216,111)	(233,987)	544
- On equity securities and share indices	5,659	7,096	(6,625)	(5,850)	280
- On currencies and gold	X	X	X	X	1,059
- Other	9,483	9,154	(10,786)	(7,842)	9
4.2 Credit derivatives	426	179	(300)	(276)	29
of which: economic hedges linked to the fair value option	*X*	*X*	*X*	*X*	-
Total	**234,601**	**253,770**	**(236,412)**	**(250,527)**	**2,264**

The sub-item “1.4 Loans” includes the economic effects generated by CO_2 certificates for a net positive amount of €160 million held by the subsidiary UniCredit Bank GmbH.

Section 5 - Fair value adjustments in hedge accounting - Item 90

5.1 Net gains (losses) on hedge accounting: breakdown

(€ million)

INCOME COMPONENT/VALUES	YEAR 2023	YEAR 2022
A. Gains on		
A.1 Fair value hedging instruments	22,567	26,627
A.2 Hedged financial assets (in fair value hedge relationship)	6,377	99
A.3 Hedged financial liabilities (in fair value hedge relationship)	572	20,386
A.4 Cash-flow hedging derivatives	29	33
A.5 Assets and liabilities denominated in currency	-	-
Total gains on hedging activities (A)	**29,545**	**47,145**
B. Losses on		
B.1 Fair value hedging instruments	(20,534)	(33,710)
B.2 Hedged financial assets (in fair value hedge relationship)	(1,364)	(12,863)
B.3 Hedged financial liabilities (in fair value hedge relationship)	(7,810)	(126)
B.4 Cash-flow hedging derivatives	(38)	(79)
B.5 Assets and liabilities denominated in currency	-	-
Total losses on hedging activities (B)	**(29,746)**	**(46,778)**
C. Net hedging result (A-B)	**(201)**	**367**
of which: net gains (losses) of hedge accounting on net positions	-	-

Part C - Consolidated income statement

Changes in the items gain and losses on the hedging activities is mainly attributable to the evolution in the markets interest rate curves observed in 2023.

Section 6 - Gains (Losses) on disposals/repurchases - Item 100

Net profit from gains/losses on disposals/repurchases of financial assets/liabilities as at 31 December 2023 is equal to +€410 million (+€457 million in 2022), of which +€344 million on financial assets and +€66 million on financial liabilities.
Net result recognised under sub-item “1. Financial assets at amortised cost” equal to +€199 million is mainly due to loan and advances to customers basically attributable to sale of loans and bonds by UniCredit S.p.A.
The sub-item “2. Financial assets at fair value through other comprehensive income - 2.1 Debt securities” is equal to +€145 million and includes mainly gains on disposal of UniCredit S.p.A., for the most part due to Italian Government securities.
The sub-item “3. Debt securities in issue” equal to +€60 million mainly includes gains for buy-back of bonds issued by UniCredit S.p.A., before their original maturity.
It should be noted that in 2022 the sub-item “1. Deposits from banks” equal to +€153 million was mainly originated by the derecognition of TLTRO III facilities, as a result of the remodulation by ECB of contractual terms occurred in November 2022, by UniCredit Bank Austria AG (+€79 million), by UniCredit S.p.A. (+€41 million) and by UniCredit Bank GmbH (+€23 million).

6.1 Gains (Losses) on disposal/repurchase: breakdown

(€ million)

	YEAR 2023			YEAR 2022		
ITEMS/INCOME ITEMS	GAINS	LOSSES	NET PROFIT	GAINS	LOSSES	NET PROFIT
A. Financial assets						
1. Financial assets at amortised cost	446	(247)	199	478	(345)	133
1.1 Loans and advances to banks	9	(19)	(10)	-	(58)	(58)
1.2 Loans and advances to customers	437	(228)	209	478	(287)	191
2. Financial assets at fair value through other comprehensive income	924	(779)	145	615	(482)	133
2.1 Debt securities	924	(779)	145	615	(482)	133
2.2 Loans	-	-	-	-	-	-
Total assets (A)	**1,370**	**(1,026)**	**344**	**1,093**	**(827)**	**266**
B. Financial liabilities at amortised cost						
1. Deposits from banks	-	-	-	508	(355)	153
2. Deposits from customers	12	(6)	6	4	(1)	3
3. Debt securities in issue	66	(6)	60	59	(24)	35
Total liabilities (B)	**78**	**(12)**	**66**	**571**	**(380)**	**191**

Total financial assets/liabilities			**410**			**457**

Part C - Consolidated income statement

Section 7 - Net gains (losses) on other financial assets/liabilities at fair value through profit or loss - Item 110

7.1 Net gains (losses) on other financial assets/liabilities at fair value through profit or loss: breakdown of financial assets and liabilities designated at fair value

(€ million)

TRANSACTIONS/INCOME ITEMS	YEAR 2023				
	CAPITAL GAINS (A)	REALISED PROFITS (B)	CAPITAL LOSSES (C)	REALISED LOSSES (D)	NET PROFIT [(A+B)-(C+D)]
1. Financial assets	**14**	**2**	**-**	**(1)**	**15**
1.1 Debt securities	14	2	-	(1)	15
1.2 Loans	-	-	-	-	-
2. Financial liabilities	**128**	**97**	**(756)**	**(219)**	**(750)**
2.1 Debt securities	128	97	(711)	(216)	(702)
2.2 Deposits from banks	-	-	-	-	-
2.3 Deposits from customers	-	-	(45)	(3)	(48)
3. Financial assets and liabilities in foreign currency: exchange differences	**X**	**X**	**X**	**X**	**-**
Total	**142**	**99**	**(756)**	**(220)**	**(735)**

Some financial derivatives entered into for economic hedge purposes are linked to financial liabilities represented by debt securities and their economic results are included into table “4.1 Net gains (losses) on trading: breakdown” of the Notes to the consolidated account, Part C - Consolidated income statement, Section 4 - Gain (Losses) on financial assets and liabilities held for trading - Item 80.

7.2 Net change in other financial assets/liabilities at fair value through profit or loss: breakdown of other financial assets mandatorily at fair value

(€ million)

TRANSACTIONS/INCOME ITEMS	YEAR 2023				
	CAPITAL GAINS (A)	REALISED PROFITS (B)	CAPITAL LOSSES (C)	REALISED LOSSES (D)	NET PROFIT [(A+B)-(C+D)]
1. Financial assets	**380**	**63**	**(128)**	**(82)**	**233**
1.1 Debt securities	124	9	(15)	(57)	61
1.2 Equity securities	131	52	(52)	(1)	130
1.3 Units in investment funds	64	1	(36)	(2)	27
1.4 Loans	61	1	(25)	(22)	15
2. Financial assets: exchange differences	**X**	**X**	**X**	**X**	**-**
Total	**380**	**63**	**(128)**	**(82)**	**233**

OICR quotes include economic effects from Atlante fund and Italian Recovery Fund (IRF - former Atlante II), for which refer to specific comment in table “2.5 Financial assets mandatory at fair value: breakdown by product” of the Notes to the consolidated accounts, Part B - Consolidated balance sheet - Assets, Section 2 - Financial asset at fair value through profit or loss - Item 20.

Part C - Consolidated income statement

Section 8 - Net losses/recoveries on credit impairment - Item 130

As at 31 December 2023, Net losses on credit impairment include:

- the update of the macro-economic scenario which has led to the recognition of write- downs for -€93 million;
- The recognition of an overlay on Commercial Real Estate Financing that together with the update to the Geopolitical overlay, led to a total amount of overlays stock in fourth quarter 2023 equal to €1,818 million (€1,314 million Geopolitical overlay and €505 million Commercial Real Estate Financing Overlay).
- the evolution of IFRS9 methodological framework with the finalization of the punctual implementation of the IFRS9 model component applicable to Bullet/Balloon loans led to write backs for €77 million[53].

For additional details on Loan loss provisions refer to the Section 2 - Risks of the prudential consolidated perimeter, Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, while for additional details on Implications of geopolitical tensions between Russia and Ukraine, refer to the Section 5 - Other matters, Implications of geopolitical tensions between Russia and Ukraine, Notes to the consolidated accounts, Part A - Accounting policies.

In addition, in the last quarter of 2023, new lifetime PD curve was applied to the Acquisition and Leverage Finance (ALF) portfolio of UniCredit Bank GmbH. This results in an LLPs release for +€98 million arising from higher long run riskiness of the ALF perimeter compared to Mid-Corporate, that makes the IFRS9 calibration to the ALF-specific PIT Default Rates more aligned, thus requiring lower correction of the PD and consequently generating releases.

8.1 Net impairment losses for credit risk relating to financial assets at amortised cost: breakdown

(€ million)

	YEAR 2023											YEAR 2022
	WRITE-DOWNS						WRITE-BACKS					
			STAGE 3		PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS							
TRANSACTIONS/INCOME ITEMS	STAGE 1	STAGE 2	WRITE-OFF	OTHER	WRITE-OFF	OTHER	STAGE 1	STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	TOTAL	TOTAL
A. Loans and advances to banks	**(19)**	**(5)**	**(175)**	**(50)**	**-**	**(15)**	**9**	**49**	**5**	**-**	**(201)**	**(81)**
- Loans	(18)	(5)	(175)	(50)	-	(15)	8	48	5	-	(202)	(83)
- Debt securities	(1)	-	-	-	-	-	1	1	-	-	1	2
B. Loans and advances to customers	**(451)**	**(2,002)**	**(69)**	**(2,326)**	**-**	**(4)**	**1,330**	**1,467**	**1,588**	**7**	**(460)**	**(1,950)**
- Loans	(447)	(1,989)	(69)	(2,326)	-	(4)	1,326	1,454	1,588	7	(460)	(1,771)
- Debt securities	(4)	(13)	-	-	-	-	4	13	-	-	-	(179)
Total	**(470)**	**(2,007)**	**(244)**	**(2,376)**	**-**	**(19)**	**1,339**	**1,516**	**1,593**	**7**	**(661)**	**(2,031)**

8.2 Net change for credit risk relating to financial assets at fair value through other comprehensive income: breakdown

(€ million)

	YEAR 2023											YEAR 2022
	WRITE-DOWNS						WRITE-BACKS					
			STAGE 3		PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS							
TRANSACTIONS/INCOME ITEMS	STAGE 1	STAGE 2	WRITE-OFF	OTHER	WRITE-OFF	OTHER	STAGE 1	STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	TOTAL	TOTAL
A. Debt securities	**(13)**	**(2)**	**-**	**-**	**-**	**-**	**2**	**11**	**-**	**-**	**(2)**	**(30)**
B. Loans	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Loans and advances to customers	-	-	-	-	-	-	-	-	-	-	-	-
- Loans and advances to banks	-	-	-	-	-	-	-	-	-	-	-	-
Total	**(13)**	**(2)**	**-**	**-**	**-**	**-**	**2**	**11**	**-**	**-**	**(2)**	**(30)**

For additional information on this section refer to paragraph A. Credit quality, Notes to the consolidated accounts, Part E - Information on risks and related hedging policies.

53 As of 31 December 2022, the enhancement to methodological framework in order to consider for bullet/balloon portfolios the peculiar elements of risks that was applied through a post model adjustment and determined the recognition of additional write-downs for an amount of -€322 million.

Part C - Consolidated income statement

Section 9 - Gains/Losses from contractual changes with no cancellations - Item 140

9.1 Gains (Losses) from contractual changes: breakdown

(€ million)

	YEAR 2023			YEAR 2022
	GAINS	LOSSES	TOTAL	TOTAL
A. Financial assets at amortised costs				
A.1 Debt securities	-	-	-	-
A.2 Loans to banks	-	-	-	-
A.3 Loans to customers	12	(25)	(13)	(3)
Total (A)	**12**	**(25)**	**(13)**	**(3)**
B. Financial assets at fair value through other comprehensive income				
B.1 Debt securities	-	-	-	-
B.2 Loans to banks	-	-	-	-
B.3 Loans to customers	-	-	-	-
Total (B)	**-**	**-**	**-**	**-**
Total (A+B)	**12**	**(25)**	**(13)**	**(3)**

Section 10 - Insurance service result - Item 160

There are no amounts to be shown.

Section 11 - Insurance finance net revenues/costs - Item 170

There are no amounts to be shown.

Part C - Consolidated income statement

Section 12 - Administrative expenses - Item 190

12.1 Staff expenses: breakdown

(€ million)

TYPE OF EXPENSES/VALUES	YEAR 2023	YEAR 2022
1) Employees	**(6,813)**	**(6,155)**
a) Wages and salaries	(4,232)	(4,245)
b) Social charges	(975)	(982)
c) Severance pay	(20)	(20)
d) Social security costs	-	-
e) Allocation to employee severance pay provision	(21)	(10)
f) Provision for retirements and similar provisions	(158)	(147)
- Defined contribution	(2)	(3)
- Defined benefit	(156)	(144)
g) Payments to external pension funds	(217)	(201)
- Defined contribution	(216)	(200)
- Defined benefit	(1)	(1)
h) Costs arising from share-based payments	(76)	(57)
i) Other employee benefits	(1,114)	(493)
2) Other non-retired staff	**(29)**	**(32)**
3) Directors and Statutory Auditors	**(7)**	**(7)**
4) Early retirement costs	**-**	**-**
5) Recoveries of payments for seconded employees to other companies	**17**	**16**
6) Refund of expenses for secunded employees to the company	**(45)**	**(30)**
Total	**(6,877)**	**(6,208)**

12.2 Average number of employees by category

	YEAR 2023		YEAR 2022	
	FULL TIME EQUIVALENT	HEAD COUNT	FULL TIME EQUIVALENT	HEAD COUNT
Employees	**72,896**	**78,964**	**76,806**	**83,512**
a) Senior managers	823	839	884	911
b) Managers	23,726	24,148	24,450	24,876
c) Remaining employees staff	48,348	53,977	51,472	57,725
Other non-retired staff	**1,385**	**1,608**	**1,381**	**1,569**
Total	**74,282**	**80,572**	**78,187**	**85,080**

Employees by category at year end

	YEAR 2023		YEAR 2022	
	FULL TIME EQUIVALENT	HEAD COUNT	FULL TIME EQUIVALENT	HEAD COUNT
Employees	**70,752**	**76,580**	**75,040**	**81,348**
a) Senior managers	791	804	855	874
b) Managers	23,273	23,775	24,179	24,521
c) Remaining employees staff	46,689	52,001	50,006	55,953
Other non-retired staff	**1,324**	**1,569**	**1,446**	**1,647**
Total	**72,077**	**78,149**	**76,486**	**82,995**

Part C - Consolidated income statement

12.3 Defined benefit company retirement funds: costs and revenues

(€ million)

	YEAR 2023	YEAR 2022
Current service cost	(53)	(96)
Settlement gains (losses)	-	-
Past service cost	-	(1)
Interest cost on the DBO	(276)	(115)
Interest income on plan assets	173	68
Other costs/revenues	-	-
Administrative expenses paid through plan assets	-	-
Total recognised in profit or loss	**(156)**	**(144)**

12.4 Other employee benefits

(€ million)

	YEAR 2023	YEAR 2022
- Seniority premiums	(4)	2
- Leaving incentives	(903)	(239)
- Other	(207)	(256)
Total	**(1,114)**	**(493)**

The net balance in the sub-item Leaving incentives for 2023 is mainly determined by the update of strategic plan that envisages a reduction of the workforce over the plan horizon and the recognition of restructuring costs as at 31 December 2023 in force of specific communications to Workers Council.
The main impacted countries are Italy, Germany and Austria. In detail:
- in Germany the exits will be realised through industrial efficiencies; in this regard, the communication to Working Council occurred in December 2023;
- in Italy the exits for restructuring will be realised on a voluntary basis following the update of early-retirement plan, in this regard, the agreement with the Trade Unions has been signed in December 2023;
- in Austria the exits will be realised through industrial efficiencies; the Board of Directors approval and the agreement with Working Council occurred in December 2023.

It should be noted that these expenses are initially recognised as provisions for risks and charges and will be reclassified to “Other liabilities” when a specific debt toward the employees will arise.

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12.5 Other administrative expenses: breakdown

(€ million)

TYPE OF EXPENSES/SECTORS	YEAR 2023	YEAR 2022
1) Indirect taxes and duties	**(666)**	**(596)**
1a. Settled	(665)	(596)
1b. Unsettled	(1)	-
2) Contributions to Resolution Funds and Deposit Guarantee Schemes (DGS)	**(728)**	**(901)**
3) Guarantee fee for DTA conversion	**(101)**	**(104)**
4) Miscellaneous costs and expenses	**(2,530)**	**(2,493)**
a) Advertising marketing and communication	(124)	(116)
b) Expenses relating to credit risk	(75)	(84)
c) Indirect expenses relating to personnel	(83)	(68)
d) Information & Communication Technology expenses	(1,190)	(1,175)
Lease of ICT equipment and software	(79)	(74)
Software expenses: lease and maintenance	(354)	(322)
ICT communication systems	(57)	(67)
Services ICT in outsourcing	(580)	(588)
Financial information providers	(120)	(124)
e) Consulting and professionals services	(120)	(114)
Consulting	(83)	(75)
Legal expenses	(37)	(39)
f) Real estate expenses	(446)	(394)
Premises rentals	(36)	(47)
Utilities	(213)	(140)
Other real estate expenses	(197)	(207)
g) Operating costs	(492)	(542)
Surveillance and security services	(40)	(48)
Money counting services and transport	(50)	(51)
Printing and stationery	(27)	(33)
Postage and transport of documents	(57)	(66)
Administrative and logistic services	(157)	(174)
Insurance	(58)	(64)
Association dues and fees and contributions to the administrative expenses deposit guarantee funds	(72)	(69)
Other administrative expenses - other	(31)	(37)
Total (1+2+3+4)	**(4,025)**	**(4,094)**

With reference to the item “Indirect taxes and duties”, it should be mentioned that it includes the effects of taxation that falls in the scope of IFRIC 21 as it is not levied on net profits. In detail, for 2023 it includes €75 million resulting from the decision of Hungarian government to introduce sector-specific taxes for companies generating “extra income”.

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Contributions to Resolution and Guarantee funds

Item “Other administrative expenses” includes the Group contributions to resolution funds (Single Resolution Fund - SRF) and guarantee funds (Deposit Guarantee Schemes - DGS), harmonised and non-harmonised, due pursuant to the Directives No.49 and No.59 of 2014.

In more details:
- With the introduction of the European Directive 2014/59/EU, the Regulation on the Single Resolution Mechanism (“BRRD Directive” Regulation (EU) No.806/2014 of the European Parliament and of the Council dated 15 July 2014) established a framework for the recovery and resolution of crises in credit institutions, by setting up a single resolution committee and a single resolution fund for banks, SRF. The Directive provides for the launch of a compulsory contribution mechanism that entails the collection of the target level of resources by 31 December 2023, equal at least to 1% of the amount of the covered deposits of all the authorised institutions in the States of the European Union. The accumulation period may be extended for further four years if the funding mechanisms have made cumulative disbursements for a percentage higher than 0.5% of the covered deposits. If the available financial resources fall below the target level after the accumulation period, the collection of contributions shall resume until that level has been recovered. Additionally, after having reached the target level for the first time and, in the event that the available financial resources fall to less than two thirds of the target level, these contributions are set at that level which allows to reach the target level within a period of six years. The contribution mechanism provides for ordinary annual contributions, with the aim of distributing the costs evenly over time for the contributing banks, and extraordinary additional contributions, of up to three times the expected annual contributions, when the available financial resources are not sufficient to cover losses and costs of interventions. Ordinary contributions might also be provided by participant institutions, for an amount not exceeding 30% of the total resource target, in the form of irrevocable payment commitments fully backed by collateral of low-risk assets unencumbered by any third-party rights, at the free disposal and earmarked for the exclusive use by the resolution authorities. A transitional phase of contributions to the national compartments of the SRF and a progressive mutualisation of these are expected;
- The Directive 2014/49/EU of 16 April 2014, in relation to the DGS, aims to enhance the protection of depositors through the harmonisation of the related national legislation. The Directive provides for the launch of a mandatory national contribution mechanism that will allow a target level of at least 0.8% of the amount of its members' covered deposits to be collected by 2024. The contribution resumes when the financing capacity is below the target level, at least until the target level is reached. If the available financial resources have been reduced to below two thirds of the target level after it has been reached for the first time, the regular contribution shall be set at that level which allows to reach the target level within six years. The national contribution mechanism provides for ordinary annual contribution instalments, with the aim of distributing the costs evenly over time for the contributing banks, and also extraordinary contributions, if the available financial resources are insufficient to repay depositors; the extraordinary contributions cannot exceed 0.5% of covered deposits per calendar year, but in exceptional cases and with the consent of the competent authority, the DGS may demand even higher contributions. Contributions might also be provided by participant institutions, for an amount not exceeding 30% of the total resource target, in the form of payment commitments fully backed by collateral of low-risk assets unencumbered by any third-party rights, at the free disposal of the DGS.

Contributions to these schemes are accounted for in accordance with IFRIC21 “Levies”. Therefore, contributions are recognised in Income statement when the obligating event identified by the legislation (i.e., having covered deposits at a certain date), that triggers the payment of the obligation, occurs. Being economically compelled to continue to have covered deposits or assumption of going concern does not represent a present obligation under IFRIC21 to pay such contributions for future periods. Future contributions will be recognised when they accrue upon occurrence of the obligating event. In this regard, the Group approach envisages the recognition as expense in Income statement of the full amount of contributions due for the year, disregarding whether they are settled in cash or through irrevocable payment commitments. As a result, from a regulatory perspective, the whole amount of the contributions for the year reduces the CET1 capital[54].

With reference to 2023, contributions for €728 million were recognized in P&L (€901 million in 2022), whose breakdown is here reported:
- regarding Directive No.59 (SRF contributions), the Group contributions recognised through the Income statement totaled -€456 million, entirely referred to ordinary contributions (of which, -€185 million UniCredit S.p.A.). The Group did not make recourse to Irrevocable payment commitments;
- regarding Directive No.49 (DGS contribution), the Group contributions recognised through the Income statement totaled -€272 million of which -€204 million ordinary contributions (-€106 million referred to UniCredit S.p.A.) and -€68 million additional contributions (entirely referred to UniCredit S.p.A.). Such contribution also includes the amounts recognised by UniCredit Bank GmbH and referred to the contribution to the statutory and voluntary Compensation Schemes of German banks[55]. The Group did not make recourse to Irrevocable payment commitments.

54 In previous periods, from 2015 to 2020, the Group also made recourse to irrevocable payment commitments; the related amounts (overall equal to €165 million for SRF and DGS) were recognized as expenses in P&L.
55 Entschädigungseinrichtung Deutscher Banken and Einlagensicherungsfonds des Bundesverbandes deutscher Banken e.V.

Part C - Consolidated income statement

Here follows a table with the recap of the above-mentioned contributions.

Contributions to Resolution and Guarantee Funds (included the ones paid through irrevocable payment commitments)

(€ million)

	GROUP	*o/w UniCredit S.p.A.*
2023	**728**	**359**
Directive No.59 (SRF contributions), o/w:		
Ordinary contributions	456	*185*
Extraordinary contributions	-	-
Directive No.49 (DGS contributions), o/w:		
Ordinary contributions	204	*106*
Extraordinary contributions	68	*68*
2022	**901**	**427**
Directive No.59 (SRF contributions), o/w:		
Ordinary contributions	606	*242*
Extraordinary contributions	-	-
Directive No.49 (DGS contributions), o/w:		
Ordinary contributions	227	*117*
Extraordinary contributions	68	*68*

Note:
The amount of "Extraordinary contributions" of the Directive No.49 (DGS contributions) includes additional contribution that the Scheme may request until 2024 to replenish to overall funds following its interventions.

Guarantee fees for DTA conversion

In order to preserve for the future the regime of conversion of DTAs into tax credits, and in order to overcome the issues raised by the European Commission in connection to the application of State Aid rules, Art.11 of DL 3 May 2016 No.59 (so-called "Banks Decree", converted into Law 30 June 2016 No.119), introduced the possibility, starting from 2016 since 2030, to elect for the payment of an annual fee equal to 1.5% levied on an aggregate amount deriving from the difference between:

- the increase in convertible DTAs recognised at the end of the fiscal year and the convertible DTA existing as at 31 December 2007, for IRES tax, and as at 31 December 2012 for IRAP tax, taking into account the amounts already converted into tax credits;
- taxes:
  - IRES paid by Tax Group starting from 1 January 2008;
  - IRAP paid starting from 1 January 2013 by legal entities included in Tax Group with convertible DTAs;
  - substitute taxes that generated convertible DTAs.

The fee due for the financial year 2023 has been paid on 15 June 2023 for an overall amount of €101.4 million relating to the whole Italian Tax Group, of which €97.3 million for UniCredit S.p.A., €3.9 million for UniCredit Leasing S.p.A., €0.2 million for UniCredit Factoring S.p.A. and €0.01 million for UniCredit Bank GmbH - Milan Branch.

Fees paid to the auditing firm

Pursuant to article 2427, first paragraph of the Italian Civil Code, the fees paid to the auditing firm KPMG S.p.A. (and firms in its network) by UniCredit S.p.A. and the Italian entities of the UniCredit group relating to financial year 2023 were as follows:

- legal audit of annual accounts (including the audit of the first half financial report): €4.4 million;
- other checks: €1.8 million;
- other non-audit services: €0.3 million.

The above amounts are net of VAT and expenses.

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Section 13 - Net provisions for risks and charges - Item 200

13.1 Net provisions for credit risk from loans commitments and financial guarantees given: breakdown

(€ million)

	YEAR 2023		
	PROVISIONS	SURPLUS REALLOCATIONS	TOTAL
Loan committments	(349)	335	**(14)**
Financial guarantees given	(315)	386	**71**

13.2 Net provisions for other commitments and guarantees given: breakdown

(€ million)

	YEAR 2023		
	PROVISIONS	SURPLUS REALLOCATIONS	TOTAL
Other committments	-	10	**10**
of which: commitment related to contribution for Resolution funds and Guarantee schemes	-	-	**-**
Other guarantees given	(51)	58	**7**

13.3 Net provisions for risks and charges: breakdown

(€ million)

	YEAR 2023			YEAR 2022
ASSETS/INCOME ITEMS	PROVISIONS	SURPLUS REALLOCATIONS	TOTAL	TOTAL
1. Other provisions				
1.1 Legal disputes	(166)	96	(70)	(24)
1.2 Staff costs	(4)	-	(4)	-
1.3 Other	(182)	165	(17)	15
Total	**(352)**	**261**	**(91)**	**(9)**

Net provisions for risks and charges are referred to revocatory action, claims for compensation, legal and other disputes, and are updated on the basis of the evolution of cases in progress and to the assessment of their foreseen outcomes.
The item “1.1 Legal disputes” is mainly contributed by provisions made by the parent company UniCredit S.p.A. and its subsidiary Zagrebacka Banka (for further information refer to Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter - 2.5 Operational risks, Qualitative information - B. Legal risks).
The item “1.3 Other” is mainly contributed by provisions made by the parent company UniCredit S.p.A. and its subsidiary UniCredit Bank GmbH for various types of risks (refer to paragraph B. Legal risks, Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.5 Operational risks).

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Section 14 - Net value adjustments/write-backs on property, plant and equipment - Item 210

14.1 Net value adjustments/write-backs on property, plant and equipment: breakdown

(€ million)

ASSETS/INCOME ITEMS	YEAR 2023			
	DEPRECIATION (A)	IMPAIRMENT LOSSES (B)	WRITE-BACKS (C)	NET PROFIT (A+B-C)
A. Property, plant and equipment				
A.1 Used in the business	**(667)**	**(82)**	**31**	**(718)**
- Owned	(371)	(10)	4	(377)
- Right of use of Leased Assets	(296)	(72)	27	(341)
A.2 Held for investment	**-**	**-**	**-**	**-**
- Owned	-	-	-	-
- Right of use of Leased Assets	-	-	-	-
A.3 Inventories	**-**	**(125)**	**1**	**(124)**
Total A	**(667)**	**(207)**	**32**	**(842)**
B. Non-current assets and groups of assets held for sale	**X**	**-**	**-**	**-**
- Used in the business	X	-	-	-
- Held for investments	X	-	-	-
- Inventories	X	-	-	-
Total (A+B)	**(667)**	**(207)**	**32**	**(842)**

Section 15 - Net value adjustments/write-backs on intangible assets - Item 220

In 2023 net value adjustments/write-backs on intangible assets were -€626 million.
The amortization and the impairment losses are mainly referred to intangible assets held by UniCredit S.p.A.
For further details refer to Section 10 - Intangible assets - Item 100, Notes to the consolidated account, Part B - Consolidated balance sheet - Assets.

15.1 Net value adjustments/write-backs on intangible assets: breakdown

(€ million)

ASSETS/INCOME ITEMS	YEAR 2023			
	AMORTISATION (A)	IMPAIRMENT LOSSES (B)	WRITE-BACKS (C)	NET PROFIT (A+B-C)
A. Intangible assets				
of which: software	*(527)*	*(96)*	-	*(623)*
A.1 Owned	**(529)**	**(97)**	**-**	**(626)**
- Generated internally by the company	(412)	(86)	-	(498)
- Other	(117)	(11)	-	(128)
A.2 Right of use of Leased Assets	**-**	**-**	**-**	**-**
Total	**(529)**	**(97)**	**-**	**(626)**

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Section 16 - Other operating expenses/income - Item 230

Other net operating income: breakdown

(€ million)

INCOME ITEMS/VALUE	YEAR 2023	YEAR 2022
Total of other operating expenses	(1,163)	(615)
Total of other operating income	2,135	1,216
Other operating expenses/income	**972**	**601**

16.1 Other operating expenses: breakdown

(€ million)

TYPE OF EXPENSE/VALUES	YEAR 2023	YEAR 2022
Costs for operating leases	(2)	(3)
Non-deductible tax and other fiscal charges	(2)	(2)
Write-downs on leasehold improvements	(52)	(53)
Costs relating to the specific service of financial leasing	(31)	(37)
Other	(1,076)	(520)
Total other operating expenses	**(1,163)**	**(615)**

The item “Other” includes:
- various settlements and indemnities for -€173 million;
- trading of gold, precious metals, commodities and diamonds for -€604 million;
- non banking business costs for -€19 million;
- additional costs relating to customer accounts for -€16 million;
- additional costs for the leasing business for -€16 million.

16.2 Other operating income: breakdown

(€ million)

TYPE OF REVENUE/VALUES	YEAR 2023	YEAR 2022
A) Recovery of costs	**541**	**513**
B) Other revenues	**1,594**	**703**
Revenues from administrative services	32	36
Revenues from operating leases	198	184
Recovery of miscellaneous costs paid in previous years	12	80
Revenues on financial leases activities	49	61
Other	1,303	342
Total other operating income (A+B)	**2,135**	**1,216**

The sub-item “Others” includes:
- trading of gold, precious metals and commodities for €1,032 million;
- payments of indemnities and compensation of €25 million;
- income received from non-banking business for €34 million;
- additional income received from leasing business for €18 million.

Part C - Consolidated income statement

Section 17 - Gains (Losses) of equity investments - Item 250

In 2023 profit (loss) of equity investments amounts to +€460 million (+€297 million in 2022), exclusively attributable to companies subject to significant influence.

This result consists of "A. Income" of +€564 million and "B. Expenses" of -€104 million. In more detail:

- sub-item "A. Income" includes:
  - +€423 million of revaluations related to gain on companies valued at Equity method, mainly: Oberbank AG (+€134 million), Bank Fuer Tirol Und Vorarlberg Aktiengesellschaft (+€74 million), UniCredit Allianz Vita S.p.A. (+€62 million), Bks Bank AG (+€43 million), Oesterreichische Kontrollbank Aktiengesellschaft (+€35 million), Cnp UniCredit Vita S.p.A. (+€26 million);
  - +€25 million of gain on disposal, mainly attributable to two concurrent transactions: (i) acquisition from UnipolSai Assicurazioni S.p.A. of 51% of the issued share capital of Incontra Assicurazioni S.p.A. and (ii) disposal to Allianz S.p.A. of 50% of the issued share capital of Incontra Assicurazioni S.p.A. As a result, UniCredit S.p.A. participation in Incontra Assicurazioni S.p.A. has grown from 49% to 50% of the issued share capital;
  - +€116 million of write-backs mainly related to Bks Bank AG (+€77 million) and Bank Fuer Tirol Und Vorarlberg Aktiengesellschaft (+€20 million).
- sub-item "B. Expenses" mainly includes:
  - -€64 million of impairment losses, mainly attributable to Cnp UniCredit Vita S.p.A. (-€61 million);
  - -€37 million of loss on disposal due to the effects of the sale by the associate company Barn BV of its subsidiary RN Bank.

During 2023 no transactions were carried out that would have entailed significant recognition of gains and losses attributable to measurement at fair value of any equity interests retained at the date of losing control.

17.1 Gains (Losses) of equity investments: breakdown

(€ million)

INCOME ITEMS/SECTORS	YEAR 2023	YEAR 2022
1) Jointly owned companies - Equity		
A. Income	**-**	**-**
1. Revaluations	-	-
2. Gains on disposal	-	-
3. Write-backs	-	-
4. Other gains	-	-
B. Expenses	**-**	**-**
1. Write-downs	-	-
2. Impairment losses	-	-
3. Losses on disposal	-	-
4. Other expenses	-	-
Net profit	**-**	**-**
2) Companies under significant influence		
A. Income	**564**	**537**
1. Revaluations	423	274
2. Gains on disposal	25	202
3. Write-backs	116	61
4. Other gains	-	-
B. Expenses	**(104)**	**(240)**
1. Write-downs	(3)	(2)
2. Impairment losses	(64)	(238)
3. Losses on disposal	(37)	-
4. Other expenses	-	-
Net profit	**460**	**297**
Total	**460**	**297**

In 2022 profit (loss) of equity investments amounted to +€297 million, exclusively attributable to companies subject to significant influence.

Part C - Consolidated income statement

This result consisted of "A. Income" of +€537 million and "B. Expenses" of -€240 million. In more detail:
- sub-item "A. Income" included:
  - +€274 million of revaluations related to gain on companies valued at Equity method, mainly: UniCredit Allianz Vita S.p.A. (+€47 million), Bank Fuer Tirol Und Vorarlberg Aktiengesellschaft (+€44 million), Cnp UniCredit Vita S.p.A. (+€40 million), Oberbank AG (+€31 million), Oesterreichische Kontrollbank Aktiengesellschaft (+€26 million), Bks Bank AG (+€17 million), Cnp Vita Assicura S.p.A. (+€17 million);
  - +€202 million of gain on disposal, mainly attributable to the disposal of Cnp Vita Assicura S.p.A. (+€193 million);
  - +€61 million of write-backs mainly related to to Cnp UniCredit Vita (+€55 million).
- sub-item "B. Expenses" included -€238 million of impairment losses, mainly attributable to write-downs on investments valued at Equity method, of which: Barn B.V. (-€111 million), Bank Fuer Tirol Und Vorarlberg Aktiengesellschaft (-€86 million), Bks Bank AG (-€22 million).

During 2022 no transactions were carried out that would have entailed significant recognition of gains and losses attributable to measurement at fair value of any equity interests retained at the date of losing control.

Section 18 - Net gains (losses) on property, plant and equipment and intangible assets measured at fair value - Item 260

18.1 Net gains (losses) on property, plant and equipment and intangible assets measured at fair value: breakdown

(€ million)

	YEAR 2023				
			EXCHANGE DIFFERENCES		
ASSETS/INCOME ITEMS	REVALUATIONS (A)	WRITEDOWNS (B)	POSITIVE (C)	NEGATIVE (D)	NET PROFIT (A-B+C-D)
A. Property, plant and equipment	**92**	**(248)**	**-**	**(1)**	**(157)**
A.1 Used in the business	**50**	**(117)**	**-**	**-**	**(67)**
- Owned	50	(117)	-	-	(67)
- Right of use of Leased Assets	-	-	-	-	-
A.2 Held for investment	**42**	**(131)**	**-**	**(1)**	**(90)**
- Owned	36	(114)	-	(1)	(79)
- Right of use of Leased Assets	6	(17)	-	-	(11)
A.3 Inventories	**-**	**-**	**-**	**-**	**-**
B. Intangible assets	**-**	**-**	**-**	**-**	**-**
B.1 Owned	**-**	**-**	**-**	**-**	**-**
- Generated internally by the company	-	-	-	-	-
- Other	-	-	-	-	-
B.2 Right of use of Leased Assets	**-**	**-**	**-**	**-**	**-**
Total (A+B)	**92**	**(248)**	**-**	**(1)**	**(157)**

For additional information on the evaluation of Group real estate portfolio refer to Section 9 - Property, plant and equipment - Item 90, Notes to the consolidated accounts, Part B - Consolidated balance sheet - Assets.

Section 19 - Goodwill impairment - Item 270

19.1 Impairment of goodwill: breakdown

No data to be disclosed.

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Section 20 - Gains (Losses) on disposals on investments - Item 280

20.1 Gains and losses on disposal of investments: breakdown

(€ million)

INCOME ITEMS/SECTORS	YEAR 2023	YEAR 2022
A. Property		
- Gains on disposal	16	27
- Losses on disposal	(5)	(2)
B. Other assets		
- Gains on disposal	10	21
- Losses on disposal	(10)	(13)
Net profit	**11**	**33**

As at 31 December 2023 gains (losses) on disposals of investments are +€11 million (+€33 million in 2022) and refer to:

A. Property
Net gains of +€11 million (+€25 million in 2022) include the results of property sales carried out by some Group companies.

B. Other assets
Net gains of immaterial amount (+€8 million in 2022) mainly include the result of sales of assets underlying leasing contracts with customers being terminated (+€4 million) and losses from deconsolidation of some equity investments (-€5 million).

During 2023 (as in 2022) no transactions were carried out that would have entailed significant recognition of gains and losses attributable to measurement at fair value of any equity interests retained at the date of losing control.

Part C - Consolidated income statement

Section 21 - Tax expenses (income) for the period from continuing operations - Item 300

Each country has an autonomous tax system where the determination of the tax base, the level of tax rates, nature, type, and timing of tax obligations might differ, even significantly. Such differences also exist amongst EU Member States.

Italy, Germany, Austria, the main countries where the UniCredit group operates, all have domestic income tax consolidation regimes.
Tax consolidation rules differ among countries, sometimes markedly. The main and common benefit of a domestic tax consolidation regime is the faculty of offsetting profits and losses of companies and entities belonging to the same tax consolidation perimeter. The requirements to be included in a domestic tax consolidation regime can be very different from those set for the purpose of accounting consolidation for a banking group according to the international IAS/IFRS or local accounting standards.

The nominal corporate income tax rates in the key countries for the Group are: 31.8% in Germany (also taking into account the “solidarity surcharge” and the municipal trade tax), 24% in Austria, 10% in Bulgaria, 18% in Croatia, 19% in Slovenia, 15% in Serbia and 10% in Bosnia and Herzegovina, 16% in Romania, 19% in the Czech Republic, 21% in Slovak Republic, 20% in Russia, 9% in Hungary. Corporate income tax rate in non-key countries are: 19% in the United Kingdom, increased to 25% as of April 1st 2023 (increased by the 3% surcharge for to Banking institutions, if applicable), 12.5% in Ireland, 24.94% in Luxembourg (also taking into account the “surcharge” and the municipal business tax), 21% of federal tax in the United States and 25% in China.

In Italy the standard corporate income tax rate (IRES) is equal to 24%, to be increased by a 3.5% surcharge applicable to banking and other financial entities. Therefore, for UniCredit S.p.A. and for the other banks and financial entities belonging to the Group, the applicable tax rate is equal to 27.5%.

The Italian Regional Tax on Productive Activities (IRAP) is levied at a rate of 4.65% to be increased by a surcharge applied separately by each Region reaching a maximum nominal rate of 5.57%. To the resulting amount, an additional surcharge of 0.15% decided autonomously by each Region with an healthcare deficit status, can be applied. For UniCredit S.p.A. the nominal IRAP tax rate is 5.48%. IRAP has a slightly different taxable base than IRES and does not allow the offsetting of its taxable base with tax losses carried forward.

For Tax expenses (income) for the period of the Parent Company reference is made to paragraph “Section 19 - Tax expenses (income) for the period from continuing operations - Item 270” of the Company financial statements of UniCredit S.p.A., Notes to the accounts Part C - Income statement which is herewith quoted entirely.

21.1 Tax expense (income) relating to profit or loss from continuing operations: breakdown

(€ million)

INCOME ITEMS/SECTORS		YEAR 2023	YEAR 2022
1.	Current taxes (-)	(1,578)	(1,306)
2.	Change of current taxes of previous years (+/-)	355	42
3.	Reduction of current taxes for the year (+)	41	21
3.bis	Reduction of current taxes for the year due tax credit under Law 214/2011 (+)	159	164
4.	Change of deferred tax assets (+/-)	(872)	360
5.	Change of deferred tax liabilities (+/-)	(22)	(100)
6.	**Tax expenses for the year (-) (-1+/-2+3+3bis+/-4+/-5)**	**(1,917)**	**(819)**

Item tax expense (income) relating to profit or loss from continuing operations includes:
- the tax effects related to AT1 coupon originated by subsidiary UCB GmbH;
- the tax effects arising from the decision by the government of certain jurisdictions to impose taxes on extra-profits which fall in the scope of IAS12;
- the effects related to the Deferred Tax Assets sustainability test, for which refer to the paragraph “Section 11 - Tax assets and tax liabilities - Item 110 (Assets) and Item 60 (Liabilities)”, Notes to the consolidated accounts Part B - Consolidated balance sheet - Assets.

Part C - Consolidated income statement

21.2 Reconciliation of theoretical tax charge to actual tax charge

(€ million)

	YEAR 2023	YEAR 2022
Profit (Loss) before tax from continuing operations (income statement item)	**11,451**	**7,289**
Theoretical tax rate	27.5%	27.5%
Theoretical computed taxes on income	**(3,149)**	**(2,004)**
1. Different tax rates	343	230
2. Non-taxable income - permanent differences	95	151
3. Non-deductible expenses - permanent differences	(33)	(198)
4. Different fiscal laws/IRAP	(249)	(118)
a) IRAP (italian companies)	(229)	(59)
b) Other taxes (foreign companies)	(20)	(59)
5. Previous years and changes in tax rates	556	89
a) Effects on current taxes	367	66
- Tax loss carryforward/unused Tax credit	41	21
- Other effects of previous periods	326	45
b) Effects on deferred taxes	189	23
- Changes in tax rates	(7)	6
- New taxes incurred (+) previous taxes revocation (-)	-	-
- True-ups/adjustments of the calculated deferred taxes	196	17
6. Valuation adjustments and non-recognition of deferred taxes	589	685
a) Deferred tax assets write-down	(69)	(138)
b) Deferred tax assets recognition	714	795
c) Deferred tax assets non-recognition	(51)	43
d) Deferred tax assets non-recognition according to IAS12.39 and 12.44	(2)	(3)
e) Other	(3)	(12)
7. Amortisation of goodwill	-	-
8. Non-taxable foreign income	(68)	18
9. Other differences	(1)	328
Recognised taxes on income	**(1,917)**	**(819)**

Part C - Consolidated income statement

Section 22 - Profit (Loss) after tax from discontinued operations - Item 320

22.1 Profit (Loss) after tax from discontinued operations: breakdown

(€ million)

INCOME ITEMS/SECTORS	YEAR 2023	YEAR 2022
1. Income	-	-
2. Expenses	-	-
3. Valuation of discontinued operations and related liabilities	-	-
4. Profit (Loss) on disposal	-	3
5. Tax	-	-
Profit (Loss)	**-**	**3**

There are no amounts to be shown referred to 2023.
The item "Profit (Loss) after tax from discontinued operations" as at 31 December 2022, equal to €3 million, was referred to the realized gain from sale of the company OT-Optima Telekom DD.

22.2 Breakdown of tax on discontinued operations

There are no amounts to be shown.

Section 23 - Minority profit (loss) of the year - Item 340

The profit for 2023 attributable to minority interests is equal to +€27 million.
The main contributions are attributable to the minority shareholders of Zagrebacka Banka D.D. and its subsidiary UniCredit Bank D.D.

23.1 Breakdown of item 340 "Minority gains (losses)"

(€ million)

COMPANY NAME	2023	2022
Consolidated equity investments with significant minority interests	**20**	**10**
Zagrebacka Banka D.D.	16	7
UniCredit Bank D.D.	4	3
Other equity investments	**7**	**5**
Total	**27**	**15**

Part C - Consolidated income statement

Section 24 - Other information

Disclosure regarding the transparency of public funding required by article 1, paragraph 125 of the Law 124/2017
Pursuant to Art.1, paragraph 125 of Law 124/2017, during 2023 the UniCredit group collected the following public contributions granted by Italian entities:

Contributions for the recruitment/stabilisation of personnel deriving from the application of the CCNL of the Credit in force from time to time

(€ million)

LENDING ENTITY	LEGAL ENTITY BENEFICIARY	PUBLIC CONTRIBUTION AMOUNT
Fondo Nazionale per il sostegno dell'occupazione nel settore del credito	UNICREDIT S.P.A.	2.09
Fondo Nazionale per il sostegno dell'occupazione nel settore del credito	UNICREDIT FACTORING S.P.A.	0.01
Fondo Nazionale per il sostegno dell'occupazione nel settore del credito	UNICREDIT LEASING S.P.A.	0.00
Fondo Nazionale per il sostegno dell'occupazione nel settore del credito	UC LEASED ASSET MGMT S.P.A.	0.00
Fondo Nazionale per il sostegno dell'occupazione nel settore del credito	CORDUSIO SOCIETA' FIDUCIARIA PER AZIONI	0.00
Fondo Nazionale per il sostegno dell'occupazione nel settore del credito	UNICREDIT BANK GMBH (Milan Branch)	0.03
Total		**2.13**

Contributions for new recruits/stabilisations, introduced by the stability law 2018 (law No.205/2017)

(€ million)

LENDING ENTITY	LEGAL ENTITY BENEFICIARY	PUBLIC CONTRIBUTION AMOUNT
Istituto Nazionale della Previdenza Sociale	UNICREDIT S.P.A.	0.83
Istituto Nazionale della Previdenza Sociale	UNICREDIT FACTORING S.P.A.	0.01
Istituto Nazionale della Previdenza Sociale	UNICREDIT LEASING S.P.A.	0.00
Istituto Nazionale della Previdenza Sociale	UC LEASED ASSET MGMT S.P.A.	0.00
Istituto Nazionale della Previdenza Sociale	CORDUSIO SOCIETA' FIDUCIARIA PER AZIONI	0.00
Istituto Nazionale della Previdenza Sociale	UNICREDIT BANK GMBH (Milan Branch)	0.07
Total		**0.91**

Part C - Consolidated income statement

Article 8 of Legislative Decree 30/9/2005, n.203 converted, with modifications, from the law 2 December 2005, n.248. Compensatory measures for companies that assign the TFR to supplementary pension schemes and/or to the Fund for the payment of the TFR

(€ million)

LENDING ENTITY	LEGAL ENTITY BENEFICIARY	PUBLIC CONTRIBUTION AMOUNT
Istituto Nazionale della Previdenza Sociale	UNICREDIT S.P.A.	9.24
Istituto Nazionale della Previdenza Sociale	UNICREDIT FACTORING S.P.A.	0.07
Istituto Nazionale della Previdenza Sociale	UNICREDIT LEASING S.P.A.	0.09
Istituto Nazionale della Previdenza Sociale	UC LEASED ASSET MGMT S.P.A.	0.01
Istituto Nazionale della Previdenza Sociale	CORDUSIO SOCIETA' FIDUCIARIA PER AZIONI	0.01
Istituto Nazionale della Previdenza Sociale	UNICREDIT BANK GMBH (Milan Branch)	0.19
Total		**9.60**

Result awards decontribution for year 2022 - Decree 50 of 24/4/2017 - article 55; converted into law 96 of 21/6/2017

(€ million)

LENDING ENTITY	LEGAL ENTITY BENEFICIARY	PUBLIC CONTRIBUTION AMOUNT
Istituto Nazionale della Previdenza Sociale	UNICREDIT S.P.A.	3.32
Istituto Nazionale della Previdenza Sociale	UNICREDIT FACTORING S.P.A.	0.03
Istituto Nazionale della Previdenza Sociale	UNICREDIT LEASING S.P.A.	0.03
Istituto Nazionale della Previdenza Sociale	UC LEASED ASSET MGMT S.P.A.	0.00
Istituto Nazionale della Previdenza Sociale	CORDUSIO SOCIETA' FIDUCIARIA PER AZIONI	0.01
Istituto Nazionale della Previdenza Sociale	UNICREDIT BANK GMBH (Milan Branch)	0.01
Total		**3.40**

Solidarity Fund for professional reconversion and requalificaiton, for employment support and benefit of employees - Ordinary Section

(€ million)

LENDING ENTITY	LEGAL ENTITY BENEFICIARY	PUBLIC CONTRIBUTION AMOUNT
Istituto Nazionale della Previdenza Sociale	UNICREDIT S.P.A.	0.06
Istituto Nazionale della Previdenza Sociale	UNICREDIT FACTORING S.P.A.	0.00
Istituto Nazionale della Previdenza Sociale	UNICREDIT LEASING S.P.A.	0.00
Istituto Nazionale della Previdenza Sociale	UC LEASED ASSET MGMT S.P.A.	0.00
Istituto Nazionale della Previdenza Sociale	CORDUSIO SOCIETA' FIDUCIARIA PER AZIONI	0.00
Istituto Nazionale della Previdenza Sociale	UNICREDIT BANK GMBH (Milan Branch)	0.00
Total		**0.06**

For further information, refer to the National State Aid Register "Transparency”.

Part C - Consolidated income statement

Section 25 - Earnings per share

25.1 and 25.2 Average number of diluted shares and other information

	YEAR 2023	YEAR 2022
Net profit (Loss) attributable to the Group (€ million)	9,332	6,384
Average number of outstanding shares	1,827,892,681	2,069,491,895
Average number of potential dilutive shares	21,879,901	19,044,374
Average number of diluted shares	1,849,772,582	2,088,536,269
Earnings per share (€)	**5.105**	**3.085**
Diluted earnings per share (€)	**5.045**	**3.056**

€175 million has been deducted from the 2023 net profit attributable to the Group of €9,507 million due to the disbursements (charged to net equity and referring to the results of the year 2022) in connection with the usufruct contract signed with Mediobanca S.p.A. on UniCredit shares supporting the issuance of convertible securities denominated "Cashes" (€74 million was deducted from 2022 net profit attributable to the Group).

The average number of outstanding shares is net of the average number of treasury shares, considering the shares buyback made during the 2023 (partially cancelled in September 2023), and of further average No.9,675,640 shares held under a contract of usufruct.

Part D - Consolidated other comprehensive income

Consolidated analytical statement of total comprehensive income

(€ million)

ITEMS	AS AT 31.12.2023	31.12.2022
10. Profit (Loss) for the year	**9,534**	**6,473**
Other comprehensive income not reclassified to profit or loss		
20. Equity instruments designated at fair value through other comprehensive income:	46	50
a) fair value changes	14	(6)
b) tranfers to other shareholders' equity items	32	56
30. Financial liabilities designated at fair value through profit or loss (own creditworthiness changes):	(47)	90
a) fair value changes	(53)	84
b) tranfers to other shareholders' equity items	6	6
40. Hedge accounting of equity instruments measured at fair value through other comprehensive income:	-	-
a) fair value change (hedged instrument)	-	-
b) fair value change (hedging instrument)	-	-
50. Property, plant and equipment	(233)	56
60. Intangible assets	-	-
70. Defined benefit plans	(282)	1,782
80. Non-current assets and disposal groups classified as held for sale	(2)	-
90. Part of valuation reserves from investments valued at equity method	16	39
100. Insurance finance revenues or costs arising from insurance contracts issued	-	-
110. Tax expenses (income) relating to items not reclassified to profit or loss	181	(420)
Other comprehensive income reclassified to profit or loss		
120. Foreign investments hedging:	(45)	(148)
a) fair value changes	(45)	(148)
b) reclassification to profit or loss	-	-
c) other changes	-	-
130. Foreign exchange differences:	(712)	225
a) value changes	(713)	225
b) reclassification to profit or loss	1	-
c) other changes	-	-
140. Cash flow hedging:	303	(338)
a) fair value changes	271	(335)
b) reclassification to profit or loss	6	5
c) other changes	26	(8)
of which: net position	-	-
150. Hedging instruments (non-designated items):	-	-
a) value changes	-	-
b) reclassification to profit or loss	-	-
c) other changes	-	-
160. Financial assets (different from equity instruments) at fair value through other comprehensive income:	315	(1,586)
a) fair value changes	387	(1,282)
b) reclassification to profit or loss:	(111)	(310)
- impairment losses	(13)	26
- gains/losses on disposals	(98)	(336)
c) other changes	39	6
170. Non-current assets and disposal groups classified as held for sale:	34	38
a) fair value changes	(3)	-
b) reclassification to profit or loss	37	38
c) other changes	-	-
180. Part of valuation reserves from investments valued at equity method:	35	(482)
a) fair value changes	30	(536)
b) reclassification to profit or loss:	26	(5)
- impairment losses	(1)	-
- gains/losses on disposals	27	(5)
c) other changes	(21)	59

Part D - Consolidated other comprehensive income

continued: Consolidated analytical statement of total comprehensive income

(€ million)

ITEMS	AS AT 31.12.2023	AS AT 31.12.2022
190. Insurance finance revenues or costs arising from insurance contracts issued	-	-
a) fair value changes	-	-
b) reclassification to profit or loss	-	-
c) other changes	-	-
200. Insurance finance revenues or costs arising from reinsurance contracts held	-	-
a) fair value changes	-	-
b) reclassification to profit or loss	-	-
c) other changes	-	-
210. Tax expenses (income) relating to items reclassified to profit or loss	(59)	397
220. Total other comprehensive income	**(450)**	**(297)**
230. Other comprehensive income (Item 10+220)	**9,084**	**6,176**
240. Minority consolidated other comprehensive income	(28)	(9)
250. Parent Company's consolidated other comprehensive income	**9,056**	**6,167**

Part E - Information on risks and related hedging policies

Introduction

UniCredit group monitors and manages its risks through tight methodologies and procedures proving to be effective through all phases of the economic cycle.
The steering, coordination and control role of the Group's risks is performed by the Parent Company's Risk Management function.
The structure's "Risk Management" mission, under the responsibility of the Group Risk Officer (Group CRO) is to:

- optimise the quality of the Group's assets, minimising the risk cost in accordance with the risk/profitability goals set for the business areas;
- ensure the strategic steering and definition of the Group's risk management policies;
- define and supply the Heads of the Business Functions and Entities with the criteria for assessing, managing, measuring, monitoring and communicating risk and ensures that the procedures and systems designed to control risk at Group and individual Entity level are coherent;
- help to build a risk culture across the Group by training and developing highly qualified staff, in conjunction with the competent People & Culture functions;
- help to find ways to rectify asset imbalances, where needed in conjunction with Group CFO functions;
- help the Business Functions to achieve their goals, including by assisting in the development of products and businesses (e.g. innovation of credit products, competitive opportunities linked to Basel accords, etc.);
- support the CEO in defining the Group Risk Appetite proposal, to be shared in the Group Risk Committee and submitted for approval to the Board of Directors, as preliminary and preparatory step for the yearly and multi-yearly budget plan pertaining to the Group CFO. The Group Risk Appetite will include a series of parameters defined by the Group CRO, with the contribution of Group CFO and other relevant functions; each parameter can be complemented by limits and thresholds proposed by the Group CRO[56] and targets proposed by the Group CFO and/or by the relevant Group functions, each respecting their mission and internal regulations. The Group CRO is responsible for ensuring the overall coherence of the proposed parameters and values. Furthermore, Group CRO is responsible for ensuring the CEO and the Board of Directors the coherence of the Group Risk Appetite with the Group strategic guidelines, as well as the coherence of the budget goals with the Group Risk Appetite setting and the periodical monitoring of the RAF. Group CFO remains responsible for monitoring the performances of the Group and of the business functions, in order to identify possible underperforming areas and the related corrective measures.

Such mission is accomplished by coordinating the Group's risk management as a whole. More specifically, it involves carrying out the following macro-functions[57]:

- governing and checking credit, cross-border, market, Balance sheet, liquidity, operational and reputational, climate and environmental risks for the Group as well as any other risks relating to Basel II Pillar II (e.g. strategic, real estate, financial investment, business risks), by defining risk strategies and limits, developing risk measurement methodologies[58], performing stress tests and portfolio analysis;
- supervising, on a Group level and for UniCredit S.p.A., Basel accords related activities;
- coordinating the internal capital measurement process within the Internal Capital Adequacy Assessment Process (ICAAP) and coordinating activities for drawing up the "ICAAP Regulatory Report";
- performing internal validation activities, at Group level[59], on systems for measuring, credit, operating and market risks, or Pillar II risks[60] on related processes and data quality and IT components, as well as on models for pricing financial instruments, in order to check that they conform to regulatory requirements and in-house standards, overseeing consequently the non-compliance risk regarding to such regulatory requirements;
- ensuring that the competent Bodies/Functions get adequate reports;
- developing the strategy and oversee the management, process, targets and disposals of Non-Performing Exposures/NPE, repossessed assets and any other distressed assets for the entire Group[61]. The Group CRO define the criteria/rules for identifying the exposures and assets for sale and portfolio targets;
- drafting and managing risk policies, both at Group level (Group Rules) and at Parent Company level, on the performance of risk-related activities for which UniCredit S.p.A. is competent as well as ensuring the monitoring;
- defining framework and performing second-level controls on risks, within the Group and the Parent Company;

56 Possible triggers and limits on profitability parameters must be agreed between CRO and Group CFO.
57 Where applicable, the below listed responsibilities are inclusive of the Foreign Branches of UniCredit S.p.A., as detailed in the Organizational Book - Application.
58 Directly or by issuing guidelines to Group Entities to be developed depending on type of methodology (direct supervision of Group-wide methodologies and risk measurement methodologies for the counterparties of UniCredit S.p.A., through guidelines on methodologies developed locally).
59 Directly validating with direct supervision on group-wide methodologies for which UniCredit S.p.A. is competent, indirect on local methodologies.
60 Liquidity, Business, Real Estate, Financial Investments, Reputational, Strategic.
61 "Non-Performing Exposure: exposures (loans, debt securities, off-balance-sheet items) other than held for trading that satisfy either or both of the following criteria: (a) material exposures which are more than 90 days past-due; (b) the debtor is assessed as unlikely to pay its credit obligations in full without realization of collateral, regardless of the existence of any past-due amount or the number of days past due. Non-performing exposures include the defaulted and impaired exposures. The total NPE is given by the sum of non-performing loans, non-performing loans, non-performing debt securities and nonperforming off-balance-sheet items" (source: ECB NPL Guidance).

Part E - Information on risks and related hedging policies

- evaluating, monitoring, and making supervision, at Group level, of the Large Credit Transactions[62] and managing the Global Credit Model of Financial Institutions, Banks, and Sovereigns (FIBS). Furthermore, it is responsible for the assessment, approval and daily management of Country Risks and Cross-Border credit risk-taking;
- managing the 'rating override' process with regard to Group-Wide rating systems as well as those for measuring the credit risk of UniCredit S.p.A.'s counterparts;
- defining the minimum standards and guidelines for validating IT infrastructures and data quality, credit risks, operating risks and Pillar II risks, for feeding Group and Parent Company reports on credit risk and for feeding credit risk measurement models.

The structure Group Internal Validation, directly reporting to Group Risk Management, has the mission to validate, at Group level, and to steer the local validation assessments of the risk measurement methodologies, the related processes, the IT components and the data quality for Pillar I and Pillar II risks, the main managerial models, as well as Group Risk Reporting, providing adequate reporting for Company Bodies and the Supervisory Authority as well as for assessing, monitoring and reporting, at Group level, the model risk for the models in scope of the Model Risk Management (MRM) framework, providing adequate reporting for competent committees and the Board of Directors.

In order to strengthen the capacity of independent steering, coordination, and control of Group risks, to improve the efficiency and the flexibility on the risk decision process and to address the interaction among the relevant risk stakeholders, specific Committees are in place:
- The Group Executive Committee (GEC), the Group Financial and Credit Risk Committee (GFRC) and Group Non-Financial Risks and Controls Committee (GNFRC) support the CEO in the role of steering, coordinating and monitoring the strategic and all categories of risks (included compliance risk), at Group level, as well as defining the Group Recovery Plan;
- The Group Executive Committee (GEC) - "Risk" session, which has approval as well as consulting and proposal functions, aims at supporting the CEO in its role of steering, coordinating and monitoring all categories of risks (included compliance risk), managing and overseeing the internal control system also at a Group level, as well as discussing and approving strategic risk topics such as Group Risk Appetite Framework, ICAAP, ILAAP, SREP, NPE, ESG;
- The Group Executive Committee (GEC) - "Group Recovery Plan" session support the CEO to deal with the Group Recovery Plan, defining the proposal to be submitted to the Board of Directors' final decision and to solve issues emerged during the production and the maintenance of the Plan;
- The "Group Financial and Credit Risks Committee" (GFRC) supports the CEO in the steering, coordination and control of the risks at Group level and consists of the following sessions: (i) Credit Risk session, responsible for defining policies, operational limits and methodologies for the measurement, management and control of the credit risks, (ii) Rating approval session, responsible for approving rating overrides (iii) Market Risk session, responsible for approving strategies, policies and methodologies for Market Risks and for the monitoring of related risks, (iv) ALCO session, responsible for approving strategies, policies and methodologies for Financial Risks and for the monitoring of risks related to Fund Transfer Pricing;
- The Group Non-Financial Risks and Controls Committee (GNFRC) supports the CEO in the role of steering and monitoring the Non-Financial Risks (NFRs) at Group level, also overseeing the related internal control system (ICS). The GNFRC enables the coordination the three lines of defence with the aim to identify and share Group priorities concerning Non-Financial Risks (e.g., events, regulations or emerging risks), assessing and monitoring the effectiveness of initiatives put in place in order to address them. The Committee consists of the following sessions: (i) General Non-Financial Risks and Controls Session, responsible for defining policies, operational limits and methodologies for the measurement, management and control of Non-Financial Risks, as well as for the definition of the methodologies for the measurement, management, and control of Non-Financial Risks (Operational and Reputational Risk) internal capital; (ii) ICT, Security, Cyber and Third party Risk Session responsible for evaluating and providing guidelines for the management of risks related to ICT, Security, Cyber, third party contracts and business continuity plan; (iii) Reputational Risk Session responsible for evaluating and providing guidelines for the management of reputational risk also on single customer transactions.

Internal Capital Adequacy Assessment Process (ICAAP) and Risk Appetite
UniCredit group assesses its capital adequacy according to the normative and economic perspective, ensuring that an adequate level of capital is maintained to continue business activities as usual even in case of severe loss events, like those caused by an economic downturn.
The Group's approach to ICAAP consists of the following phases:
1. Risk identification and mapping;
2. Risk measurement and stress testing;
3. Risk appetite setting and capital allocation;
4. Monitoring and reporting.

62 Defined in the Group Credit Management Framework.

Part E - Information on risks and related hedging policies

1. Risk identification and mapping
The first step is the identification and mapping of all the risks embedded in the Group and in the relevant legal entities, with particular focus on the risks not explicitly covered by the Pillar I framework. The output of this activity is the Group Risk Map which encompasses all risk types, including those quantifiable by Economic Capital.

2. Risk measurement and stress testing
The second phase is the identification of the internal methodologies for measurement and quantification of the different risk profiles, resulting into the calculation of Group Capital, both under regulatory and economic perspective. The Economic Capital measures are supported by aggregated-stress tests, which are a fundamental part of a sound risk management process. The aim of stress testing is to assess the bank's viability with respect to exceptional but plausible events. The impact of adverse economic scenarios is assessed on the capital position and/or the liquidity position of the Group.

3. Risk Appetite setting and capital allocation
Risk Appetite is a key managerial instrument used with the purpose of setting the adequate levels of risk the Bank is willing to have and consistently steering its business evolution (refer to the RAF section below for details). The Group capital plays a crucial role in the main corporate governance processes that drive strategic decisions, as target and risk tolerance thresholds, in terms of regulatory and economic capital. It is also a key element of the Risk Appetite Framework of the Group.

4. Monitoring and Reporting
Capital adequacy evaluation is a dynamic process that requires a regular monitoring to support the decision-making processes.
The Bank monitors its main risk profile with a frequency consistent with the nature of each single risk. On top of this, a quarterly reporting of integrated risks and Risk Appetite evolution is reported to the relevant Risk Committees and Governing Bodies, in order to set and implement and efficient and effective ICAAP framework.
Capital adequacy is assessed considering the balance between the assumed risks and the available capital both in a regulatory and in an economic perspective. With respect to economic perspective and to business continuity approach, capital adequacy is assessed by comparing the amount of financial resources available to absorb losses and to ensure the business continuity of the Group, the so-called Available Financial Resources ("AFR"), with the economic capital internally estimated (Economic Capital - EC). The AFR are computed according to the Group principles and consistent with prudential regulation, in fact the regulatory capital (Own Funds) is the basis for the AFR quantification. The Group capital instruments that are included in the AFR satisfy the following three criteria:
- loss absorbency in business continuity approach;
- permanence;
- flexibility of payments.

The ratio between AFR and EC is the Risk Taking Capacity (RTC). This ratio must be above 100% (AFR>EC) in order to avoid that risk exposures are higher than the Available Financial Resources. RTC is one of the key indicators included in the Group RAF dashboard on which the Bank leverages to guide the selection of the desired risk-return profile in alignment with its business strategies.

A milestone of the ICAAP is the Risk Appetite, which in UniCredit group is defined as the level of risk that the Group is willing to take and the risk-return profile it fixes to achieve in pursuing its strategic objectives and business plan, taking into account the interest of its stakeholders (e.g., customers, policymakers, regulators, shareholders) as well as capital and other regulatory and law requirements. The Group Risk Appetite is approved on an annual basis by the Board of Directors and is regularly monitored and reported, at least quarterly, to the relevant committees, with the aim of ensuring the consistency with the risk return profile set by the Board of Directors. At local level, the risk appetite is set for the main Legal Entities and approved by the local competent functions.

The main goals of UniCredit group's Risk Appetite are:
- assessing explicitly the risks and their interconnections UniCredit group is willing to accept or should avoid in a forward-looking view;
- specifying the types of risk UniCredit group intends to assume by setting the targets, triggers and limits, under both normal and stressed operating conditions;
- ensuring an "ex ante" risk-return profile consistent with long term sustainability, in coherence with multi-year strategic plan/budget;
- ensuring that the business develops within the risk tolerance set by the Parent Company Board of Directors, also in respect of national and international regulations.
- supporting the evaluation of future strategic options with reference to risk profile.
- addressing internal and external stakeholders' view on risk profile consistent with the strategic positioning.
- provide qualitative statements concerning identified risks in order to strategically guide the relevant processes, the internal control system and ensure prevention/early intervention on emerging risks.

Part E - Information on risks and related hedging policies

The Group Risk Appetite is defined consistently with UniCredit group business model. For this purpose, Group Risk Appetite is integrated in the budget process, in order to guide the selection of the desired risk-return profile in alignment with the Strategic Plan guidelines and at inception of the budget process.
UniCredit Remuneration Policy is consistent with the Group Risk Appetite to allow the effective implementation of risk reward remuneration for bonus definition and payments.

The structure of the Risk Appetite in UniCredit group includes the Group Risk Appetite Statement and the Group Risk Appetite KPIs Dashboard and cascading to more granular levels through Group Risk Strategies, which include, among others, operative indicators, limits and controls.
The Risk Appetite Statement defines the positioning of the bank in terms of strategic targets and related risk profiles to address internal and external stakeholders' expectations and includes:
- a guidance on the overall key boundaries for the Group in terms of focus of activity;
- a definition of the desired risk-return profile, in line with the Group's overall strategy;
- the risks the bank is willing to accept or should avoid both in normal and stressed conditions;
- an indication on strategies to manage key risks within the perimeter of the Group;
- qualitative statements for not quantifiable risks in order to ensure prevention/early intervention on emerging risks.

The quantitative elements of the Risk Appetite Framework are instead represented by a Dashboard, composed by a set of KPIs, based on the analysis of the expectations of UniCredit group internal and external stakeholders, including material risks to which the Group is exposed and addressing the following categories:
- Regulatory KPIs: to guarantee at any time the fulfilment of the KPIs requested by Regulators (e.g., Common Equity Tier 1 Ratio, Liquidity Coverage Ratio);
- Managerial KPIs: KPIs considered to be key from strategic and Risk Appetite standpoint and defined to ensure steering of all key financial risks (e.g., Credit Risk, Liquidity and Interest Rate Risks, Market and Sovereign Risks), Profitability, non-financial risks (e.g., Operational risk, ICT and Cyber risk, Compliance risk) and Climate & Environmental risk.

For each of the above dimensions, one or more KPIs are identified, in order to quantitatively measure the position of the Group in different ways: absolute values, ratios, sensitivities to defined parameters.
Various levels of thresholds are defined to act as early warning indicators anticipating potential risk situations that will be promptly escalated at relevant organisational level. If specific Risk Appetite thresholds are met, the necessary management measures have to be adopted for effectively adjusting the risk profile. The thresholds are identified as follows (on certain KPIs, not all the thresholds may be meaningful):
- *Targets* represent the amount of risk the Group is willing to take on in normal conditions in line with the Group ambition. They are the reference thresholds for the development and steering of the business;
- *Triggers* represent, from a managerial standpoint, the maximum acceptable level of deviation from the defined target thresholds, or more generally a Warning Level, and are set consistently to assure that the Group can operate, even under stress conditions;
- *Limits* are hard points that represent, from a statutory standpoint, the maximum acceptable level of risk for the Group.

Thresholds setting is evaluated by the relevant competent functions, also through managerial decision by the Board of Directors, respecting regulatory and supervisory requirements and also taking into account stakeholders' expectations and positioning versus peers.

According to the EBA guidelines, each year ICAAP information is collected for SREP purposes and sent to the Regulator.
The Board of Directors, which authorises the sending of this information to the Authorities, also acknowledges that the risk governance of the Group is deemed adequate, guaranteeing that the risk management system in place is in line with the risk profile and strategy of the Group. In addition, the Board of Directors approved and signed the Capital Adequacy Statement during the last Board of Directors held on 30 March 2023.
In the Capital Adequacy Statement, the Board of Directors states that the Group demonstrated to have a strong capital position, allowing to maintain under baseline scenario an adequate managerial buffer on top of combined buffer requirement (CBR) and, in case of more severe conditions, to ensure adequate buffer in addition to the total SREP capital ratio (TSCR). In light of the current geopolitical environment, the Management and the Board of Directors are taking a prudent and sustainable approach, assessing any possible impact on the capital adequacy and related mitigation actions, and in parallel proceeding with the implementation of the strategic plan.
The Group is consistently engaged in identifying areas of improvement of the ICAAP process in compliance with Supervisory expectations.

Part E - Information on risks and related hedging policies

Risk culture in UniCredit group

The Risk Culture is increasingly crucial for a sound governance, even more after the recent crisis in the banking sector. In compliance with the guidelines set by the Financial Stability Board, the Basel Committee and the EBA, the UniCredit group is committed to develop and propagate across the Group an integrated risk culture, aimed at ensuring risk awareness and risk- taking behaviors at all levels of the Institution.

The risk culture refers not only to rules but also to behaviors related to awareness, management and control of risks and it shapes the decision-making process for what concerns risk- taking approach by the corporate bodies and by all employees in the day-to-day activities.

A sound risk culture is based on four foundations:

- *Tone from the top*: the Board of Directors and the senior management are the starting point for setting the Institution's core values and risk culture and their behaviors shall reflect these values;
- *Accountability*: for an effective risk management all employees have to understand the corporate values and its approach to risk appetite and risk-taking and they have to act accordingly in day-by-day activities, knowing they are held accountable in relation to the risk- taking approach;
- Effective communication and challenge: a sound risk culture promotes an environment of open communication and effective challenge in which decision-making processes encourage different views, testing of current practices and stimulate an open and constructive critical attitude among employees and an environment of inclusive and constructive engagement;
- *Incentives*: the incentive system shall ensure that behaviors and performances are aligned to the institution's risk profile and its long- term interest sustainability.

The Group Risk Management, in line with its mission as defined by the Board of Directors of UniCredit, adopted a structured and integrated approach to strengthen UniCredit's risk culture, by enhancing constantly the four foundations. For example, the Senior Management is involved in communication initiatives "Tone from the Top", in particular on the emerging risks and on risks that may be amplified by the market trends, for instance prevention of the greenwashing, that can severely affect the reputational and financial risks if not properly managed within a sound and widespread risk culture at all levels of the Institution.

The learning offer is regularly updated, within a homogeneous Group framework ("Risk University"), with a special focus on the training addressing specific roles, in particular, for instance, with regards to cyber & ICT risk and climate risk related topics. A special attention is devoted to managerial roles' training, in particular for developing an inclusive approach that promotes diversity, also through speak up and accountability initiatives.

Within the UniCredit Risk Culture framework, an effective and timely communication is key for promoting the corporate values - Integrity, Ownership, Caring - along with the ESG ones. Furthermore, periodical monthly/quarterly newsletter are issued, covering specific area like Risk Management, ESG, Compliance, Digital, in order to support the risk awareness with up-to-date contents. A series of events are organized to enhance the risk culture across the Competence Line and the whole Group.

The assessment of the performances takes into consideration the compliance to the rules, to the code of conduct and to expected behaviours. Moreover, the access to the incentive system depends upon the completion of the mandatory trainings, in particular the ones relating to the proper management of the relationship with the clients, and, for impacted roles, the customer due diligence periodic revision (Know Your Customer) and fulfilment of MiFID requirements.

Part E - Information on risks and related hedging policies

Reconciliation between accounting and prudential consolidated perimeter
Note that Section 1 - Risks of the accounting consolidated perimeter provides information on companies included in the accounting perimeter of consolidation. Section 2 - Risks of the prudential consolidated perimeter provides information referred to the prudential perimeter of consolidation.

In this regard the accounting perimeter is composed by companies fully consolidated in accordance with IFRS10, for additional information refer to Notes to the consolidated accounts; Part A - Accounting policies, Section 3 - Consolidation scope and methods.

The prudential perimeter is composed by companies subject to full consolidation in accordance with Regulation (EU) 575/2013 of the European Parliament and of the Council of 26 June 2013 on "prudential requirements for credit institutions and investment firms" (CRR).
Prudential perimeter differs, as a result, from the accounting perimeter due to the accounting through the equity method of those subsidiaries that are not engaged in banking activity, financial activity of instrumental activity, which are subject to full consolidation in the accounting perimeter. The interests held in these companies is included in item 70. Equity investments.

(€ million)

	AMOUNTS AS AT 31.12.2023		
ASSETS	**ACCOUNTING PERIMETER**	**PRUDENTIAL PERIMETER**	**DELTA**
10. Cash and cash balances	61,000	60,995	(5)
20. Financial assets at fair value through profit or loss:	65,014	64,987	(27)
a) financial assets held for trading	57,274	57,274	-
b) financial assets designated at fair value	220	220	-
c) other financial assets mandatorily at fair value	7,520	7,493	(27)
30. Financial assets at fair value through other comprehensive income	63,097	63,087	(10)
40. Financial assets at amortised cost:	556,978	557,442	464
a) loans and advances to banks	53,389	53,389	-
b) loans and advances to customers	503,589	504,053	464
50. Hedging derivatives	1,925	1,925	-
60. Changes in fair value of portfolio hedged items (+/-)	(3,264)	(3,264)	-
70. Equity investments	4,025	4,337	312
80. Insurance assets	-	-	-
a) insurance contracts issued that are assets	-	-	-
b) reinsurance contracts held that are assets	-	-	-
90. Property, plant and equipment	8,628	7,904	(724)
100. Intangible assets	2,272	2,271	(1)
of which: goodwill	-	-	-
110. Tax assets:	11,818	11,813	(5)
a) current	1,069	1,067	(2)
b) deferred	10,749	10,746	(3)
120. Non-current assets and disposal groups classified as held for sale	370	337	(33)
130. Other assets	13,111	13,225	114
Total assets	**784,974**	**785,059**	**85**

Part E - Information on risks and related hedging policies

continued:

LIABILITIES AND SHAREHOLDERS' EQUITY	AMOUNTS AS AT 31.12.2023		
	ACCOUNTING PERIMETER	PRUDENTIAL PERIMETER	DELTA
10. Financial liabilities at amortised cost:	658,308	658,456	148
a) deposit from banks	71,069	71,032	(37)
b) deposit from customers	497,394	497,579	185
c) debt securities in issue	89,845	89,845	-
20. Financial liabilities held for trading	38,022	38,022	-
30. Financial liabilities designated at fair value	12,047	12,047	-
40. Hedging derivatives	2,359	2,359	-
50. Value adjustment of hedged financial liabilities (+/-)	(12,932)	(12,932)	-
60. Tax liabilities:	1,483	1,436	(47)
a) current	1,191	1,189	(2)
b) deferred	292	247	(45)
70. Liabilities associated with non-current assets held for sale	-	-	-
80. Other liabilities	13,566	13,576	10
90. Provision for employee severance pay	335	335	-
100. Provision for risks and charges:	7,543	7,507	(36)
a) commitments and guarantees given	1,284	1,284	-
b) post-retirement benefit obligations	3,083	3,083	-
c) other provisions for risks and charges	3,176	3,140	(36)
110. Insurance liabilities	-	-	-
a) insurance contracts issued that are liabilities	-	-	-
b) reinsurance contracts held that are liabilities	-	-	-
120. Valuation reserves	(4,928)	(4,927)	1
130. Redeemable shares	-	-	-
140. Equity instruments	4,863	4,863	-
150. Reserves	35,063	35,063	-
160. Share premium	23	23	-
170. Share capital	21,278	21,278	-
180. Treasury shares (-)	(1,727)	(1,727)	-
190. Minority shareholders' equity (+/-)	164	173	9
200. Profit (Loss) for the period (+/-)	9,507	9,507	-
Total liabilities and shareholders' equity	**784,974**	**785,059**	**85**

Part E - Information on risks and related hedging policies

Section 1 - Risks of the accounting consolidated perimeter

Quantitative information

In the following tables, the volume of impaired assets according to the IFRS definition is equivalent to the one of non-performing exposures referred to in the EBA standards.

A. Credit quality

For the purposes of the disclosure of quantitative information about credit quality, the term "credit exposures" does not include equity instruments and units in investment funds.

A.1 Impaired and non-performing credit exposures: stocks, value adjustments, dynamics and economic

A.1.1 Breakdown of financial assets by portfolio and credit quality (carrying value)

(€ million)

PORTFOLIOS/QUALITY	BAD EXPOSURES	UNLIKELY TO PAY	NON-PERFORMING PAST-DUE EXPOSURES	PERFORMING PAST-DUE EXPOSURES	OTHER PERFORMING EXPOSURES	TOTAL
1. Financial assets at amortised cost	753	4,768	686	8,426	542,345	556,978
2. Financial assets at fair value through other comprehensive income	-	-	-	-	61,501	61,501
3. Financial assets designated at fair value	-	-	-	-	220	220
4. Other financial assets mandatorily at fair value	-	46	1	1	3,882	3,930
5. Financial instruments classified as held for sale	23	255	-	-	-	278
Total 31.12.2023	**776**	**5,069**	**687**	**8,427**	**607,948**	**622,907**
Total 31.12.2022	**737**	**5,690**	**635**	**11,633**	**624,548**	**643,243**

A.1.2 Breakdown of financial assets by portfolio and credit quality (gross and net values)

(€ million)

PORTFOLIOS/QUALITY	NON-PERFORMING ASSETS				PERFORMING ASSETS			TOTAL (NET EXPOSURE)
	GROSS EXPOSURE	OVERALL WRITEDOWNS	NET EXPOSURE	OVERALL PARTIAL WRITE-OFFS(*)	GROSS EXPOSURE	OVERALL WRITEDOWNS	NET EXPOSURE	
1. Financial assets at amortised cost	11,714	5,507	6,207	627	555,620	4,849	550,771	556,978
2. Financial assets at fair value through other comprehensive income	2	2	-	-	61,579	78	61,501	61,501
3. Financial assets designated at fair value	-	-	-	-	X	X	220	220
4. Other financial assets mandatorily at fair value	135	88	47	-	X	X	3,883	3,930
5. Financial instruments classified as held for sale	583	305	278	-	-	-	-	278
Total 31.12.2023	**12,434**	**5,902**	**6,532**	**627**	**617,199**	**4,927**	**616,375**	**622,907**
Total 31.12.2022	**13,793**	**6,731**	**7,062**	**1,100**	**635,742**	**5,946**	**636,181**	**643,243**

Note:
(*) Value shown for information purposes.

For additional information on the matter related to evaluation on credit exposures refer to Section 2 - Risks of the prudential consolidated financial statements, Notes to the consolidated accounts, Part E - Information on risks and related hedging policies.

(€ million)

PORTFOLIOS/QUALITY	ASSETS OF EVIDENT LOW CREDIT QUALITY		OTHER ASSETS
	CUMULATED LOSSES	NET EXPOSURE	NET EXPOSURE
1. Financial assets held for trading	2	7	48,417
2. Hedging derivatives	-	-	1,925
Total 31.12.2023	**2**	**7**	**50,342**
Total 31.12.2022	**2**	**185**	**59,687**

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Part E - Information on risks and related hedging policies

B. Structured entities (other than entities for securitisation transaction)

B.1 Consolidated structured entities

The Group has involvements in structured entities that are consolidated because it has both power on the underlying assets and exposure to variability of returns arising from the structured entities activities as a result of the financial instruments subscribed.

The consolidated structured entities of the Group belong to one of the following categories:

- **Leasing SPV:** these structured entities are set-up in order to meet the needs of customers interested into entering into finance leasing. The Group provides funding to these structured entities, both in form of equity and in form of loans. Such funding is used by structured entities to buy assets (real estate, equipment, etc.) that are leased to a customer under a finance leasing contract;
- **Project finance SPV:** these structured entities are set-up in order to finance capital intensive projects according to the need of specific customers. Typically the funds needed to develop the project are provided by the customer, in form of equity and by the Group in form of loans. The Group consolidates such structured entities as a result of deterioration of the credit worthiness of the customer and subsequent acquisition of the right to manage the project;
- **Real estate SPV:** these structured entities are entities that have been set-up in order to fund real estate projects used in the business by the Group or that have been acquired it the course of credit recovery processes;
- **Funding SPV:** these structured entities are set-up by so to gather funding in specific markets that is guaranteed by a Group Legal entity. This funding is then transferred to the Group legal entity that guarantees it;
- **Market Related structured entities:** these structured entities are set-up in order to allow customers to invest into specific financial instruments or to fund their specific credits. The Group consolidates these structured entities in cases where it provides its own guarantee on the reimbursement of such instruments or credits or predominantly finances the SPV. This category includes the Italian vehicle, established pursuant to law 130/99, for the purchase of tax credits;
- **Investment funds:** these structured entities are open ended and closed ended investment funds that the Group controls under IFRS10 having acquired enough quotas to expose it to variability of returns and the ability to manage, directly and indirectly, the underlying portfolio;
- **Warehousing SPV:** these structured entities are set-up in order to subsequently perform securitisation transactions. In particular they purchase mortgages in specific markets and from different originators until a “critical mass” that allow to perform securitisation is reached. The purchases of mortgages are funded through loans provided by the Group.

During the period the Group has not provided financial support to consolidated structured entities, other than those for securitisation transactions, in absence of contractual obligation to do so and it doesn’t have current intention to provide such support.

The following table provides on Balance sheet and off-Balance sheet, non revocable credit line and financial guarantees, provided by Group companies to consolidated structured entities, excluding possible exposures and Group’s Legal entities classified as held for sale as at 31 December 2023.
These exposures are eliminated in the consolidation process.

(€ million)

BALANCE SHEET ITEM/SPV TYPE	TOTAL ASSETS	OFF BALANCE SHEET EXPOSURES
Leasing SPV	1,318	-
Project Finance SPV	-	-
Real Estate SPV	-	-
Funding SPV	-	-
Market Related SPV	1,742	5,952
Investment funds	404	-
Warehousing SPV	-	-
Total	**3,464**	**5,952**

B.2 Non-consolidated for accounting purposes structured entities

B.2.1. Consolidated for regulatory purposes structured entities

The Group has not exposure toward structured entities consolidated for regulatory purpose but that are not consolidated for accounting purpose.

B.2.2. Other structured entities

Qualitative information

The Group has exposure toward unconsolidated structured entities either as a result of its lending activities or through the investments in quotas issued by funds that are structured entities under IFRS12 definition.

Part E - Information on risks and related hedging policies

In particular, unconsolidated structured entities in which the Group is exposed to belong to the following categories:

- **Acquisition and Leveraged Finance structured entities** are set up for providing funding for the acquisition of a target business, where sponsors participate with equity contribution and lenders structure their facilities according to the cash flow profile of the target. The Group provides funding to these structured entities according to the applicable internal credit policies described in the paragraph 1. General Aspects that also define the level of equity that has to be provided by the sponsor, Notes to the consolidated accounts, Part E - Information on risks and related hedging policies - Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Qualitative information.
  The Group has no control over these structured entities because it neither manages the company whose acquisition is being financed nor is significantly exposed to the associated variability of returns;
- **Leasing structured entities** are set-up to buy an asset and rent it to customers (based on a financial leasing contract). The funding is provided through loans, and the structured entities are the owner of the asset. At the end of the contract the asset is usually sold to the customer at a price usually equal to the residual value defined by the contract.
  The Group provides funding to these structured entities according to the applicable internal credit policies described in the paragraph 1. General Aspects that also define the level of equity that has to be provided by the customer, Notes to the consolidated accounts, Part E - Information on risks and related hedging policies - Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Qualitative information. In particular, the contracts ruling such transactions and associated guarantees ensure that the Group has no control over these structured entities because it neither manages the activities of the structured entities nor is significantly exposed to variability of returns of the leased assets;
- **Market Related structured entities** are set-up in order to allow customers to invest into financial instruments having features, in term of currency of denomination or interest rate, different from those offered in the market. In this context the Group maintains exposures against these vehicles that, however, do not transfer to the Group the main risks of the underlying;
- **Notes issuing structured entities** are structured entities that issue security different from ABS that are backed up by certain type of assets. These include covered bonds issued by third parties.
  The Group does not control these structured entities as it has neither the ability to manage the underlying assets nor retains significant exposures to its variability of returns;
- **Project Finance structured entities** are structured entities set up for the financing capital intensive business initiatives, where customers participate with equity contribution. The Group provides funding to these structured entities according to the applicable internal credit policies described in the paragraph 1. General Aspects that also define the level of equity that has to be provided by the customers, Part E - Information on risks and related hedging policies, Section 2, Risks of the prudential consolidated perimeter, 2.1 Credit risk, Qualitative information.
  The Group has no control over these structured entities because it neither manages the assets being financed nor is significantly exposed to the resulting variability of returns;
- **Real Estate structured entities** are set-up for the financing of specific real estate initiatives. In these structures the customers, typically commercial and residential development companies and institutional investors set up the structured entities and provides the equity. The Group provides funding according to the applicable internal credit policies described in the paragraph 1. General Aspects that also define the level of equity that has to be provided by the customers, Part E - Information on risks and related hedging policies, Section 2, Risks of the prudential consolidated perimeter, 2.1 Credit risk, Qualitative information.
  The Group has no control over these structured entities because it neither manages the assets being financed nor is significantly exposed to the resulting variability of returns;
- **Shipping and Aircraft structured entities** are set up for the building or the acquisition of a ship or an aircraft that is then used by the customers in the context of their business activities.
  The Group provides funding to these structured entities according to the applicable internal credit policies described in the paragraph 1. General Aspects that also define the level of equity that has to be provided by the customers, Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2, Risks of the prudential consolidated perimeter, 2.1 Credit risk, Qualitative information.
  The Group has no control over these structured entities because it neither manages the assets being financed nor is significantly exposed to the resulting variability of returns;
- **Warehousing structured entities** support subsequent securitisation transactions through the purchase of mortgages in specific markets and from different originators until a “critical mass” that allows to perform such securitisation is reached;
- **Investments funds** comprise open ended and closed ended investment funds in which the Group has subscribed quotas or provided loans.

Quantitative information

The following table provides indication on assets, liabilities and off-Balance sheet exposures recognised in the Balance sheet of the Group held towards SPVs different from non-consolidated securitisation vehicles and broken down by role of the Group.

The maximum exposure to loss has been calculated by grossing up the difference between assets and liabilities with off-Balance sheet positions (irrevocable credit lines and financial guarantees) held toward these vehicles reported in column “difference between maximum exposure to loss and accounting value”.

Exposure to structured entities different from Securitisation SPV not consolidated for accounting purposes

(€ million)

	AMOUNTS AS AT 31.12.2023						
BALANCE SHEET ITEM/SPV TYPE	ACCOUNTING PORTFOLIO (ASSETS)	TOTAL ASSETS (A)	ACCOUNTING PORTFOLIO (LIABILITIES)	TOTAL LIABILITIES (B)	NET ACCOUNTING VALUE (C=A-B)	MAXIMUM EXPOSURE TO LOSS (D)	DIFFERENCE BETWEEN MAXIMUM EXPOSURE TO LOSS AND ACCOUNTING VALUE (E=D-C)
Acquisition and Leverage Finance SPV		**280**		**12**	**268**	**374**	**106**
	HFT	-	Deposits	12			
	DFV	-	Securities	-			
	MFV	-	HFT	-			
	FVOCI	-	DFV	-			
	AC	280					
Leasing SPV		**22**		**-**	**22**	**22**	**-**
	HFT	-	Deposits	-			
	DFV	-	Securities	-			
	MFV	-	HFT	-			
	FVOCI	-	DFV	-			
	AC	22					
Market Related SPV		**273**		**65**	**208**	**208**	**-**
	HFT	-	Deposits	65			
	DFV	-	Securities	-			
	MFV	-	HFT	-			
	FVOCI	-	DFV	-			
	AC	273					
Notes Issuing Vehicles		**84**		**1**	**83**	**121**	**38**
	HFT	-	Deposits	1			
	DFV	-	Securities	-			
	MFV	-	HFT	-			
	FVOCI	-	DFV	-			
	AC	84					
Project Finance SPV		**2,520**		**677**	**1,843**	**2,045**	**202**
	HFT	-	Deposits	677			
	DFV	-	Securities	-			
	MFV	-	HFT	-			
	FVOCI	-	DFV	-			
	AC	2,520					
Real Estate SPV		**3,659**		**601**	**3,058**	**3,521**	**463**
	HFT	-	Deposits	601			
	DFV	-	Securities	-			
	MFV	-	HFT	-			
	FVOCI	-	DFV	-			
	AC	3,659					
Shipping Aircraft SPV		**34**		**-**	**34**	**42**	**8**
	HFT	-	Deposits	-			
	DFV	-	Securities	-			
	MFV	-	HFT	-			
	FVOCI	-	DFV	-			
	AC	34					
Warehousing SPV		**-**		**-**	**-**	**-**	**-**
	HFT	-	Deposits	-			
	DFV	-	Securities	-			
	MFV	-	HFT	-			
	FVOCI	-	DFV	-			
	AC	-					
Total		**6,872**		**1,356**	**5,516**	**6,333**	**817**

Notes:
HFT = Financial assets held for trading
DFV = Financial assets designated at fair value
MFV = Financial assets mandatorily at fair value
FVOCI = Financial assets at fair value through other comprehensive income
AC = Financial assets at amortised cost

Deposits = Deposits from Customers
Securities = Debt securities in issue
HFT = Financial liabilities held for trading
DFV = Financial liabilities designated at fair value

Part E - Information on risks and related hedging policies

The following table provides indication on assets, liabilities and off-Balance sheet exposures recognised in the Balance sheet of the Group held towards not consolidated investment funds.

Exposure to structured entites different from Securitisation SPV not consolidated for accounting purposes - Investment funds

(€ million)

	AMOUNTS AS AT 31.12.2023						
BALANCE SHEET ITEM/SPV TYPE	ACCOUNTING PORTFOLIO (ASSETS)	TOTAL ASSETS (A)	ACCOUNTING PORTFOLIO (LIABILITIES)	TOTAL LIABILITIES (B)	NET ACCOUNTING VALUE (C=A-B)	MAXIMUM EXPOSURE TO LOSS (D)	DIFFERENCE BETWEEN MAXIMUM EXPOSURE TO LOSS AND ACCOUNTING VALUE (E=D-C)
Real Estate investment funds		**5,450**		**1,079**	**4,371**	**5,097**	**726**
	HFT		Deposits	1,079			
	DFV	-	Securities	-			
	MFV	473	HFT	-			
	FVOCI	-	DFV	-			
	AC	4,977					
Mixed Asset investment funds		**521**		**1,216**	**(695)**	**(670)**	**25**
	HFT	349	Deposits	1,208			
	DFV	-	Securities	-			
	MFV	31	HFT	8			
	FVOCI	-	DFV	-			
	AC	141					
Equity investment funds		**1,249**		**953**	**296**	**296**	**-**
	HFT	977	Deposits	950			
	DFV	-	Securities	-			
	MFV	2	HFT	3			
	FVOCI	-	DFV	-			
	AC	270					
Private Equity/Debt investment funds		**550**		**76**	**474**	**474**	**-**
	HFT	-	Deposits	76			
	DFV	-	Securities	-			
	MFV	550	HFT	-			
	FVOCI	-	DFV	-			
	AC	0					
Fixed Income investment funds		**940**		**456**	**484**	**484**	**-**
	HFT	229	Deposits	455			
	DFV	-	Securities	-			
	MFV	-	HFT	1			
	FVOCI	-	DFV	-			
	AC	711					
Other investment funds		**1,551**		**1,770**	**(219)**	**68**	**287**
	HFT	30	Deposits	1,763			
	DFV	-	Securities	-			
	MFV	1,250	HFT	7			
	FVOCI	-	DFV	-			
	AC	271					
Total		**10,261**		**5,550**	**4,711**	**5,749**	**1,038**

Notes:
HFT = Financial assets held for trading
DFV = Financial assets designated at fair value
MFV = Financial assets mandatorily at fair value
FVOCI = Financial assets at fair value through other comprehensive income
AC = Financial assets at amortised cost

Deposits = Deposits from Customers
Securities = Debt securities in issue
HFT = Financial liabilities held for trading
DFV = Financial liabilities designated at fair value

It should be noted that during the year the Group has recognised commission income for €39 million as a result of the management of investment funds not consolidated.

Information on Sovereign Exposures

With reference to the Group's sovereign exposures[63], the book value of sovereign debt securities as at 31 December 2023 amounted to €108,256 million[64], of which over 78% concentrated in eight countries; Italy, with €41,100 million, represents about 38% of the total. For each of the eight

63 Sovereign exposures are bonds issued by and loans given to central and local governments and governmental bodies. To the purpose of this risk exposure are not included:
- Sovereign exposures and Group's Legal entities classified as held for sale as at 31 December 2023;
- ABSs.

64 Information on Sovereign exposures refers to the scope of the UniCredit Consolidated financial statements as at 31 December 2023, determined under IAS/IFRS.
For information on Sovereign exposures with reference to the regulatory scope of consolidation refer to UniCredit group Disclosure (Pillar III) as at 31 December 2023 - Credit Risk.

Part E - Information on risks and related hedging policies

countries, the following table shows the book value, the nominal value and the fair value of the exposures broken down by portfolio as at 31 December 2023.

Breakdown of sovereign debt securities by country and portfolio

(€ million)

	AMOUNTS AS AT 31.12.2023		
COUNTRY/PORTFOLIO	BOOK VALUE	NOMINAL VALUE	FAIR VALUE
- Italy	**41,100**	**41,491**	**41,143**
financial assets/liabilities held for trading (net exposures*)	1,341	1,093	1,341
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	59	55	59
financial assets at fair value through other comprehensive income	18,964	18,787	18,964
financial assets at amortised cost	20,736	21,556	20,779
- Spain	**14,233**	**14,876**	**14,138**
financial assets/liabilities held for trading (net exposures*)	(152)	(57)	(152)
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	-	-	-
financial assets at fair value through other comprehensive income	2,774	2,912	2,774
financial assets at amortised cost	11,611	12,021	11,516
- Japan	**7,835**	**7,847**	**7,844**
financial assets/liabilities held for trading (net exposures*)	-	-	-
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	-	-	-
financial assets at fair value through other comprehensive income	7,142	7,207	7,142
financial assets at amortised cost	693	640	702
- U.S.A.	**6,628**	**7,811**	**6,649**
financial assets/liabilities held for trading (net exposures*)	829	1,138	829
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	-	-	-
financial assets at fair value through other comprehensive income	3,515	3,587	3,515
financial assets at amortised cost	2,284	3,086	2,305
- Germany	**5,789**	**5,880**	**5,692**
financial assets/liabilities held for trading (net exposures*)	303	410	303
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	685	687	685
financial assets at fair value through other comprehensive income	1,433	1,440	1,433
financial assets at amortised cost	3,368	3,343	3,271
- Czech Republic	**3,291**	**3,149**	**3,280**
financial assets/liabilities held for trading (net exposures*)	39	41	39
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	-	-	-
financial assets at fair value through other comprehensive income	2,072	2,000	2,072
financial assets at amortised cost	1,180	1,108	1,169
- Austria	**2,993**	**3,134**	**2,978**
financial assets/liabilities held for trading (net exposures*)	113	115	113
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	71	70	71
financial assets at fair value through other comprehensive income	2,237	2,390	2,237
financial assets at amortised cost	572	559	557
- Romania	**2,677**	**2,631**	**2,598**
financial assets/liabilities held for trading (net exposures*)	50	52	50
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	7	7	7
financial assets at fair value through other comprehensive income	677	699	677
financial assets at amortised cost	1,943	1,873	1,864
Total on-balance sheet exposures	**84,546**	**86,819**	**84,322**

Notes:
(*) Including exposures in Credit Derivatives.
Negative amount indicates the prevalence of liabilities positions.

Part E - Information on risks and related hedging policies

The weighted duration of the sovereign bonds shown in the table above, divided by the banking[65] and trading book, is the following:

Weighted duration

(years)

		TRADING BOOK	
COUNTRY	BANKING BOOK	ASSETS POSITIONS	LIABILITIES POSITIONS
Italy	3.97	4.78	6.11
Spain	3.92	19.56	5.29
Japan	4.76	-	-
U.S.A.	8.32	19.02	-
Germany	4.42	11.75	9.70
Czech Republic	4.27	2.94	7.86
Austria	7.08	11.33	9.51
Romania	3.84	4.68	9.24

The remaining 22% of the total of sovereign debt securities, amounting to €23,710 million with reference to the book values as at 31 December 2023, is divided into 33 countries, including Bulgaria (€2,537 million), France (€2,521 million), Croatia (€2,273 million), Hungary (€1,828 million), Poland (€1,101 million), Portugal (€996 million), Ireland (€978 million), Serbia (€907 million), Slovakia (€880 million), Israel (€817 million), China (€710 million) Russia (€634 million) and Belgium (€626 milion).
With respect to these exposures, as at 31 December 2023 there were no indications that default have occurred and the Group is closely monitoring the evolution of the situation.
With particular reference to the book value of the sovereign debt securities exposure to Russia it should be noted that it is almost totally held by the Russian controlled bank in local currency and classified in the banking book. For more information on the criteria adopted for the evaluation of the Russian counterparties, refer to Section 5 - Other matters, Notes to the consolidated account Part A - Accounting policies - A.1 - General.
It should also be noted that among the aforementioned remaining part of sovereign debt securities as at 31 December 2023 there are also debt securities towards Supranational Organisations such as the European Union, the European Financial Stability Facility and the European Stability Mechanism amounting to €5,842 million.

The table below shows the classification of bonds belonging to the banking book and their percentage proportion of the total of the portfolio under which they are classified.

Breakdown of sovereign debt securities by portfolio (banking book)

	AMOUNTS AS AT 31.12.2023				
	FINANCIAL ASSETS DESIGNATED AT FAIR VALUE	FINANCIAL ASSETS MANDATORILY AT FAIR VALUE	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FINANCIAL ASSETS AT AMORTISED COST	TOTAL
Book value (€ million)	210	1,040	47,291	55,539	104,080
% Portfolio	95.45%	13.83%	74.95%	9.97%	16.58%

65 The banking book includes financial assets designated at fair value, those mandatorily at fair value, those at fair value through other comprehensive income and those at amortised cost.

Part E - Information on risks and related hedging policies

In addition to the exposures to sovereign debt securities, loans[66] given to central and local governments and governmental bodies must be taken into account.

The table below shows the total amount as at 31 December 2023 of loans booked in financial assets at amortised cost portfolio given to countries towards which the overall exposure exceeds €100 million, representing over 96% of the total.

Breakdown of sovereign loans by country

(€ million)

	AMOUNTS AS AT 31.12.2023
COUNTRY	BOOK VALUE
- Germany(*)	6,106
- Austria(**)	5,866
- Italy	4,507
- Croatia	2,301
- Qatar	740
- Hungary(***)	367
- Romania	366
- Egypt	366
- Slovakia	283
- Angola	231
- Kenya	213
- Slovenia	192
- Indonesia	173
- Turkey	165
- Bulgaria	144
- Czech Republic	136
- Trinidad and Tobago	133
- Bosnia and Hercegovina	132
- Laos	102
Total on-balance sheet exposures	**22,523**

Notes:
(*) of which €511 million in financial assets mandatorily at fair value.
(**) of which €24 million in financial assets mandatorily at fair value.
(***) of which €7 million in financial assets mandatorily at fair value and those for trading.

It should also be noted that, as at 31 December 2023, there are in addition also loans to Supranational Organisations amounting to €1,420 million mainly booked in financial assets held for trading portfolio.

Lastly, it should be noted that derivatives are traded within the ISDA master agreement and accompanied by Credit Support Annexes, which provide for the use of cash collaterals or low-risk eligible securities.

For more details on the sensitivity analysis of credit spreads and on the results of stress tests refer to the "Recession Scenario" and “Hawkish Scenario” in chapter Stress test of the Section 2.2 - Market risk, Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter and for liquidity management policies see Section 2.4 Liquidity risk, Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter.

66 Tax items are not included.

Part E - Information on risks and related hedging policies

Section 2 - Risks of the prudential consolidated perimeter

2.1 Credit risk

Qualitative information

1. General aspects

Credit policies

In UniCredit, the current governance model of credit risk, intended as risk of impairment of a credit exposure deriving from an unexpected deterioration of the counterparty's creditworthiness, provides for two levels of control:

- on the one hand, the supervision of the Parent Company functions which steer and control the credit risk and perform a managerial coordination with respect to the relevant Group legal entities' Risk Management functions;
- on the other hand, the supervision of the relevant Group legal entities' Risk Management functions which perform the control and the management of the risks portfolio at Country level.

With reference to credit risk management topics, the mechanisms of interaction between the Parent Company and the Group Legal Entities are defined by specific credit governance rules that, on the one hand, regulate the respective responsibilities and, on the other hand, ensure the compliance of the overall credit risk framework with the regulatory framework which the Parent Company is subject to.

Within its role of guidance, support and control, the Parent Company acts in the following areas: credit rules (principles, policies and processes), credit strategies and credit risk limits, models development, rating systems validation, large exposures management, credit risk portfolio monitoring and reporting.

In line with these credit governance rules, the Group Legal Entities request the either Holding Company Credit Committee's or the Group Risk Management Functions' opinion before granting new or reviewing existing credit lines to single counterparties/Economic Groups whenever they exceed defined thresholds, also with reference to their compliance with the credit risk concentration limits, being measured with respect to the regulatory capital.

According to the role assigned by the Group governance to the Parent Company, specifically to the Group Risk Management function, general provisions are established ("Group General Principles for Credit Activities", "Group Credit Risk Management Framework", "Guidelines on Loan Categorization and Forbearance Classification", "Credit Risk Parameters and IFRS9 Modelling and Planning", "Credit Risk Strategies", "Non-Performing Exposures Risk Strategies", "Credit Risk Mitigation"), defining Group-wide rules and principles for guiding, classifying, managing, governing and standardising the credit risk assessment and management, as well as the development of its models, in line with the regulatory requirements and the Group best practice. These general provisions are further supplemented by policies which, regulating specific topics (e.g., business areas, segment activities, type of counterpart/transaction), are divided into two categories:

- policies on Group-wide topics, drafted and issued by the Parent Company and sent to all the Legal Entities;
- policies locally developed by single Legal Entities, fully in line with the guidelines defined at Parent Company level, that regulate credit practices relating to rules and peculiarities of the local market and that are, therefore, applicable only within the respective perimeter.

Credit policies, which usually have a static approach and are revised when necessary (e.g. in case of evolution of the external regulatory framework), are supplemented by credit risk strategies (approved by the Board of Directors in the context of the Risk Appetite Framework) which, instead, are updated at least once a year and define with which customers/products, industry segments and geographical areas the Group and the Group Legal Entities intend to develop their credit business.

At both Legal Entity and Parent Company level, the policies are further detailed through operating instructions that describe specific rules supporting the execution of day-by-day activities.

In UniCredit S.p.A., lending is governed by a regulatory framework, called the Testo Unico/Credito, which is constantly updated. This framework includes the guidelines and operating procedures for managing the various phases of the credit life cycle, taking into account potential changes in the credit strategy and progressive process and procedural improvements.

More specifically, the following process phases are regulated:

- the assessment of the creditworthiness of the borrower, including the rating assignment procedures;
- the decision to grant credit lines, their implementation and the rules for managing them;
- the acquisition, management and monitoring of the value of collaterals and guarantees;
- the performance monitoring process and the initiatives to improve the sustainability of the counterpart, the customer classification process;
- the restructuring and the credit recovery process (or debt collection policy) as described below.

Part E - Information on risks and related hedging policies

The Non-Performing Exposure ("NPE") Strategy represents the base on which specialised debt collection processes are developed. The NPE Strategy defines, at both the Group and Legal Entity level, the qualitative NPE management approach and quantitative time-bound targets by time-horizon and dynamics (i.e., write-off, recoveries, disposals, flows etc.) with the goal of managing NPE stock in a clear, credible, and feasible manner.

The Group customer base is mixed and heterogeneous and is managed through segmentations which makes it possible to manage customers competently through dedicated functions, as well as through tailored products/initiatives.
The recovery initiatives are supported by a combined approach between subjective assessments and automated processes. Depending on the strategy and organizational set-up implemented locally by the Legal Entities, Group collection rules stipulate an early transfer of files/clients to specialised functions independently from, and long before, a possible default. This is done to anticipate and avoid defaults through a relationship management framework committed to proactive risk management.
To allow proactive risk management and the related reduction of a client's existing exposure, Legal Entities may grant forbearance measures as described in the relevant section of the current Notes to consolidated accounts. The main objective of this activity is to protect the economic and financial structure of the borrowers. In the forbearance context, the restructuring can be conducted in a Performing or Non-Performing classification according to the related Regulatory Framework ruling the loan classification.
The co-operation of clients is a pre-condition to any restructuring activity. Close and direct interaction with the borrower, as well as with other parties/stakeholders involved, is crucial for the success of the restructuring process. UniCredit acts in line with its Code of Conduct, adopting appropriate behavior and language in order to build and maintain a relationship of trust with the customer (e.g., use of non-coercive language and a non-harassment attitude). For this reason, the relationship with the borrower is assigned to specialised functions which maintain the responsibility of the borrower as long as the restructuring is in place. In case the credit restructuring activities are not feasible or successful, or there is no improvement of the client risk profile, Workout activities aim at maximizing the credit recovery, and the credit exposure must be classified in the relevant default status, if not already done. These activities are carefully devised to ensure that the relationships fostered with clients are maintained to the best extent possible.
Recovery activities at UniCredit are carried out in compliance with EBA guidelines on the management of credit impaired and forborne exposures.

Credit strategies
More in general, the Group credit strategies are an effective tool for managing credit risk, contributing to the definition of the budget objectives in line with the Group's Risk Appetite, of which they are an integral part. They also constitute a management tool as they translate the metrics defined within the Risk Appetite into concrete form.
Based on the macroeconomic and credit scenario, the outlook at the economic sector level, as well as the business initiatives/strategies, the credit strategies provide a set of guidelines and operational targets aimed at the countries and business segments in which the Group work and are performed on the operating structures of each Group legal entity and included in their respective commercial policies. The ultimate goal is to ensure sustainable commercial growth, consistent with the risk profile of each company, remaining within the limits defined by the Group Risk Appetite Framework.

Within the framework of the strategies underlying credit activity, concentration risk is considered particularly important. This is the risk associated with losses generated by a single exposure or group of related exposures that (in relation to the capital of a bank, total assets, or the overall risk level) can generate potentially serious effects on the solidity and "core" operation of the Group. In compliance with the relevant regulatory framework, UniCredit group manages the concentration credit risk through specific limits that represent the maximum risk that the Group intends to accept regarding, for example:
- individual counterparties or groups of connected counterparties (Single Name Bulk Risk);
- counterparties belonging to the same economic sector (Industry Concentration Risk).

The results of stress test simulations relating to expected loss are an integrated part of the definition of credit strategies.

Part E - Information on risks and related hedging policies

2. Credit risk management policies

2.1 Organisational aspects

Factors that generate credit risk
During the ongoing credit and business activities, the Group is exposed to the risk that an unexpected change in a counterparty's creditworthiness may generate a corresponding unexpected change in the value of the associated credit exposure and may thus result in a partial or full write-off.
This risk is always associated to the traditional lending practice, regardless of the form of the credit facility (whether cash or credit commitments, secured or unsecured, etc.).
The main reasons of a default lie in the borrower's failure to fulfil its credit obligation (due to the lack of liquidity, for insolvency reasons, etc.), as well as the occurrence of macro-economic and political events that are affecting the debtor's operating and financial conditions.

Other banking operations, in addition to traditional lending and deposit activities, can constitute other credit risk factors. In this view, "non-traditional" credit risk may arise from:
- subscription of derivative contracts;
- purchase and selling of securities, futures, currencies or commodities;
- holding third-party securities.

The counterparties in these transactions or issuers of securities held by Group Legal Entities could default as a result of insolvency, political and economic events, lack of liquidity, operational deficiencies or other reasons. Defaults of a large number of transactions, or of one or more large transactions, could have a material adverse impact on the Group's activities, financial condition and operating profits.
The Group therefore monitors and manages the specific risk of each counterparty as well as the overall risk of loan portfolios through procedures, Functions and rules that steer, govern and standardise the assessment and management of credit risk, in line with the Group principles and best practice.

Organisational structure
The credit risk management in the UniCredit group is under responsibility of Group Risk Management, and is responsible for steering, governance, control of credit risk and for the operational credit management, which internally have different organisational levels:
- functions with responsibilities at Group level;
- functions with responsibilities at Country level.

Part E - Information on risks and related hedging policies

Regarding Group Risk Management, Parent Company Functions with responsibilities at Group level include:

- **Group Credit Risk**

  The structure has the following mission: responsible for the overall steering and governance of the credit risk at Group level, including, e.g., Group credit risk strategies setting monitoring and controlling, control risk framework and methodologies, overall asset quality planning and monitoring, NPE strategy, implementation of C&E risk (Climate & Environmental) in the Credit Pillar, large credit transactions and FIBS group-wide assessment-monitoring-oversight, country risks & cross-border risks, credit risk models governance and roadmap.

  The structure of "Group Credit Risk" breaks down in the following structures:

  - *Group NPE*

    The structure has the following mission: develop the strategy, oversee the management, the monitoring, the process, set targets and execute disposals and platforms of Non-Performing Exposures/NPE, repossessed assets and any other distressed assets for the entire Group.

    It is also responsible for the assessment of transactions regarding counterparties classified as restructuring or workout above defined thresholds.
  - *Credit Models & Risk Policies*

    The structure has the following mission: responsible for guaranteeing at Group level the coordination and steering of the overall landscape of Pillar I Credit risk models (including IFRS9 and other managerial models) and the related methodologies as well as managing the credit stress testing (both regulatory and managerial).

    Furthermore, it's responsible for defining rules and guidelines for the lending activity and for evaluating of the proposals regarding the revision of the credit processes which are submitted by other Group competent functions as well as for cooperating with other Group competent functions on Risk Weighted Exposure Amounts/RWEA contents.
  - *Credit Risk Strategies, Monitoring and Controls*

    The structure has the following mission: responsible, at Group level, for credit risk strategies definition, monitoring and controlling as well as, within the credit processes, for the definition and application of the risk assessment methodology in order to identify the risk areas and the mitigation actions to be implemented.

    Furthermore, it is responsible for supporting the definition and the promotion of the Climate and Environmental Taxonomy strategy, implementation of C&E risk (Climate & Environmental) in Credit Pillar through direct responsibility and coordinating with other structures within "Group Credit Risk", as well as monitoring physical and transition risk in the portfolio through dedicated analysis functional to set exposure limits and credit strategies.

    The structure is also responsible for monitoring the prudential limits regarding the related parties as well as processing the related reporting for the "Parti Correlate Committee", including related deep dives.
  - *Group Credit Transactions*

    The Structure has the following mission: responsible for the Group-Wide assessment, monitoring and oversight of Large Credit Transactions and Financial Institutions, Banks and Sovereigns (FIBS) global credit model management. Furthermore, it is responsible for the assessment, approval and daily management of Country Risks and Cross-Border credit risk-taking.

    Furthermore, it is responsible for defining and managing the framework of Group-wide lending processes (e.g., FIBS Underwriting, GAM) ensuring alignment with other related frameworks and GRM guidelines.

- **Risk CE&EE**

  The Structure has the following mission:

  responsible for the management and control of credit operations activities and for credit risk steering in relation to Central Europe and Eastern Europe (CE&EE) portfolio booked in UniCredit S.p.A. and for the comprehensive view and the coordination of the management of different types of risks (e.g. credit, financial, operational, liquidity, reputational risks) in regard to CE&EE portfolio booked in UniCredit S.p.A. and CE&EE Legal Entities/L.E., together with the risk management responsible functions.

  It is responsible for credit risk steering and control activities over CE&EE Legal Entities and CE&EE portfolio booked in UniCredit S.p.A. with regard to credit risk retail and corporate topics, in particular for credit policies issuing and strategies implementation, for the coordination of process improvement projects and for the execution of credit risk controls on corporate and retail credit portfolios.

  It is also responsible for control steering and facilitation of cascading of Group standards, methodologies, policies, processes and risk framework for all different risks in CE&EE Legal Entities as defined by the competent risk management responsible functions.

Part E - Information on risks and related hedging policies

With respect to credit risk, the following specific Committees are active:

- the **Group Executive Committee (GEC) - "Risk" session**, which has approval as well as consulting and proposal functions, aims at supporting the CEO in its role of steering, coordinating and monitoring all categories of risks (included compliance risk), managing and overseeing the internal control system also at a Group level, as well as discussing and approving strategic risk topics such as Group Risk Appetite Framework, ICAAP, ILAAP, SREP, NPE, ESG;
- the **Group Financial and Credit Risks Committee (GFRC)** supports the CEO in the steering, coordination and control of the risks at Group level and consists of the following sessions: (i) *Credit Risk session*, responsible for defining policies, operational limits and methodologies for the measurement, management and control of the credit risks, (ii) *Rating approval session*, responsible for approving rating overrides, (iii) *Market Risk session*, responsible for approving strategies, policies and methodologies for Market Risks and for the monitoring of related risks, (iv) *ALCO session*, responsible for approving strategies, policies and methodologies for Financial Risks and for the monitoring of risks related to Fund Transfer Pricing.
- the **Group Transactional Committee" (GTC)** that consists in the following sessions:
  - (i) *Group Credit Committee Session (GCC)* has approval/NBCO functions (decision-making and/or issuing of non-binding credit opinions to the Group Legal Entities), within the delegated powers, for:
    - sub-delegation to the Personnel of the Bank, without the right to further sub-delegate, the powers to take decisions in the matters referred to in subparagraphs A, N, O, Q and R of the Delegation of Powers by the Board of Directors;
    - credit proposals referring to all files, including restructuring/workout ones;
    - status classification of files;
    - relevant strategies and corrective actions to be taken for watchlist files;
    - specific limits for transactions related to Debt Capital Markets on Trading book;
    - single issuer exposures limits on Trading book;
    - temporary/annual breaches to Single Names Concentration Risk Limits within the thresholds defined by Group regulation of competence;
    - Debt to Equity transactions and transactions related to Equity participations deriving from Debt to Equity transactions;
    - the Debt Capital Market (DCM) transactions issuing Non-Binding Credit Opinion (NBCO);
    - ECM (Equity Capital Market) Risk transactions above specific threshold levels of transaction's value.
  - (ii) *Group Transactional Credit Committee Session (GTCC)* has approval/NBCO functions (decision-making and/or issuing of non-binding credit opinions to the Group Legal Entities) within the delegated powers for:
    - credit proposals referring to all files, including the Group NPE files;
    - proposals decision regarding credit proposal within the sub-delegations of powers and competence of decisional structures regarding the perimeter of Large Corporates, Corporates CE&EE, Group Financial Institutions functions in case of escalation activated by them on files assessed with a "not supportive unless all conditions are met" or a "not supportive" opinion expressed by the Head of Group Credit Risk and/or the Head of Group Credit Transactions, on the basis of new evidences with respect to those presented at the time of issuing of the opinion;
    - classification status of files;
    - relevant strategies and corrective actions to be taken for watch-list counterparties;
    - single issuer exposure limits on Trading book;
    - Debt to Equity transactions and/or actions/rights-execution related to equity participations resulting from Debt to Equity transactions;
    - Debt to Assets transactions and/or actions/rights execution related to asset resulting from Debt to Asset transactions;
    - proposal of distressed asset disposal, in accordance with the regulated specifications and limitations in force;
    - the Debt Capital Market (DCM) transactions issuing Non-Binding Credit Opinion (NBCO);
    - on semiannual basis, the "DCM pre-approved list": list of a selected group of names and respective commitment amounts for which there is no need to have the NBCO on the single transaction;
    - ECM (Equity Capital Market) Risk transactions above specific threshold levels of transaction's value;
    - temporary/annual breaches to Single Names Concentration Risk Limits within the thresholds defined by dedicated Group regulation.

Specific committees related to UniCredit S.p.A. are described in the paragraph "2.1 Organisational aspects which is herewith quoted entirely" of the Company financial statements of UniCredit S.p.A., Notes to the accounts, Part E - Information on risks and related hedging policies, Section 1 - Credit risk, Qualitative information, 2. Credit risk management policies, which is herewith quoted entirely.

Part E - Information on risks and related hedging policies

2.2 Credit risk management, measurement and control

2.2.1 Credit risk management

The credit risk, associated to the potential loss arising either from a default of the borrower/issuer or from a decrease in the market value of a financial obligation due to a deterioration in its credit quality, is measured at both single borrower/transaction and at whole portfolio level.

Credit lending to single customers, during both the approval and monitoring phases, is supported by a credit rating process, differentiated by customer segment and product. The assessment of a counterpart's creditworthiness, within the credit proposal evaluation, begins with an analysis of the financial statements and the qualitative data (competitive positioning, corporate and organisational structure, etc.), regional and industry factors and counterpart behavior within the entity or the banking system (e.g. Centrale dei Rischi of Banca d'Italia), and results in a rating, i.e. the counterpart's probability of default ("PD") on a one-year time horizon.

Each borrower's credit rating is reviewed at least annually on the basis of the new information acquired. Each borrower is also assessed in the context of the belonging economic group considering, when needed, the risk for the entire group.
The internal rating assigned to each borrower and its economic group exposure both contribute to the lending decision calculation, defined in such a way that, at a constant credit amount, the approval powers granted to each decision-making corporate body are gradually reduced in proportion to the increased borrower/related risk level.
The organisational model used by UniCredit group also includes a dedicated function, which is separated from loan approval and business functions and is responsible for the management of the so-called rating "overrides", i.e., any changes to the automatic rating calculated by the rating system (where it is foreseen).

Regular monitoring of the rating focuses on the borrower's performance management, using all the internal and external available information in order to get a score representing a synthetic assessment of the risk associated. This score is obtained using a statistical function that summarises the available information using a set of significant variables that are predictors of an event of default within a 12-months horizon.

In addition to the usual estimation of risk parameters over one-year time horizon, multi-period risk parameters are estimated to provide a more robust assessment of the risk-adjusted performance in compliance with the accounting standards requirements.

All the above-mentioned risk parameters are subject to an initial validation and a regular monitoring process for each rating system in all its components: models, processes, IT architecture and data quality. The aim is to give evidence of the systems compliance, highlighting improvement areas as well as possible misalignments in the methodologies, which could limit the full comparability among the resulting risk measures.

Part E - Information on risks and related hedging policies

2.2.2 Risk parameters

Besides the methodologies summarised in the rating systems, the Group Risk Management function leverages on portfolio model enabled to measure credit risk for Basel Pillar 2 purposes on an aggregated basis and to identify the contribution of single sub-portfolio or obligor to the overall risk.

There are two fundamental portfolio credit risk measures which are calculated and evaluated on a time horizon of one year:
- Expected Loss (“EL”);
- Credit Value at Risk (Credit “VaR”).

The estimate of Credit VaR at overall portfolio level is derived from the distribution of losses obtained by Monte Carlo simulation on the horizon of one year, considering the correlations among counterparties. The total loss in each default scenario is the sum of the individual losses, being defined as the product of LGD TTC (Loss Given Default Through the Cycle) and EAD (Exposure at Default) for transactions related to defaulted counterparts. For exposures classified at amortised cost, in each simulated scenario, the loss estimation related to their simulated creditworthiness deterioration is added to the total loss related to the counterparts simulated in default.

Within the Credit VaR framework, the Expected Loss ("EL") at portfolio level is defined as the sum of the product of PD, LGD (both TTC) and EAD for each obligor in the considered portfolio plus a migration risk charge related to the expected creditworthiness deterioration for exposures classified at amortised cost.

The Value at Risk (“VaR”) represents the monetary threshold of the losses distribution which is overcome only with a given probability level (a 99.9% confidence level VaR implies that the loss threshold is exceeded in 1 case out of 1,000). Economic Capital is derived from Value at Risk subtracting the Expected Loss and is an input for determining Economic Capital set up to cover potential losses from all the sources of risk (Reference is made to paragraph “Other risks included in Economic Capital”, Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2.6 Other risks).

The measures of Economic Capital based on Credit VaR are also a fundamental input for the design and application of credit strategies, the analysis of credit limits and risk concentration. The Economic Capital calculation engine is also one of the instruments used for the analysis of stress testing of the credit portfolio.

The internal Credit VaR model is also subject to assessment in the context of Pillar II validation.

The calculation of the credit economic capital is available on a single technological platform (Group Credit Portfolio Model, GCPM), with a shared methodology for the structures of UniCredit S.p.A. and the main Group Legal Entities.

In order to assess the credit risk transfer created by securitisation transactions originated by the Group, an engine (Structured Credit Analyser) has also been developed, which simulates the loss distribution of the securitised portfolio and of the tranches, both for synthetic securitisations (in which the risk is transferred through guarantees/credit derivatives) and for traditional ones (where the assets are sold to a special purpose vehicle).

2.2.3 Rating systems

In order to determine capital requirements for credit risks, UniCredit group uses the IRB Advanced approach, as stated by Banca d’Italia act No.365138 dated 28 March 2008.
With specific reference to credit risk, the Group has been authorised to use internal estimations of PD, LGD and EAD parameters for Group wide credit portfolios (Sovereign, Banks, Multinational and Global Project Finance) and for local credit portfolios of relevant subsidiaries (corporate and retail). With reference to Italian mid-corporate and small business portfolios, regulatory EAD parameters are currently used. These methodologies have been adopted by UniCredit S.p.A. (UCI S.p.A.), UniCredit Bank GmbH (UCB GmbH) and UniCredit Bank Austria AG (UCBA AG).
According to the Roll-out plan, providing a progressive extension of the IRB rating system, approved by the Group and shared with the Supervisory Authorities, these methods have been extended starting from 2008 to other Legal Entities currently, UniCredit Banka Slovenija d.d., UniCredit Bulbank AD, UniCredit Bank Czech Republic and Slovakia, a.s., UniCredit Bank Hungary Zrt., UniCredit Bank (SA) Romania and AO UniCredit Bank in Russia. In October 2021, UniCredit Leasing GmbH and Subsidiaries have been authorized to revert to the use of the Standardised Approach (Permanent Partial Use) for all former AIRB portfolios. From 1 November 2021, UniCredit Bank Ireland plc. was merged in UCI S.p.A. and for exposures coming from UniCredit Bank Ireland plc. the RWEA calculation approaches authorised in UCI S.p.A. were adopted.

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The following table summarises the rating systems used by the Group with an indication of the related relevant asset class and the entities where they are used. Further details on rating models are present in paragraph use of the IRB approach, Credit risk, of UniCredit group Disclosure (Pillar III).

PREVAILING ASSET CLASS	RATING SYSTEM		LEGAL ENTITY
Central governments and central banks	Group Wide	Sovereign (PD, LGD, EAD)	UCI S.p.A., UCB GmbH, UCBA AG, UCB CZ & SK, UCB RO(*)
Institutions		Financial Institutions & Banks (PD, LGD, EAD)	UCI S.p.A., UCB GmbH, UCBA AG, UCB Slo(*), UCB BG(*), UCB CZ & SK, UCB HU(*), UCB RO(*)
Corporate		Multinational Corporate (PD, LGD, EAD)	UCI S.p.A.(**), UCB GmbH, UCBA AG, UCB Slo(*), UCB BG, UCB CZ & SK, UCB HU(*), UCB RO(*), AO UCB(*)
		Global Project Finance (PD, LGD, EAD)	UCI S.p.A., UCB GmbH, UCBA AG, UCB CZ & SK
	Local	Integrated Corporate Rating (RIC) (PD, LGD)	UCI S.p.A.
		Mid Corporate (PD, LGD, EAD)	UCB GmbH, UCBA AG, UCB CZ & SK(***), UCB BG, UCB HU(*), UCB RO(*)
		Foreign Small and Medium Sized Enterprises (PD, LGD, EAD)	UCB GmbH
		Income Producing Real Estate (IPRE) (PD, LGD, EAD)	UCB GmbH, UCB CZ & SK(***)
		Acquisition and Leverage Finance (PD, LGD, EAD)	UCB GmbH
		Wind Project Finance (PD, LGD, EAD)	UCB GmbH
		Real Estate (PD, LGD)	UCI S.p.A.
		Commercial Real Estate Finance (PD, LGD, EAD)	UCB GmbH
		Real Estate Customers Rating (PD, LGD, EAD)	UCBA AG
		Income Producing Real Estate (IPRE) (Slotting criteria)	UCI S.p.A., UCBA AG, UCB BG
		Project Finance (Slotting Criteria)	UCB BG
Retail exposures		Integrated Small Business Rating (RISB) (PD, LGD) (****)	UCI S.p.A.
		Integrated Private Rating (RIP-One) (PD, LGD, EAD)	UCI S.p.A.
		Small Business (PD, LGD, EAD)	UCB GmbH, UCBA AG, UCB CZ & SK(*****), UCB BG
		Private Individuals (PD, LGD, EAD)	UCB GmbH, UCBA AG, UCB CZ & SK(*****), UCB BG
Securitisation		Asset Backed Commercial Paper (PD, LGD, EAD)	UCB GmbH

Notes:
(*) These entities are currently authorised only to use the IRB Foundation; therefore, they use only PD internal estimations for the determination of capital requirements.
(**) Starting from 2012, the Group Wide Multinational Corporate (GW MNC) rating system (for the estimation of parameters PD and EAD) is also adopted for the Italian Large Corporate (ILC) portfolio, which includes Italian companies with an annual operating revenue between €250 and €500 million. For the LGD model, the ILC portfolio has been treated in the context of the LGD for Integrated Corporate Rating.
(***) FIRB approach for the Slovak portfolio.
(****) PD Parameter is applied, among others, also to Natural Persons characterized by entrepreneurship risk ("Private-like") which are excluded from the scope of application of the PD RIP-One but included within the unique framework of LGD RIP One.
(*****) Currently LGD and EAD are specific models for each country, until the authorization and implementation of the ones cross-country.

Keywords:
UCI S.p.A.: UniCredit S.p.A.
UCB GmbH: UniCredit Bank GmbH
UCBA AG: UniCredit Bank Austria AG
UCB Slo: UniCredit Banka Slovenija d.d.
UCB BG: UniCredit Bulbank AD
UCB CZ & SK: Czech and Slovak portfolio of UniCredit Bank Czech Republic and Slovakia, a.s.
UCB HU: UniCredit Hungary Zrt.
UCB RO: UniCredit Bank SA (Romania)
AO UCB: AO UniCredit Bank (Russia)

2.2.4 Stress test

With reference to the strategies of credit risk management, the use of Credit Risk Stress Test is particularly important, which aim is to estimate the possible impacts link to adverse macro-economic scenarios and identify any portfolio vulnerabilities. In performing the stress test exercise, different scenarios are considered, based on increasing levels of severity. In addition, scenarios may also be defined based on specific economic hypotheses.

The credit Stress Test models (or satellite models) are models that have the objective of estimating the evolution of risk parameters (PD/LGD) link to future macroeconomic scenarios. Within the Stress Test framework, the models are the basis for calculating stressed PD/LGD projections under adverse scenarios. The same models are also used to estimate the forward-looking component within the IFRS9 framework.

As regards the modelling methodology, the current framework envisages to estimate through time series analysis the relationships historically observed between the macro-economic factors and the internal default/recovery rate. With reference to the low default portfolios (e.g., Multinational, Banks, Sovereigns), for which not enough internally defaults/recovery rates are available, alternative approaches are considered. These imply to leverage either on external data (i.e., external rating) or directly estimate the risk parameters feeding the related Rating System (i.e., Sovereign Rating System) with forecast of macro-factors embedded in the scenarios.

Model's output is then used to obtain the projections of PD/LGD conditional to the macro-economic scenarios of each credit exposure. Finally, the projected PD/LGD are used to estimate trough dedicated simulation engines the overall credit impacts both for Pillar I (Loss Loan Provisions and RWEA). Similarly, Pillar II stress metrics (EC and AFR) are calculated according to the following methodology:

- Credit Economic Capital: stressed PDs and LGDs are used as a basis to recalculate the Credit Economic Capital using the GCPM. The result represents the Credit Economic Capital that would be obtained in the current bank portfolio if the stressed scenario is experienced;
- AFR: the amount stemming from the difference between the Stressed Expected Loss (calculated based on PD-TTC and LGD-TTC) and the actual Expected losses is deducted from AFR.

2.3 Measurement methods for expected losses

Risk management practices

2.3.1 Staging Allocation and Expected Credit Losses (ECL) Calculation

The Credit Risk Management, Measurement and Control processes described in the previous paragraph, are also used for the calculation of impairment of Loans and debt securities classified as financial assets at amortised cost, financial assets at fair value through other comprehensive income and relevant off-Balance sheet exposures as required by IFRS9.

For this purpose, the calculation of impairment in accordance with expected credit losses is based on two main pillars:

- the Stage allocation of the credit exposures;
- the associated calculation of expected credit loss.

Stage allocation - General framework

In the UniCredit group, the Stage allocation is based on the application of qualitative and quantitative components. With reference to the quantitative component of the stage allocation model, the Group has adopted a statistic approach based on a quantile regression, whose goal is to define a threshold in terms of maximum variation acceptable between the PD measure at the disbursement and the one at the reference date; indeed, the definition of the quantile identifies the Stage 2 quota expected on average in the long-time horizon. The medium long-term quantile is determined based on the average expectation of portfolio deterioration calculated considering the default rate as well as one of the other stages of deterioration (e.g., past-due 30 days).The exposures amount classified in Stage 2 for each reporting date will fluctuate around the long-term quantile based on the current economic conditions as well as expectations about the future economic cycle, with potentially wider fluctuations in case macroeconomic information is specialised by industry.

In more detail among the others qualitative and quantitative elements to be assessed, the following are worth to be outlined:

- comparison, on a transaction basis, between the PD as of origination date, and the PD as of the reporting date, both calculated according to the internal models and based on a Lifetime view; the thresholds consider all the key variables that can affect the Bank's expectation about PD changes over time (e.g., ageing of the credit exposures, residual maturity, PD level at the time of first origination). In the comparison between Lifetime PDs as of origination and reporting dates, beside considering the specific current and forward-looking conditions as a key element affecting the PD comparison, also the repayment structure (specifically bullet/balloon compared to amortizing loans) is taken into consideration in the PD comparison, in order to factor-in higher riskiness of financial instruments with significant repayment at maturity, where the risk of a default occurring may not necessarily decrease as time passes[67]
- further quantitative criteria, in order to support the timely detection of the Significant Increase in Credit Risk, namely:
  - threefold increase in lifetime PD - Stage 2 classification is triggered in case the Lifetime PD at the reporting date results higher than three times

67 In line with IFRS9 Par. B5.5.11. In this regard, the Lifetime PD considered for bullet/balloon loans and used in the PD comparison for staging allocation is also consistently adopted for Expected Credit Loss calculation.

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the one at the inception date of the financial instruments, in line with Supervisory expectations;
- adoption of a threshold value of Basel PD equal or higher than 20% as a Stage 2 criterion, such threshold, adopted considering the benchmark value retrievable within the ECB Asset Quality Review Manual, has the aim to identify financial instruments that, with little room for interpretation, have registered a significant increase of credit risk since inception date and with high risk of migration to default;

- absolute elements, such as the backstops required by law (e.g., 30 days past-due): in this case, the Group has chosen not to reject the significant deterioration presumption after 30 days past-due by allocating in Stage 2 transactions with more than 30 days past due;
- additional internal assessment, also including renegotiations of financial instruments due to financial difficulties met by the counterparty (e.g., Forborne classification) and certain kinds of credit monitoring watchlist classifications.

The Stage allocation model is tested at each reporting date, to timely capture both significant deterioration and its reverse in a symmetric way and to correctly allocate each transaction within the proper stage and related expected loss calculation model. In this regard it is noted that in order to achieve lower volatility in the migrations of the Stage classifications the following measures are in place:

- adoption of a 3-months period (so called “Probation Period”) for the reclassification to Stage 1 from Stage 2 in case of overcoming of the quantitative and/or qualitative conditions underlying the Significant Increase in Credit Risk, stabilizing Staging migrations;
- full alignment of the Stage 2 classification to the Forborne Performing status, thus ensuring a minimum period of permanence for concessions to clients in financial difficulty equal to the regulatory Probation Period. Such measure makes consistent the entrance/exit criteria to/from Stage 2 due to Forborne Performing classification, avoiding potentially premature reverts to Stage 1 for obligors having yet significantly higher credit risk than the ordinary performing portfolio.

The outcome of the Stage allocation is the classification of credit exposure in Stage 1, Stage 2, or Stage 3 according to their absolute or relative credit quality with respect to the initial disbursement. Specifically:

- the Stage 1 includes:
  - newly issued or acquired credit exposures;
  - exposures for which credit risk has not significantly deteriorated since initial recognition;
  - exposures having low credit risk (low credit risk exemption), qualifiable as investment grade debt securities as well as loans on clients having a 1-year IFRS9 PD lower than 0.3%[68]. Such a treatment of these types of exposure allows to stabilize staging 2 migrations, reducing volatility and avoiding classification for customers characterised by a clearly low level of credit risk;
- the Stage 2 includes credit exposures that, although performing, have seen their credit risk significantly deteriorating since initial recognition;
- the Stage 3 includes impaired credit exposures. With reference to Stage 3, it should be noted that it includes impaired exposures corresponding in accordance with Banca d’Italia rules, defined in Circular No.272 of 30 July 2008 and subsequent updates, to the aggregate Non-Performing Exposures as ITS EBA (EBA/ITS/2013/03/rev1 24 July 2014). In particular, EBA[69] has defined as “Non-Performing” exposures that meet one or both of the following criteria:
  - material exposures more than 90 days past due;
  - exposures for which the bank assesses that is unlikely that the debtor would pay in full his credit obligations without recurring to enforcement and realisation of collaterals, regardless of past due exposures and the number of days the exposure is past due.

The result of the stage allocation affects the amount of expected credit losses recognised in financial statements (ref. to the next caption). Indeed:

- for exposures in Stage 1, impairment is equal to the expected loss calculated over a time horizon of up to one year;
- for exposures in Stages 2 or 3, impairment is equal to the expected loss calculated over a time horizon corresponding to the entire life of the exposure.

Expected credit loss calculation - General framework

To calculate expected loss, the Group has developed specific models based on PD, LGD and EAD parameters and the effective interest rate.
In particular:

- PD (Probability of Default), which expresses the exposure probability of default in a given time horizon (e.g.: 1 year);
- LGD (Loss Given Default), which expresses the estimated loss percentage and therefore the expected recovery rate when a default event occurs;
- EAD (Exposure at Default), expresses the level of the exposure at the time of default event;
- the effective interest rate is the base rate which expresses the time value of money.

68 Such threshold, in addition to be a supervisory benchmark retrievable from ECB Asset Quality Review Manual, is also consistent with an Investment Grade equivalent level of risk.
69 The regulatory framework for the new definition of default has been integrated with the entry into force, starting from 1 January 2021 of the "Guidelines on the application of the definition of default under article 178 of (EU) Regulation 575/2013 "(EBA/GL/2016/07).

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Such parameters are calculated starting from the same parameters applied for regulatory purposes, specifically adjusted to guarantee full consistency, however respecting the different requirements between accounting and regulatory treatment. The main adjustments are aimed at:
- removing the conservativism required for regulatory purposes;
- introducing "point in time" adjustments which replace the "through-the-cycle" view required by the regulation;
- including "forward looking" information;
- extending credit risks parameters to a multi years horizon.

With reference to "lifetime" PD, PD curves calculated through-the-cycle are calibrated to reflect the point-in-time and forward-looking expectation with reference to the portfolio default rate. The recovery rate embedded in the LGD calculated along the economic cycle ("through-the-cycle") is adjusted to remove the margin of conservatism and reflect the current trends in recovery rates as well as expectations about future trends discounted to the effective interest rate or its best approximation.
The EAD calculated along the instrument lifetime is determined by extending the prudential or managerial one-year model, removing the margin of conservatism and including expectations related to future average withdrawal levels of existing credit lines. The forecast in terms of default rate and recovery rate, determined through models that estimate a relationship between these variables and macroeconomic indicators, are embedded in the PD and LGD parameters during the calibration phase. The credit parameters, in fact, are normally calibrated on a horizon that considers the entire economic cycle (Through-the-cycle - TTC), so it is necessary to calibrate them Point-in-time (PIT) and Forward-Looking (FL) allowing to reflect in these credit parameters the current situation as well as expectations about the future evolution of the economic cycle. The expected credit loss deriving from the parameters previously described considers macroeconomic forecasts through the application of multiple scenarios to the forward-looking components in order to compensate the partial non-linearity that is naturally embedded in the correlation between the macroeconomic changes and expected credit loss. Specifically, the non-linearity effect is incorporated by estimating a correction factor applied directly to the expected credit loss (ECL) of the portfolio.

Expected credit loss calculation - adjustments applied as at 31 December 2023

<u>Overlay</u>
As at 31 December 2023, further adjustments with impact on loan loss provisions' recognition were taken, in addition to those adopted following up the Russia - Ukraine crises outbreak (refer to the related Section for further details). Indeed, the ECB Economic Bulletin (Issue 7, 2023, published on 9 November 2023) noted specific risks with reference to real estate, whose decline in the activity in the last periods amplified a cumulative loss in housing investment, confirmed by both hard and soft indicators. With regard to hard indicators, the number of residential building permits issued (leading indicator of construction activity) has fallen considerably over the past year, reaching an eight-year low in June 2023. Moreover, the ECB reported that the geopolitical uncertainty persists, even worsened by the middle east conflicts, with the risk to increase instability in the whole area. The combination of such risks is expected to lead to an economic growth which remain tilted to the downside; by the way, growth could be even lower in case the effects of monetary policy turn out stronger than expected.

According to the above outlined circumstances, UniCredit defined the following approach, regarding the adjustments applied as at 31 December 2023:
- Given the real estate risk, which might impact the ability of Commercial Real Estate clients to repay their credit exposures giving the persistent high interest rates and lower price of real estate assets, an overlay was recognised to cover refinancing risk and collateral value reduction; such overlay is applied to clients having Commercial Real Estate Financing business or belonging to Real Estate Industry.
- A Geopolitical overlay for €1.8 billion was recognised as at 31 December 2022 in order to consider the sharp rise in energy costs, inflation and interest rates for both Corporate and private individuals. In detail the following portfolios were kept into account:
  - Corporate energy-intensive industry sectors prone to be more affected by spill-over effects linked to Russia-Ukraine crisis, specifically impacting the energy supply and related price soaring;
  - Retail clients, for: (i) floating rate mortgages (not having overdue instalments), given the sensitiveness in this context of increasing interest rate/inflation, and (ii) at least 1 unpaid instalment on their exposures, the latter indicative of counterparties with already difficulties in payments and as such particularly vulnerable in this specific contingency.

  As at 31 December 2023 the stock of Geopolitical overlay was reduced as a result of:
  - release in December 2023 of overlay component related to former Italian Corporate moratoria portfolio, introduced in 2021 and conveyed in end-2022 into geopolitical overlay. In light of portfolio performance, showing limited observed defaults and early warning indicators not reporting significant signs of deterioration, as well as being passed ca. 2 years from moratoria expiration, such overlay component is released not being anymore in place the related underlying risk determinants, thus also implying the switch-off of the Stage 2 classification;
  - default in-flows and portfolio dynamic, explained in particular by German perimeter, resulting the geography with more pronounced negative evolution of the scenario compared to other Group perimeters, representing the remaining part of geopolitical overlay stock reduction.

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With reference to both overlays, as far as calculation is concerned:
- the credit exposures belonging to the above categories were identified according to their specific features;
- satellite models were run by applying, as macro-economic conditions, the Alternative Scenario (refer to Part A - Accounting policies, A.1 - General, Section 2 - General preparation criteria)[70];
- then, the resulting adjusted default rate is applied to the relevant categories to estimate the expected new inflows of defaulted exposures;
- eventually, additional LLPs are calculated by applying to the expected new inflows of defaulted exposures the average coverage rate applied to Unlikely to Pay.

As at 31 December 2023, as a result of the approach here outlined the total amount of overlays is equal to €1,818 million (€1,314 million Geopolitical overlay and €505 million Commercial Real estate Overlay), of which UniCredit S.p.A. €961 million (€758 million related to Geopolitical Overlay and €203 million Commercial Real Estate overlay).

Other adjustments
Additionally, the Group IFRS9 methodological framework has evolved with the finalization of the punctual implementation of the IFRS9 model component applicable to Bullet/Balloon loans by the end of 2023. Such methodological enhancement is aimed at improving the accuracy of the expected credit loss measurement (including staging allocation) in order to factor-in higher riskiness of financial instruments with significant repayment at maturity (where the risk of a default occurring may not necessarily decrease as time passes) as well as the re-financing risk. Under a methodological perspective, the new methodology established that related maturity shall be set equal to contractual maturity (versus previous residual maturity).

Finally, it is worth noting that the measurement of Loan Loss Provisions is affected also by the activities for material changes in IRB Models for PD and LGD calculation as well as for ECB Supervisory Expectations inclusion, in coherence with the EBA “Guidelines on PD estimation, LGD estimation and the treatment of defaulted exposures”[71] and ECB Guidelines on internal models. Specifically, such activities are related to: i) LGD model for Global Project Finance transactions applied across the Group; ii) LGD Models in German, Austrian and Bulgarian perimeters. Despite the punctual adoption for IFRS9 purposes of the material model changes will go live in 2024 or later according to the technical deployment timing, the Group, as at 31 December 2023, was already aware of the effects resulting from model enhancements in term of LGD variation on the credit risk of customers; thus, according to IFRS9, the related effects were coherently recognised as at 31 December 2023.

As at 31 December 2023, the balance of overall LLP arising from model changes is equal to -€173 million, almost entirely attributable to the Loan portfolio (€32 million for UniCredit S.p.A.).

Inclusion of Climate Risk in provisioning (ECL)
Acknowledging the growing importance of ESG topics and in continuous dialogue with the competent authorities, the Group is progressively developing the current IFRS9 methodological framework for incorporating environmental-related forecasting information into ECL models. In light of this starting from 2024 in addition to current macro-factors, specific climate-related variables will be incorporated into the stress models adopted for credit risk projections to properly capture sectoral and company specificities to transition risk. Similarly expected evolution of real estate dynamics already considered in the IFRS9 Scenarios will be differentiated according to the level of Energy Performance and geolocation of the properties used as collaterals. More details on the Climate risk materiality analysis for ICAAP purposes are available in Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.6 Other risks, The climate-related and environmental risks.

70 For commercial real estate overlay the alternative scenario was adjusted to neutralize the components favorably affecting the creditworthiness of the Commercial Real Estate portfolio by implicitly lowering the default rate. In detail: (i) the short-term interest rates used in the baseline scenario were applied; (ii) the upside on the House Price Index (HPI) foreseen by the recessive scenario as a result of lower interest rate was neutralised. For the geopolitical overlay the alternative scenario was kept equal as at 31 December 2022 as such scenario was still deemed to be appropriate.
71 EBA/GL/2017/16. The guideline was issued by the European Banking Authority (EBA) to reduce unjustified variability of risk parameters and own funds requirements, and it is part of a broader review of Internal Ratings-Based (IRB) approach carried out by the EBA.

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2.3.2 Non-performing exposures

With reference to impaired exposures (Stage 3) the expected recoverable amount, and therefore the expected credit loss, is the present value of future cash flows expected to be recovered, discounted at the original interest rate.
Therefore, the main determinants of this value are:
- the expected cash flows;
- the expected timing of payments of these cash flows;
- the effective interest rate used for discounting.

Expected cash flows on defaulted exposures are calculated on an individual basis for "individually significant exposures".
Expected cash flows on already defaulted exposures that are not individually significant are calculated either on an individual or a collective basis.
Where a Legal Entity has several individually significant exposures towards one single counterparty, each loan is individually assessed while also considering the overall position of the counterparty.
Future cash flows must be estimated considering the historical trend of recovery for exposures having similar credit risk features. The historical trend in any case is adjusted so to embeds the current economic environment and the expected economic outlooks.

2.3.3 Selling scenarios

In the assessment of impaired exposures (Stage 3), possible sales scenarios are also considered where the Group's NPE strategy envisages experiencing recovery through their sale to the market.
For this purpose, the presumed recovery value of credit exposures classified as Bad Loans and Unlikely to Pay is determined as weighted average between two scenarios:
- internal recovery scenario, whose expected recovery value is estimated assuming an internal work-out process according to what has previously been described;
- sale scenario, whose expected recovery value is estimated assuming the sale of the exposures on the market. The expected sale price is determined considering market or internal information based on the following hierarchy:
  - prices deriving from past sales of impaired loans with homogeneous characteristics with those evaluated;
  - prices observable on the market for impaired loans with homogeneous characteristics with those evaluated;
  - internal evaluation models.

In line with the new strategy to maximize the value of non-performing portfolio through all possible levers, during 2023 deleveraging actions on non-performing positions for which the sale was considered the solution optimizing have been launched for total GBV of €1,649 million (of which €1,444 million related to UniCredit S.p.A.), of which €73 million evaluated, in UniCredit S.p.A., in selling scenario.

The residual perimeter in UniCredit S.p.A. evaluated under IFRS9 "selling scenario" evaluation approach at 31 December 2023 is €334 million. With reference to the credit exposures evaluated with the selling scenario as at 31 December 2023, the prices were updated in respect of those applied as at 31 December 2022 (leaving unchanged disposal probabilities), leading to additional LLPs for €6,8 million.

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2.3.4 Scenarios and Sensitivity
In line with the IFRS9 standard and group internal regulation, the IFRS9 parameters have been calibrated considering updated macro-economic scenarios as at fourth quarter 2023.
Specifically, the Group selected two macroeconomic scenarios to determine the forward-looking component of expected credit loss (ECL):
- Baseline scenario, which macro-economic assumptions are fully in line with those embedded in the "Baseline" used for the measurement of deferred tax assets (DTA) and Budget/Multiyear Plan forecast. It represents the reference central scenario with the higher probability of realization (60%);
- Adverse scenario which is based on the alternative scenario adopted for Budget/Multiyear Plan and embedding a worsened evolution of macro-economic context, but with a lower probability of realization vis-à-vis the baseline (40%).

For a description of main assumptions behind "baseline" and "adverse" scenarios and related probability realization, refer to Part A - Accounting policies, A.1 General, Section 2 - General preparation criteria.

Compared to alternative scenario used for Budget/Multiyear Plan in the IFRS9 Adverse some minor adjustments have been considered to have a more prudent view. In detail the evolution of short-term interest rates and House Prices Index have been set in line with those of the baseline assuming no anticipation of cut rate and no upwards on real estate market.

Besides the update of macroeconomic scenario, the default rates and recovery rates, underlying IFRS9 PD and LGD calibration, have been updated accordingly, in line with ordinary process.

The update of the macro-economic scenarios under the rules reported above has determined in the fourth quarter 2023 the recognition of additional impairment for €95 million which reflect a slightly worsening of the economic outlook for 2024-26 leading to a cumulated impact (including the one resulting from update of macro-economic scenario in the second quarter) over the full year 2023 equal to additional impairment for €93 million, with the following break-down by geography:
- Germany: €64 million of write-downs (of which €63 million in the fourth quarter 2023);
- Central & Eastern Europe (excluding Russia): €12 million of write-backs (of which €1 million of write-downs in the fourth quarter 2023) to which UniCredit S.p.A. contributes for €6 million of write-downs[72] (of which €6 million in the fourth quarter 2023);
- Russia: €26 million of write-downs over full year 2023;
- Italy: €15 million of total net write-downs (of which €12 million in the fourth quarter 2023) to which UniCredit S.p.A. contributes for €15 million of net write-downs (of which €13 million in the fourth quarter 2023).

Sensitivity of Expected Credit Losses (ECL)
The sensitivity of IFRS9 ECL to scenarios change is estimated by comparing the ECL calculated alternatively weighting at 100% the adverse and baseline scenarios.
In details, with respect to the baseline, the ECL would increase by about 7.8% (6.8% for UniCredit S.p.A.) equivalent to around €381 million (of which €120 million for UniCredit S.p.A.) in the negative scenario.

Moreover, a sensitivity to GDP variations embedded in the different scenarios was also estimated as the ratio of:
- the difference between ECL estimated under the alternative and the baseline scenario;
- the GDP points deviations (on 3 years cumulative basis) between alternative and baseline scenario respectively.

Implied assumptions are:
- GDP forecast (over 3 years) is assumed to be the most relevant economic factor as indicator of scenario severity;
- for each Legal Entity the GDP of the reference country is considered for the calculation of the respective sensitivity (e.g., for UniCredit S.p.A. the Italian GDP was considered, for UniCredit Bank GmbH the German GDP, etc.).

Considering the current IFRS9 scenarios (baseline and adverse), the ECL at Group level is estimated to increase by €88 million (€27.5 million for UniCredit S.p.A.) for 1 point of GDP drop (cumulated over 3 years).

Inclusion of climate risk in provisioning (ECL)
Acknowledging the growing importance of ESG topics and in continuous dialogue with the competent authorities, the Group is progressively developing the current IFRS9 methodological framework for incorporating environmental-related forecasting information into ECL models. In light of this, in addition to current macro-factors, specific climate-related variables will be incorporated into the stress models adopted for credit risk projections to properly capture sectoral and company specificities to transition risk. Similarly expected evolution of real estate dynamics, already considered in the IFRS9 scenarios, will be differentiated according to the level of Energy Performance and geolocation of the properties used as collaterals.

72 Profit Center Milan portfolio which includes Central Eastern Europe exposures.

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2.4 Credit risk mitigation techniques

UniCredit group uses various credit risk mitigation techniques to reduce potential credit losses in case of the obligor default. Consistent with the "Regulation (EU) 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (CRR)", UniCredit group is firmly committed to satisfy the requirements for the correct application of credit risk mitigation techniques, according to the different approaches adopted Standardised, Foundation IRB (F-IRB) or Advanced IRB (A-IRB), for both operational and regulatory purposes.
Specific Group guidelines are in force, issued by the Parent Company, defining group-wide rules and principles with the aim to guide, govern and the credit risk mitigation management, best practice, in accordance with the relevant regulatory requirements.
Integrating these guidelines, Legal entities have adopted local regulations, specifying processes, strategies, and procedures for collateral management. In particular, such internal regulations detail, according to each Country's local legal system, collateral eligibility, acquisition, valuation and monitoring rules and ensure, the soundness, legal enforceability and timely liquidation of valuable collateral.
Legal entities are responsible for managing collateral and verifying the compliance of risk mitigation techniques with regulatory requirements, with a particular focus on Internal Rating System applications, in order to assess the presence of adequate documentation and procedure concerning the credit risk mitigation instruments used for supervisory capital.
According to the credit policies, collaterals or guarantees can be accepted to support loans but cannot serve as a substitute for the borrower's ability to meet its obligations. For this reason, in addition to the overall analysis of the borrowers' credit worthiness and of his repayment capacity, collaterals are subject to specific evaluation and analysis with the aim to verify their viability to support the repayment of the exposure[73].

Collaterals accepted in support of credit lines granted by the Legal entities, primarily include:
- real estate, both residential and commercial;
- financial collateral, including cash deposits, debt securities, equities, and units of Undertakings for Collective Investment in Transferable Securities (UCITS).

Other types of collateral are envisaged, including insurance policies and pledged goods or pledged loans (the latter are less common).
UniCredit group also makes use, between funded credit protection, of bilateral netting agreements regarding OTC derivatives (by means of ISDA and CSA agreements), Repos and securities lending transactions where the counterparties are, generally, Financial Institutions.

In relation to personal guarantees, their use is widespread within UniCredit group, though their characteristics differ among the different local markets; they can be accepted as complementary and accessory to the granting of loans.
Personal guarantees can be provided by banks, government, central banks and other public entities and others. The last category includes the personal guarantees provided by natural persons, whose eligibility for CRM depends on the approach used by the different Legal Entities.
In case the guarantee is represented by credit derivatives, the protection providers are mainly banks and institutional counterparties. As already highlighted, the list of eligible protection providers depends on the specific approach adopted by each single Legal entity. Specifically:
- under the standardised approach, eligible protection providers pertain to a restricted list of counterparts, such as central government and central banks, public sector entities and regional and local authorities, multilateral development banks, supervised institutions and corporate entities that have a credit assessment by an eligible ECAI;
- under A-IRB approach, for the recognition of guarantees in the calculation of capital requirements, in addition to verify that the relevant minimum requirements are satisfied, the Legal entity can evaluate the protection provider risk profile, through an internal rating system, at the time the guarantee is provided and over its entire duration.

73 Except for "asset-based" loans, which identify the primary source of repayment in the collateral supporting the loan in preference to the borrower's cash flow/income, which is usually the source of income to be considered for borrower valuation purposes.

Part E - Information on risks and related hedging policies

The management system of credit risk mitigation techniques is embedded in the credit approval process and in the credit risk monitoring process, to support the evaluation and data quality checks of collaterals/guarantees and their linking to the defined categories. Controls and related responsibilities are duly formalised and documented in internal rules. Furthermore, processes are implemented to control relevant information regarding the identification and evaluation of the credit protection and for their proper registration in the system.

In the collateral acquisition phase, UniCredit group emphasises the importance of processes and controls of the legal certainty requirements of the protection, as well as the assessment of the suitability of the collateral or guarantee. In case of personal guarantees, the protection provider (or the protection seller in case of credit default swap) has to be assessed in order to measure his/her credit worthiness and risk profile.

Monitoring processes of credit risk mitigation techniques ensure that general and specific requirements set by credit policies, internal and regulatory rules are met over the time.

Among such processes it is pointed out that one connected to concentration risk, which occurs when the major part of Group-wide collateral financial assets (at portfolio level) are concentrated in a small number of collateral types, protection instruments, or specific providers of collaterals.
Such concentration is monitored and controlled by the following processes/mechanisms:

- in case of personal guarantees/credit derivatives, a contingent liability (indirect risk) is charged to the protection provider. In the evaluation of the credit application, a secondary commitment is added to the guarantor, and it is reflected in the guarantor's total credit exposure as deemed competent and approved in accordance with the internal authority system of each Group Entity;
- in case the protection provider, directly or indirectly, is a Central Bank or a Sovereign country, a specific credit limit has to be instructed; if the guarantor is a foreign subject, it is necessary to evaluate case by case the definition of a country limit.

Part E - Information on risks and related hedging policies

3. Non-performing credit exposures

3.1 Management strategies and policies

In order to ensure a homogeneous approach in the classification of credit exposures for regulatory and reporting purposes, UniCredit has defined guidelines at Group level for the classification of non-performing exposures that refer to the principles reported in the Implementing Technical Standards issued by the Authority European Banking in 2014. This definition of non-performing exposures complements the definition of “default” exposures, disciplined by EBA Guidelines on default definition in line with article 178 of Regulation (EU) 575/2013 of the European Parliament and of the Council (EBA/GL/2016/07) in force since 1 January 2021, and “impaired” exposures defined by IFRS9 Accounting Standards. A substantial alignment within the Group has been pursued between the three definitions, providing the Supervisory Authorities with a harmonised view of these concepts, and strengthening the tools available to the Authorities for assessing the asset quality.

The default classification criteria in force since 1 January 2021 include, among the main aspects, harmonised thresholds at European level for past due materiality and additional Unlikely to Pay triggers further regulated by EBA/GL/2016/07 with respect to the high-level provisions of article 178 of Regulation (EU) 575/2013. In this regard, it is highlighted the Distressed Restructuring for credit obligation object of concession, where a maximum threshold for decreasing the Net Present Value of 1% has been set, as well as specific requirements on the contagion effects of default in the case of connected customers (mainly, groups of companies, joint headings between individuals and links between individuals and companies with unlimited liability). In addition, a mandatory minimum probation period before returning to the non-defaulted status has been defined.

Furthermore, in accordance with the provisions of Banca d’Italia in Circular 272/2008, non-performing credit exposures of each Group entity must be classified in one of the following risk classes:
- past-due and/or overdue exposures: problematic exposures that are more than 90 days past due on any material obligation (the latter assessed in line with article 178 (2d) of Regulation (EU) 575/2013 and the Technical Standards of the EBA);
- unlikely to pay: the classification in this category is the result of the judgment of the bank about the unlikeliness, without recourse to actions such as realising collaterals, that the obligor will pay in full (principal and/or interest) its credit obligations. This assessment should be carried out independently of the presence of any (or rate) past due and unpaid amount;
- bad loans: exposures to borrowers in a state of insolvency (even when not recognised in a court of law) or in an essentially similar situation, regardless of any loss forecasts made by the bank.

According to the Group rules, all debtors in the bank's portfolio must be mapped in the classes defined by Banca d’Italia, regardless of local reporting which has to be performed according to local accounting standards and/or local supervisory regulations or instructions.

These classification rules are further integrated by accounting principles defined in IFRS9, according to which credit exposures must be allocated in three "stages" (for details refer to section "2.3 Expected loss measurement method”). With regard to non-performing exposures, the allocation to "Stage 3" occurs when the customer's status changes into "non-performing". This is a classification at counterparty level and not at transaction level based on specific regulations on the classification of non-performing exposures.

In accordance with Art.156 EBA ITS, an exposure must remain classified as non-performing[74] as long as the following criteria (exit criteria) are not met simultaneously:
- the situation of the debtor has improved to the extent that full repayment of the original due amount is likely to be made;
- the debtor does not have any amount past-due by more than 90 days.

Specific exit criteria must be applied in case the Forbearance measures are extended to non-performing exposures, listed below:
- the starting date of the observation period of one year is the latest between the adoption of Forbearance measures and the classification as non-performing;
- any past due amount is verified if no past due occurs at debtor level;
- from a judgmental evaluation by the empowered Body, there are no doubts regarding the “full repayment” of the amount owed by the debtor.

74 The regulatory framework for the transition from performing to non-performing exposures ("criteria for a return to a non-defaulted status ") has been integrated with the entry into force of the "Guidelines on the application of the definition of default under Art.178 of Regulation (EU) 575/2013 "(EBA/GL/2016/07) as at 1 January 2021.

In the non-performing credit exposures management, UniCredit group adopts certain strategies that operationally define the activities necessary to achieve the targets defined yearly.
The aforementioned strategies concerning impaired loans include:
- an effective internal restructuring activity, supported by qualified resources with specific skills dedicated to the management of loans classified as unlikely to pay;
- proactive portfolio management through judicial and extra-judicial procedures managed by internal Workout professionals or assigned to external agencies specialised in credit recovery;
- the recourse of alternative recovery strategies (which UniCredit was one of the first banks to use) based on formalised partnerships aimed at managing positions in the industrial or Real Estate sector;
- proactive management of the Leasing portfolio aimed at speeding up the negotiation times of agreements with counterparties in order to obtain a more effective remarketing process;
- disposal of impaired loans as further strategy for internal recovery both for individual positions and for portfolios of impaired loans, already classified as bad loans and unlikely to pay.

These strategies reflect the main levers for reducing the amount of impaired loans and have led to an important result during 2023, highlighting:
- write-off for €801 million;
- recoveries of €2,827 million;
- total non-performing loans sold for €2,088 million.

The final amount of the stock of impaired loans to customers resulted lower than targets set within the Strategic Plan “UniCredit Unlocked”, with a NPE ratio as at 2023 end of year of 2.7% (-2 bps compared to 2022 end of year ratio). This result was possible thanks also to several disposal operations carried on during the year together with the activation of a coordinated set of additional levers aimed at reducing the stock.

In the all Legal Entities dedicated functions to the management of non-performing exposures are in place; they cover all the phases of the NPEs life cycle, take into account local regulations and the specific characteristics of portfolios, monitor and manage the amount of NPEs coherently with both European Central Bank Guidelines and Group organisational model.
The structures dedicated to the operational management of non-performing exposures are therefore tailored to each state of the life cycle of non-performing loans, starting from a careful monitoring of the performing portfolio, up to the recovery activity that includes the disposal of credit or the “repossession” of the collateral.
In particular, the monitoring activity is aimed at preventing flows to default and reducing the amount of past due exposures by detecting signals of risk of deterioration and early warning, as well as identifying the needed corrective measures to manage the potential deterioration of exposures starting from the early signs of worsening of the counterparties’ credit quality.
Soft collection, door-to-door and re-management activities which pertain both performing (though already overdue) counterparties and already defaulted clients are carried out through the use of multiple channels, also using outsourcing solutions to third-party companies (in particular for door-to-door recovery activities). These activities also aim at preventing flows to default and facilitating the back-to-performing classification (main focus), thus contributing to a reduction of the overall amount of non-performing exposures.
In some Legal Entities the aforementioned activities can be managed within either the Monitoring, or Restructuring or Workout units; with reference to UniCredit S.p.A. these responsibilities are allocated to the Credit Monitoring unit within which an ad hoc department was created (i.e. Customer Recovery) exclusively dedicated to soft collection and re-management for retail portfolio.

As part of the overall management of deteriorated exposures, the Restructuring activity is aimed at mitigating the risk of insolvency and the quality of exposures with restructuring agreements and company reorganisation plans as well as reducing the amount of unlikely to pay with recoveries and performing re-classification, by means of forbearance measures. Specifically, among the strategies for managing unlikely to pay loans to corporate counterparties, there are also restructuring platforms (up to now limited to the Italian market), the disposal of individual exposures and extraordinary finance transactions.
The coordination and implementation of recovery strategy on positions classified as bad loans fall instead within the responsibility of the "Workout" unit, whose reporting structures identify the optimal strategies for maximising recoveries, including the timely enforcement of collaterals.
In some Group legal entity the activity is also implemented by leveraging on service agreements with external agencies.

As pertains the disposal activities, these refer to the organisation, management and execution of sales processes (both credit portfolios and individual positions), through the application of a transparent and competitive methodology based on market criteria. At Group level, these activities are performed by a dedicated department within UniCredit S.p.A. (Group Distressed Asset Management), which evaluates various disposal options alternatives, in cooperation with the legal entity’s peer function where deemed necessary to handle specific local cases.
More in general, Group Distressed Asset Management oversees the relationships with external partners and is responsible of the services and of the contracts among UniCredit S.p.A. and the servicers in charge of the recovery activity for the NPE portfolios.

Part E - Information on risks and related hedging policies

3.2 Write-off

Group guidelines for write-offs on financial assets provides that whenever a loan is deemed to be uncollectable/unrecoverable it needs to be identified at the earliest possible opportunity and properly dealt with in accordance with financial regulations. Write-offs can relate to a financial asset in its entirety, or to a portion of it.

In assessing the recoverability of non-performing exposures (NPE) and in determining internal NPE write-off approaches, the following cases, in particular, are considered:

- exposures with prolonged arrears: it is assessed the recoverability of an exposure that presents arrears for a prolonged period. If, following this assessment, an exposure or part of an exposure is deemed as non-recoverable, it should be written-off in a timely manner, adopting different thresholds predefined on the basis of the different portfolios;
- exposures under insolvency procedure: where the collateralization of the exposure is low, legal expenses often absorb a significant portion of the proceeds from the bankruptcy procedure and therefore estimated recoveries are expected to be very low;
- a partial write-off may be warranted where there are reasonable elements to demonstrate the debtor's inability to repay the full amount of the debt, i.e., a significant level of debt, even following the implementation of a forbearance treatment and/or the execution of collateral.

Below a non-exhaustive list of hard evidence implying, with high likelihood, the not recoverability of the exposure, to be assessed, for the potential (total or partial) write-off:

- the Bank cannot call the guarantor(s), or his assets are not sufficient for the recovery of the debtor's exposures;
- negative outcome of the judicial and/or out-of-court initiatives with absence of other assets that can be called in the event of un-recoverability of the debtor's exposures;
- impossibility to initiate actions to recover credit;
- current insolvency procedure, from which the procedure itself states that the unsecured exposures will not have redress;
- loans not backed by mortgage security older than 3 years that have not registered repayments/collections during the first 3 years after the NPE classification.

Specifically, for UniCredit group perimeter, write-offs on financial assets still subject to an enforcement procedure amount to €8,408 million as at 31 December 2023, of which partial write-offs amount to €627 million and total write-offs amount to €7,781 million. The amount of write-offs (both partial and total) related to the 2023 financial year is €499 million. 2023 write-offs cannot be compared with write-offs amount reported in gross changes in non-performing exposures, because the latter includes "debt forgiveness".

3.3 Acquired or originated impaired financial assets

Purchased or Originated Credit Impaired (POCI) are credit exposures that are already impaired on initial recognition. Consequently, every purchase of credit assets of Non Performing obligors or significant new origination done on obligors already in Non-Performing status, considering the full alignment between impaired status and Non-Performing one, shall be considered as POCI Assets (though, in general, POCI classification is the result of the restructuring of impaired exposures which has led to the provision of significant new finance, either in absolute or in relative terms, compared with the among of the original exposure).

These exposures are subject to management, measurement, and control according to the principles described in the paragraph "2.2 Credit risk management, measurement and control", Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risk of the prudential consolidated perimeter, 2.1 Credit risk, Qualitative information, 2. Credit risk management policies.

In particular, the expected credit losses recorded at initial recognition within the carrying amount of the instrument are periodically reviewed on the basis of the processes described in the previous paragraphs.

The expected credit loss calculated for these credit exposures is always determined considering their residual life.

Part E - Information on risks and related hedging policies

4. Financial assets subject to commercial renegotiations and forborne exposures

Changes in existing financial instruments which determine a modification of contractual conditions might be the result of either:

- commercial initiatives, which may be specific for each customer or applied to portfolio of customers also as a result of dedicated initiatives sponsored by public authorities or banking associations;
- concessions granted in light of debtor's financial difficulties (Forbearance).

Such changes are accounted on the basis of whether the modification is considered significant or not. In this regard, reference is made to paragraph A.2 - Main items of the accounts. Notes to the consolidated account, Part A - Accounting policies.
The concessions granted due to debtor's financial difficulties, so-called Forbearance initiatives, are usually considered not significant from an accounting perspective.

4.1 Loan categorisation in the risk categories and forborne exposures

In July 2014, the European Banking Authorities issued the "Implementing Technical Standards" ("ITS") on non-performing and Forborne exposures, with the aim to allow a closer supervisory monitoring of banking forbearance practices. In line with the mentioned ITS, a transaction has to be considered as forborne when both of the following conditions are simultaneously met:

- a concession in favour of the debtor exists, in the form of either (i) a contractual modification or (ii) refinancing aimed at ensuring the repayment of pre-existing obligation;
- the debtor is facing or about to face financial difficulties.

To comply with EBA ITS, since 2015 UniCredit S.p.A. has worked on the definition of a common methodological framework for forbearance process, issuing group's guidelines on forbearance management and setting up a shared IT infrastructure (i.e., Forbearance engine). Specifically, the Forbearance engine automatically performs, on the basis of a set of a pre-defined criteria, an assessment of the overall financial difficulty of the client subject to a concession (Trouble Debt Test). In coherency with the overall solution, the different Group's legal entities adopted some fine tunings to adapt the Group's framework to the local IT tools and credit practices.

Starting from 2017, the regulatory framework relating to the management of Forborne exposures has been integrated with the following papers:

- "Guidance to Banks on Non-Performing Loans", issued by European Central Bank in March 2017, which require to Banks to define a clear NPL strategy aiming at the reduction of NPE Stock;
- "Guidelines on management of non-performing and forborne exposures", issued by European Banking Authority in October 2018, which are overall aligned with the ECB Guidance;
- "Guidelines on disclosure of non-performing and forborne exposures", issued by European Banking Authority in December 2018, which is focused on the disclosure templates to be used for Group's supervisory reporting purposes.

Part E - Information on risks and related hedging policies

In order to ensure ongoing alignment with the regulatory and supervisory requirements mentioned above regarding bank's forbearance practices, the Parent Company finalised the following activities:

- review of the list of the potential Forbearance measures to acknowledge: (i) with the split between short-term measures (duration less than 24 months) and long-term measures (duration higher than or equal to 24 months), (ii) with the possibility of granting combinations of short and long-term FBE measures and (iii) with the "*viability criteria*" defined by Supervisory for each FBE measure;
- reinforcement of the affordability assessment of the client prior to the Forbearance concession taking care to the case of multiple forbearance measures on the same exposure;
- extension of financial difficulty criteria to better capture significant increase in credit risk deterioration and to be more sensitive to credit monitoring managerial evidence;
- collection and monitoring of the relevant information within FINREP Reporting with disclosure on:
  - performing and non-performing portfolio;
  - guarantees;
  - default inflows and outflows;
  - list of the FBE Measures granted.

With reference to the monitoring and reporting activity on forborne exposures, on 31 December 2023, at the Group level, the number of instruments (loans and advances at amortized cost) with forbearance measures amounts to 86,545 (58,832 for UniCredit S.p.A. perimeter).
Specifically, on a consolidated level, of the total forbearance measures:

- forbearance measures granted during the period represent 28% of the total (27% considering only UniCredit S.p.A.);
- forbearance measures granted on the performing portfolio represent the 51% of the total (54% considering only UniCredit S.p.A.).

As regards the vintage of classification of forborne exposures, the information reported below pertain to loan and advances at amortized cost, as financial assets at fair value and off-Balance sheet exposures do not represent (out of the overall forborne portfolio) a materially significant relevance. More in details, at consolidated level, 74% of forborne performing exposures has a vintage of classification less or equal to 24 months, slightly higher with reference to UniCredit S.p.A. portfolio (81%). In terms of forborne non-performing loans, 34% of consolidated exposures fall within a classification vintage less or equal 24 months (26% for UniCredit S.p.A. portfolio).

Part E - Information on risks and related hedging policies

Quantitative information

In the following tables, the volume of impaired assets according to the IFRS definition is equivalent to the one for non-performing exposures referred to in the EBA standards.

A. Credit quality

For the purposes of the disclosure of quantitative information about credit quality, the term "credit exposures" does not include equity instruments and units in investment funds except for the tables of the paragraph "A.2 Classification of credit exposure based on internal and external ratings", in which units in investment funds are included.

A.1 Non-performing and performing credit exposures: amounts, writedowns, changes, distribution by business activity

A.1.1 Regulatory consolidation - Breakdown of financial assets by past-due buckets (carrying value)

(€ million)

	STAGE 1			STAGE 2			STAGE 3			PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS		
PORTFOLIOS/RISK STAGES	FROM 1 TO 30 DAYS	OVER 30 AND UP TO 90 DAYS	OVER 90 DAYS	FROM 1 TO 30 DAYS	OVER 30 AND UP TO 90 DAYS	OVER 90 DAYS	FROM 1 TO 30 DAYS	OVER 30 AND UP TO 90 DAYS	OVER 90 DAYS	FROM 1 TO 30 DAYS	OVER 30 AND UP TO 90 DAYS	OVER 90 DAYS
1. Financial assets at amortised cost	4,706	87	85	2,468	646	161	1,224	296	2,195	-	-	2
2. Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
3. Financial instruments classified as held for sale	-	-	-	-	-	-	158	14	107	-	-	-
Total 31.12.2023	**4,706**	**87**	**85**	**2,468**	**646**	**161**	**1,382**	**310**	**2,302**	**-**	**-**	**2**
Total 31.12.2022	**6,807**	**235**	**92**	**3,504**	**590**	**134**	**1,826**	**335**	**2,150**	**1**	**-**	**1**

The amounts past due over 90 days and related to Stage 1 and Stage 2 exposures refer to loans that do not meet the definition of Non-performing past due (below the materiality threshold).

A.1.2 Regulatory consolidation - Financial assets, loan commitments and financial guarantees given: changes in overall impairments and provisions

(€ million)

	OVERALL WRITE-DOWNS											
	FINANCIAL ASSETS CLASSIFIED IN STAGE 1						FINANCIAL ASSETS CLASSIFIED IN STAGE 2					
SOURCES/RISK STAGES	CURRENT ACCOUNTS AND DEMAND DEPOSITS WITH BANKS AND CENTRAL BANKS	FINANCIAL ASSETS AT AMORTISED COST	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FINANCIAL INSTRUMENTS CLASSIFIED AS HELD FOR SALE	OF WHICH: INDIVIDUAL IMPAIRMENT	OF WHICH: COLLECTIVE IMPAIRMENT	CURRENT ACCOUNTS AND DEMAND DEPOSITS WITH BANKS AND CENTRAL BANKS	FINANCIAL ASSETS AT AMORTISED COST	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FINANCIAL INSTRUMENTS CLASSIFIED AS HELD FOR SALE	OF WHICH: INDIVIDUAL IMPAIRMENT	OF WHICH: COLLECTIVE IMPAIRMENT
Opening balance (gross amount)	**2**	**1,366**	**62**	**263**	**34**	**1,658**	**6**	**4,487**	**33**	**224**	**623**	**4,126**
Increases in acquired or originated financial assets	-	224	1	-	8	218	-	275	-	-	1	275
Reversals different from write-offs	-	(281)	(1)	-	(3)	(279)	-	(930)	(24)	(189)	(26)	(1,117)
Net losses/recoveries on credit impairment	3	(517)	11	-	(2)	(501)	(4)	244	(1)	-	(53)	292
Contractual changes without cancellation	-	(3)	-	-	-	(3)	-	(9)	-	-	-	(9)
Changes in estimation methodology	-	2	-	-	-	2	-	4	-	-	-	4
Write-off not recognised directly in profit or loss	-	-	-	-	-	-	-	(1)	-	-	-	(1)
Other changes	(1)	99	-	-	11	87	-	(109)	(3)	189	(74)	149
Closing balance (gross amount)	**4**	**890**	**73**	**263**	**48**	**1,182**	**2**	**3,961**	**5**	**224**	**471**	**3,719**
Recoveries from financial assets subject to write-off	-	-	-	-	-	-	-	-	-	-	-	-
Write-off recognised directly in profit or loss	-	-	-	-	-	-	-	(18)	-	-	-	(18)

Part E - Information on risks and related hedging policies

continued: A.1.2 Regulatory consolidation - Financial assets, loan commitments and financial guarantees given: changes in overall impairments and provisions

(€ million)

	OVERALL WRITE-DOWNS										
	ASSETS BELONGING TO THIRD STAGE						PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS				
SOURCES/RISK STAGES	CURRENT ACCOUNTS AND DEMAND DEPOSITS WITH BANKS AND CENTRAL BANKS	FINANCIAL ASSETS AT AMORTISED COST	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FINANCIAL INSTRUMENTS CLASSIFIED AS HELD FOR SALE	OF WHICH: INDIVIDUAL IMPAIRMENT	OF WHICH: COLLECTIVE IMPAIRMENT	FINANCIAL ASSETS AT AMORTISED COST	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FINANCIAL INSTRUMENTS CLASSIFIED AS HELD FOR SALE	OF WHICH: INDIVIDUAL IMPAIRMENT	OF WHICH: COLLECTIVE IMPAIRMENT
Opening balance (gross amount)	**25**	**6,029**	**2**	**601**	**4,863**	**1,784**	**5**	**-**	**-**	**4**	**1**
Increases in acquired or originated financial assets	-	152	-	2	80	75	-	-	-	-	-
Reversals different from write-offs	-	(978)	-	(772)	(1,216)	(534)	-	-	-	-	-
Net losses/recoveries on credit impairment	56	985	-	(16)	379	630	(5)	-	-	(4)	-
Contractual changes without cancellation	-	(12)	-	-	(9)	(3)	-	-	-	-	-
Changes in estimation methodology	-	4	-	-	-	4	-	-	-	-	-
Write-off not recognised directly in profit or loss	-	(611)	-	(85)	(450)	(246)	-	-	-	-	-
Other changes	(1)	(72)	-	574	448	55	4	-	-	4	-
Closing balance (gross amount)	**80**	**5,497**	**2**	**304**	**4,095**	**1,765**	**4**	**-**	**-**	**4**	**1**
Recoveries from financial assets subject to write-off	-	130	-	-	40	90	-	-	-	-	-
Write-off recognised directly in profit or loss	-	(212)	-	(1)	(179)	(33)	-	-	-	-	-

continued: A.1.2 Regulatory consolidation - Financial assets, loan commitments and financial guarantees given: changes in overall impairments and provisions

(€ million)

	OVERALL WRITE-DOWNS				TOTAL
	TOTAL PROVISIONS ON LOANS COMMITMENTS AND FINANCIAL GUARANTEES GIVEN				
SOURCES/RISK STAGES	STAGE 1	STAGE 2	STAGE 3	COMMITMENTS FUNDS AND FINANCIAL GUARANTEES PURCHASED OR ORIGINATED CREDIT-IMPAIRED	
Opening balance (gross amount)	**216**	**373**	**705**	**-**	**14,399**
Increases in acquired or originated financial assets	47	48	61	-	810
Reversals different from write-offs	(30)	(42)	(204)	-	(3,451)
Net losses/recoveries on credit impairment	(96)	80	72	-	812
Contractual changes without cancellation	-	-	-	-	(24)
Changes in estimation methodology	-	-	-	-	10
Write-off not recognised directly in profit or loss	-	-	-	-	(697)
Other changes	(1)	(9)	(25)	-	645
Closing balance (gross amount)	**136**	**450**	**609**	**-**	**12,504**
Recoveries from financial assets subject to write-off	-	-	-	-	130
Write-off recognised directly in profit or loss	-	(2)	-	-	(233)

Part E - Information on risks and related hedging policies

A.1.3 Regulatory consolidation - Financial assets, loan commitments and financial guarantees given: transfers between risk stages (gross values and nominal values)

(€ million)

PORTFOLIOS/RISK STAGES	GROSS VALUES/NOMINAL VALUES					
	TRANSFERS BETWEEN STAGE 1 AND STAGE 2		TRANSFERS BETWEEN STAGE 2 AND STAGE 3		TRANSFERS BETWEEN STAGE 1 AND STAGE 3	
	FROM STAGE 1 TO STAGE 2	FROM STAGE 2 TO STAGE 1	FROM STAGE 2 TO STAGE 3	FROM STAGE 3 TO STAGE 2	FROM STAGE 1 TO STAGE 3	FROM STAGE 3 TO STAGE 1
1. Financial assets at amortised cost	34,958	23,537	2,287	1,112	1,546	158
2. Financial assets at fair value through other comprehensive income	423	60	-	-	-	-
3. Financial instruments classified as held for sale	-	-	26	-	3	-
4. Loan commitments and financial guarantees given	8,321	5,915	125	99	201	21
Total 31.12.2023	**43,702**	**29,512**	**2,438**	**1,211**	**1,750**	**179**
Total 31.12.2022	**51,519**	**53,071**	**2,504**	**976**	**1,395**	**348**

A.1.3a Other loans and advances guaranteed by Covid-19 public guarantee: transfers between impairment stages (gross values)

(€ million)

PORTFOLIOS/RISK STAGES	GROSS VALUES					
	TRANSFERS BETWEEN STAGE 1 AND STAGE 2		TRANSFERS BETWEEN STAGE 2 AND STAGE 3		TRANSFERS BETWEEN STAGE 1 AND STAGE 3	
	FROM STAGE 1 TO STAGE 2	FROM STAGE 2 TO STAGE 1	FROM STAGE 2 TO STAGE 3	FROM STAGE 3 TO STAGE 2	FROM STAGE 1 TO STAGE 3	FROM STAGE 3 TO STAGE 1
A. Financial assets at amortised cost	**1,705**	**2,111**	**179**	**23**	**89**	**3**
B. Financial assets at fair value through other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**
Total at 31.12.2023	**1,705**	**2,111**	**179**	**23**	**89**	**3**

A.1.4 Regulatory consolidation - On- and off-balance sheet credit exposures with banks: gross and net values

(€ million)

	AMOUNTS AS AT 31.12.2023											
	GROSS EXPOSURE					OVERALL WRITE-DOWNS AND PROVISIONS						
EXPOSURE TYPES/VALUES		STAGE 1	STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS		STAGE 1	STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	NET EXPOSURE	OVERALL PARTIAL WRITE-OFFS(*)
A. On-balance sheet credit exposures												
A.1 On Demand	**57,602**	**55,749**	**1,750**	**71**	**33**	**86**	**4**	**2**	**56**	**24**	**57,516**	**-**
a) Non-performing	104	X	-	71	33	80	X	-	56	24	24	-
b) Performing	57,498	55,749	1,750	X	-	6	4	2	X	-	57,492	-
A.2 Other	**66,102**	**60,460**	**3,589**	**69**	**-**	**33**	**16**	**6**	**11**	**-**	**66,069**	**-**
a) Bad exposures	4	X	-	4	-	4	X	-	4	-	-	-
of which: forborne exposures	-	*X*	-	-	-	-	*X*	-	-	-	-	-
b) Unlikely to pay	65	X	-	65	-	7	X	-	7	-	58	-
of which: forborne exposures	-	*X*	-	-	-	-	*X*	-	-	-	-	-
c) Non-performing past due	-	X	-	-	-	-	X	-	-	-	-	-
of which: forborne exposures	-	*X*	-	-	-	-	*X*	-	-	-	-	-
d) Performing past due	32	31	1	X	-	-	-	-	X	-	32	-
of which: forborne exposures	-	-	-	*X*	-	-	-	-	*X*	-	-	-
e) Other performing exposures	66,001	60,429	3,588	X	-	22	16	6	X	-	65,979	-
of which: forborne exposures	-	-	-	*X*	-	-	-	-	*X*	-	-	-
Total (A)	**123,704**	**116,209**	**5,339**	**140**	**33**	**119**	**20**	**8**	**67**	**24**	**123,585**	**-**
B. Off-balance sheet credit exposures												
a) Non-performing	16	X	-	9	-	4	X	-	4	-	12	-
b) Performing	25,281	8,609	434	X	-	3	1	1	X	-	25,278	-
Total (B)	**25,297**	**8,609**	**434**	**9**	**-**	**7**	**1**	**1**	**4**	**-**	**25,290**	**-**
Total (A+B)	**149,001**	**124,818**	**5,773**	**149**	**33**	**126**	**21**	**9**	**71**	**24**	**148,875**	**-**

Note:
(*) Value shown for information purposes.

On-Balance sheet exposures to banks include all balance-sheet assets regardless of their belonging portfolio (held-for-trading, assets designed and mandatorily at fair value through profit or loss, assets at fair value through other comprehensive income, assets at amortised cost and assets held for sale). In more details columns Stage1, Stage 2, Stage 3 and Purchased or Originated Credit-Impaired financial assets include assets at amortized cost, assets at fair value through other comprehensive income, current accounts and demand deposits with Banks and Central Banks and assets held for sale; the overall gross exposures also report held-for-trading, assets designed and mandatorily at fair value through profit or loss. Off-Balance sheet exposures to banks comprise guarantees given, irrevocable commitments, derivatives regardless of each transaction’s classification category and the revocable commitments to disburse funds.

Part E - Information on risks and related hedging policies

A.1.5 Regulatory consolidation - On- and off-balance sheet credit exposures with customers: gross and net values

(€ million)

	AMOUNTS AS AT 31.12.2023											
	GROSS EXPOSURE					OVERALL WRITE-DOWNS AND PROVISIONS						
EXPOSURE TYPES/VALUES		STAGE 1	STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS		STAGE 1	STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	NET EXPOSURE	OVERALL PARTIAL WRITE-OFFS(*)
A. On-balance sheet credit exposures												
a) Bad exposures	2,949	X	-	2,935	3	2,173	X	-	2,161	1	776	611
of which: forborne exposures	*505*	*X*	*-*	*492*	*2*	*371*	*X*	*-*	*360*	*1*	*134*	*11*
b) Unlikely to pay	8,482	X	-	8,349	13	3,438	X	-	3,361	3	5,044	15
of which: forborne exposures	*3,816*	*X*	*-*	*3,795*	*11*	*1,720*	*X*	*-*	*1,712*	*3*	*2,096*	*3*
c) Non-performing past due	962	X	-	957	-	275	X	-	272	-	687	-
of which: forborne exposures	*23*	*X*	*-*	*22*	*-*	*9*	*X*	*-*	*9*	*-*	*14*	*-*
d) Performing past due	8,796	5,234	3,561	X	-	403	31	372	X	-	8,393	-
of which: forborne exposures	*528*	*1*	*526*	*X*	*-*	*50*	*-*	*50*	*X*	*-*	*478*	*-*
e) Other performing exposures	566,020	471,045	73,733	X	11	4,503	916	3,588	X	-	561,517	-
of which: forborne exposures	*5,297*	*123*	*5,164*	*X*	*2*	*420*	*2*	*419*	*X*	*-*	*4,877*	*-*
Total (A)	**587,209**	**476,279**	**77,294**	**12,241**	**27**	**10,792**	**947**	**3,960**	**5,794**	**4**	**576,417**	**626**
B. Off-balance sheet credit exposures												
a) Non-performing	2,881	*X*	-	2,278	-	670	*X*	-	605	-	2,211	-
b) Performing	348,135	197,522	36,122	X	-	607	136	448	X	-	347,528	-
Total (B)	**351,016**	**197,522**	**36,122**	**2,278**	**-**	**1,277**	**136**	**448**	**605**	**-**	**349,739**	**-**
Total (A+B)	**938,225**	**673,801**	**113,416**	**14,519**	**27**	**12,069**	**1,083**	**4,408**	**6,399**	**4**	**926,156**	**626**

Note:
(*) Value shown for information purposes.

On-Balance sheet exposures to customers include all balance-sheet assets regardless of their belonging portfolio (held-for-trading, assets designed and mandatorily at fair value through profit or loss, assets at fair value through other comprehensive income, assets at amortised cost and assets held for sale). In more details columns Stage1, Stage 2, Stage 3 and Purchased or Originated Credit-Impaired financial assets include assets at amortized cost, assets at fair value through other comprehensive income and assets held for sale; the overall gross exposures also report held-for-trading, assets designed and mandatorily at fair value through profit or loss.
Off-Balance sheet exposures to customers comprise guarantees given, irrevocable commitments, derivatives regardless of each transaction's classification category and the revocable commitments to disburse funds.
The total amount, on-balance and off-Balance sheet, of forborne exposures (including those belonging to disposal groups/held for sale) is €10.9 billion (€4.6 billion non-performing and €6.3 billion performing). These exposures refer for 61% to the Italian perimeter, while the remaining amount mainly refers to Germany and Austria both for 12%.
For a description of the rules for identification of forborne exposures refer to paragraph "4. Financial assets subject to commercial renegotiations and forborne exposures", Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit Risk, Qualitative information.
On-Balance sheet impaired gross exposures connected to the proposals for recourse to an arrangement with creditors made by the debtor amounted to a total of €385 million as at 31 December 2023, against which specific impairments have been made for €251 million, with a total coverage level of 65%.

Part E - Information on risks and related hedging policies

'A.1.5a Other loans and advances guaranteed by Covid-19 public guarantee: gross and net value

(€ million)

	AMOUNTS AS AT 31.12.2023											
	GROSS EXPOSURE					OVERALL WRITE-DOWNS						
EXPOSURE TYPES/VALUES		STAGE 1	STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT IMPAIRED		STAGE 1	STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT IMPAIRED	NET EXPOSURE	OVERALL PARTIAL WRITE-OFFS(*)
A. Bad loans	23	-	-	23	-	7	-	-	7	-	16	-
B. Unlikely to pay loans	468	-	-	465	3	116	-	-	116	-	352	-
C. Non-performing past due loans	19	-	-	19	-	2	-	-	2	-	17	-
D. Performing past due loans	442	169	273	-	-	4	-	4	-	-	438	-
E. Other performing exposures loans	17,260	13,749	3,423	-	2	73	25	48	-	-	17,187	-

Note:
(*) Value shown for information purposes.

At 31 December 2023, gross exposure of loans and advance subject to Covid-19 public guarantee amounted to €18,212 million, of which €17,702 million performing and €510 million non-performing (2.8% of total loans), of which €23 million bad loans, €468 million unlikely to pay, €19 million non-performing past due. The largest part of gross exposures benefitting from Covid-19 initiatives are in Italy, representing 89% of Group figures (of which 98% classified as Performing).

A.1.6 Regulatory consolidation - On-balance sheet exposures with banks: changes in gross non-performing exposures

(€ million)

	CHANGES IN 2023		
SOURCES/CATEGORIES	BAD EXPOSURES	UNLIKELY TO PAY	NON-PERFORMING PAST DUE
A. Opening balance (gross amount)	**4**	**133**	**-**
of which sold non-cancelled exposures	-	-	-
B. Increases	**-**	**63**	**-**
B.1 Transfers from performing loans	-	61	-
B.2 Transfers from acquired or originated impaired financial assets	-	-	-
of which: business combinations	-	-	-
B.3 Transfers from other categories of non-perforiming exposures	-	-	-
B.4 Contractual changes with no cancellations	-	-	-
B.5 Other increases	-	2	-
of which: business combinations - mergers	-	-	-
C. Reductions	**-**	**27**	**-**
C.1 Transfers to performing loans	-	-	-
C.2 Write-offs	-	-	-
C.3 Collections	-	25	-
C.4 Sale proceeds	-	-	-
C.5 Losses on disposal	-	-	-
C.6 Transfers to other non-performing exposures	-	-	-
C.7 Contractual changes with no cancellations	-	-	-
C.8 Other decreases	-	2	-
of which: business combinations	-	-	-
D. Closing balance (gross amount)	**4**	**169**	**-**
of which sold non-cancelled exposures	-	-	-

Sub-items “B.5 Other increases” and “C.3 Collections” include amounts recovered during the year concerning impaired exposures which were derecognised in their entirety.

A.1.6bis Regulatory consolidation - On-balance sheet exposures with banks: changes by credit quality in gross forborne exposures

No data to be disclosed.

Part E - Information on risks and related hedging policies

A.1.7 Regulatory consolidation - On-balance sheet credit exposures with customers: changes in gross non-performing exposures

(€ million)

SOURCES/CATEGORIES	CHANGES IN 2023		
	BAD EXPOSURES	UNLIKELY TO PAY	NON-PERFORMING PAST DUE
A. Opening balance (gross amount)	**2,988**	**9,879**	**881**
of which sold non-cancelled exposures	*46*	*364*	*9*
B. Increases	**1,667**	**4,415**	**824**
B.1 Transfer from performing loans	616	3,159	659
B.2 Transfer from acquired or originated impaired financial assets	-	-	-
of which: business combinations	-	-	-
B.3 Transfer from other non-performing exposures	703	142	16
B.4 Contractual changes with no cancellations	-	1	-
B.5 Other increases	348	1,113	149
of which: business combinations - mergers	-	-	-
C. Decreases	**1,706**	**5,812**	**743**
C.1 Transfers to performing loans	9	1,184	201
C.2 Write-offs	404	394	2
C.3 Collections	453	2,100	274
C.4 Sale proceeds	227	721	6
C.5 Losses on disposals	5	32	-
C.6 Transfers to other non-performing exposures	61	593	207
C.7 Contractual changes with no cancellations	-	-	-
C.8 Other decreases	547	788	53
of which: business combinations	-	-	-
D. Closing balance (gross amount)	**2,949**	**8,482**	**962**
of which sold non-cancelled exposures	*12*	*41*	*12*

Sub-items “B.5 Other increases” and “C.3 Collections” include amounts recovered during the year concerning impaired exposures which were derecognised in their entirety.

Part E - Information on risks and related hedging policies

A.1.7bis Regulatory consolidation - On-balance sheet exposures with customers: changes by credit quality in gross forborne exposures

(€ million)

SOURCES/QUALITY	CHANGES IN 2023	
	FORBORNE EXPOSURES: NON-PERFORMING	FORBORNE EXPOSURES: PERFORMING
A. Opening balance (gross amount)	**5,995**	**9,328**
of which sold non-cancelled exposures	*367*	*405*
B. Increases	**1,649**	**4,648**
B.1 Transfers from performing non-forborne exposures	251	3,329
B.2 Transfers from performing forbone exposures	536	X
B.3 Transfers from non-performing forborne exposures	X	572
of which: business combinations	*X*	-
B.4 Transfers from non-performing non-forborne exposures	525	
B.5 Other increases	337	747
of which: business combinations - mergers	-	-
C. Reductions	**3,300**	**8,151**
C.1 Transfers to performing non-forborne exposures	X	4,431
C.2 Transfers to performing forbone exposures	572	X
C.3 Transfers to non-performing forborne exposures	X	536
C.4 Write-offs	85	-
C.5 Collections	1,381	2,624
C.6 Sale proceeds	495	101
C.7 Losses from disposal	17	-
C.8 Other reductions	750	459
of which: business combinations	-	-
D. Closing balance (gross amount)	**4,344**	**5,825**
of which sold non-cancelled exposures	*35*	*7*

Part E - Information on risks and related hedging policies

A.1.8 Regulatory consolidation - On-balance sheet non-performing credit exposures with banks: changes in overall write-downs

(€ million)

	CHANGES IN 2023					
	NON-PERFORMING LOANS		UNLIKELY TO PAY		NON-PERFORMING PAST DUE	
SOURCES/CATEGORIES	TOTAL	OF WHICH FORBORNE EXPOSURES	TOTAL	OF WHICH FORBORNE EXPOSURES	TOTAL	OF WHICH FORBORNE EXPOSURES
A. Opening balance (gross amount)	**4**	**-**	**30**	**-**	**-**	**-**
of which sold non-cancelled exposures	-	-	-	-	-	-
B. Increases	**-**	**-**	**65**	**-**	**-**	**-**
B.1 Write-downs of acquired or originated impaired financial assets	-	X	-	X	-	X
of which: business combinations	-	-	-	-	-	-
B.2 Other write-downs	-	-	65	-	-	-
B.3 Losses on disposal	-	-	-	-	-	-
B.4 Transfers from other categories of non-performing exposures	-	-	-	-	-	-
B.5 Contractual changes with no cancellations	-	X	-	X	-	X
B.6 Other increases	-	-	-	-	-	-
of which: business combinations - mergers	-	-	-	-	-	-
C. Reductions	**-**	**-**	**8**	**-**	**-**	**-**
C.1 Write-backs from valuation	-	-	-	-	-	-
C.2 Write-backs from collections	-	-	5	-	-	-
C.3 Gains from disposals	-	-	-	-	-	-
C.4 Write-offs	-	-	-	-	-	-
C.5 Transfers to other categories of non-performing exposures	-	-	-	-	-	-
C.6 Contractual changes with no cancellations	-	X	-	X	-	X
C.7 Other decreases	-	-	3	-	-	-
of which: business combinations	-	-	-	-	-	-
D. Closing balance (gross amount)	**4**	**-**	**87**	**-**	**-**	**-**
of which sold non-cancelled exposures	-	-	-	-	-	-

Part E - Information on risks and related hedging policies

A.1.9 Regulatory consolidation - On-balance sheet non-performing credit exposures with customers: changes in overall write-downs

(€ million)

	CHANGES IN 2023					
	NON-PERFORMING LOANS		UNLIKELY TO PAY		NON-PERFORMING PAST DUE	
SOURCES/CATEGORIES	TOTAL	OF WHICH FORBORNE EXPOSURES	TOTAL	OF WHICH FORBORNE EXPOSURES	TOTAL	OF WHICH FORBORNE EXPOSURES
A. Opening balance (gross amount)	**2,251**	**450**	**4,219**	**2,447**	**246**	**10**
of which sold non-cancelled exposures	*16*	*8*	*135*	*128*	*2*	*-*
B. Increases	**1,324**	**203**	**2,230**	**786**	**230**	**9**
B.1 Write-downs of acquired or originated impaired financial assets	28	X	63	X	10	X
of which: business combinations	-	-	-	-	-	-
B.2 Other write-downs	643	73	1,521	604	161	4
B.3 Losses on disposal	5	2	32	15	-	-
B.4 Transfers from other categories of non-performing exposures	396	103	71	6	7	2
B.5 Contractual changes with no cancellations	-	X	-	X	-	X
B.6 Other increases	252	25	543	161	52	3
of which: business combinations - mergers	-	-	-	-	-	-
C. Reductions	**1,402**	**282**	**3,011**	**1,513**	**201**	**10**
C.1 Write-backs from valuation	117	47	549	346	20	1
C.2 Write-backs from collections	224	44	623	235	43	2
C.3 Gains from disposals	51	4	43	14	-	-
C.4 Write-offs	404	35	394	50	2	-
C.5 Transfers to other categories of non-performing exposures	50	3	355	103	69	5
C.6 Contractual changes with no cancellations	-	X	1	X	-	X
C.7 Other decreases	556	149	1,046	765	67	2
of which: business combinations	-	-	-	-	-	-
D. Closing balance (gross amount)	**2,173**	**371**	**3,438**	**1,720**	**275**	**9**
of which sold non-cancelled exposures	*9*	*1*	*17*	*16*	*2*	*-*

Part E - Information on risks and related hedging policies

A.2 Classification of credit exposure based on internal and external ratings

A.2.1 Regulatory consolidation - Breakdown of financial assets, loan commitments and financial guarantees given by external rating classes (gross amounts)

(€ million)

	AMOUNT AS AT 31.12.2023							
	EXTERNAL RATING CLASSES							
EXPOSURES	CLASS 1	CLASS 2	CLASS 3	CLASS 4	CLASS 5	CLASS 6	NO RATING	TOTAL
A. Financial assets at amortised cost								
- Stage 1	48,085	25,762	60,011	4,301	1,738	23	336,002	475,922
- Stage 2	399	202	2,496	882	1,049	24	75,069	80,121
- Stage 3	-	2	2	22	186	114	11,398	11,724
- Purchased or Originated Credit-Impaired Financial Assets	-	-	10	-	-	-	17	27
B. Financial assets at fair value through other comprehensive income								
- Stage 1	23,380	11,208	21,447	197	-	-	4,586	60,818
- Stage 2	433	-	3	100	175	-	50	761
- Stage 3	-	-	-	-	-	-	2	2
- Purchased or Originated Credit-Impaired Financial Assets	-	-	-	-	-	-	-	-
C. Financial instruments classified as held for sale								
- Stage 1	-	-	-	-	-	-	-	-
- Stage 2	-	-	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-	583	583
- Purchased or Originated Credit-Impaired Financial Assets	-	-	-	-	-	-	-	-
Total (A+B+C)	**72,297**	**37,174**	**83,969**	**5,502**	**3,148**	**161**	**427,707**	**629,958**
D. Loan commitments and financial guarantees given								
- Stage 1	6,364	16,748	37,543	4,752	5,650	54	135,021	206,132
- Stage 2	210	811	3,043	1,401	2,100	1	28,990	36,556
- Stage 3	-	-	-	-	7	4	2,277	2,288
- Purchased or Originated Credit-Impaired Financial Assets	-	-	-	-	-	-	-	-
Total (D)	**6,574**	**17,559**	**40,586**	**6,153**	**7,757**	**59**	**166,288**	**244,976**
Total (A+B+C+D)	**78,871**	**54,733**	**124,555**	**11,655**	**10,905**	**220**	**593,995**	**874,934**

The table details on- and off-Balance sheet credits granted to counterparties rated by external rating. The rating agencies provide brief assessments of the creditworthiness of different classes of borrowers such as Countries, Banks, Public-Sector Entities, Insurance Companies and (usually large) Enterprises.
The table refers to classification of Circular No.262 of 22 December 2005 of Banca d’Italia (and subsequent amendments); then it provides, for external ratings, 6 classes of creditworthiness.

Part E - Information on risks and related hedging policies

Rating Agencies utilised to fill the table are: Moody's, S&Ps and Fitch.
Where more than one agency rating is available, the CRR criteria is used to determine the rating (Art. 138).
Here below the mapping between the external rating classes and the ECAI's rating used.

	ECAI					
	MOODY'S		STANDARD & POOR'S		FITCH	
EXTERNAL RATING CLASSES	LONG TERM	SHORT TERM	LONG TERM	SHORT TERM	LONG TERM	SHORT TERM
1	Aaa Aa3	P-1	AAA AA-	A1+ A1	AAA AA-	F1+ F1
2	A1 A3	P-2	A+ A-	A2	A+ A-	F2
3	Baa1 Baa3	P-3	BBB+ BBB-	A3	BBB+ BBB-	F3
4	Ba1 Ba3	NP	BB+ BB-	worse than A3	BB+ BB-	worse than F3
5	B1 B3	NP	B+ B-	worse than A3	B+ B-	worse than F3
6	Caa1 or less	NP	CCC+ or less	worse than A3	CCC+ or less	worse than F3

The 91,9% of rated counterparties were investment grade (from Class 1 to Class 3), referring to highly rated borrowers.
Unrated exposures, i.e. those with no external rating, were 67,9% of the portfolio, due to the fact that a considerable proportion of borrowers were private individuals or SMEs, which are not externally rated.

A.2.2 Regulatory consolidation - Breakdown of financial assets, loan commitments and financial guarantees given by internal rating classes (gross amounts)

(€ million)

	AMOUNT AS AT 31.12.2023									
	INTERNAL RATING CLASSES									
EXPOSURES	1	2	3	4	5	6	7	8	NO RATING	TOTAL
A. Financial assets at amortised cost										
- Stage 1	64,558	108,638	84,177	70,131	52,007	24,260	6,216	1,120	64,815	475,922
- Stage 2	369	1,249	6,442	14,560	14,477	11,256	7,687	7,266	16,815	80,121
- Stage 3	-	-	-	-	-	-	-	-	11,724	11,724
- Purchased or Originated Credit-Impaired Financial Assets	-	-	-	-	2	6	1	1	17	27
B. Financial assets at fair value through other comprehensive income										
- Stage 1	27,187	22,069	6,513	652	64	12	-	-	4,321	60,818
- Stage 2	-	-	435	101	1	1	-	-	223	761
- Stage 3	-	-	-	-	-	-	-	-	2	2
- Purchased or Originated Credit-Impaired Financial Assets	-	-	-	-	-	-	-	-	-	-
C. Financial instruments classified as held for sale										
- Stage 1	-	-	-	-	-	-	-	-	-	-
- Stage 2	-	-	-	-	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-	-	-	583	583
- Purchased or Originated Credit-Impaired Financial Assets	-	-	-	-	-	-	-	-	-	-
Total (A+B+C)	**92,114**	**131,956**	**97,567**	**85,444**	**66,551**	**35,535**	**13,904**	**8,387**	**98,500**	**629,958**
D. Loan commitments and financial guarantees given										
- Stage 1	38,397	58,332	40,047	21,403	13,222	6,016	1,256	393	27,066	206,132
- Stage 2	1,081	1,937	7,529	7,653	7,173	3,488	2,341	1,525	3,829	36,556
- Stage 3	-	-	-	-	-	-	-	-	2,288	2,288
- Purchased or Originated Credit-Impaired Financial Assets	-	-	-	-	-	-	-	-	-	-
Total (D)	**39,478**	**60,269**	**47,576**	**29,056**	**20,395**	**9,504**	**3,597**	**1,918**	**33,183**	**244,976**
Total (A+B+C+D)	**131,592**	**192,225**	**145,143**	**114,500**	**86,946**	**45,039**	**17,501**	**10,305**	**131,683**	**874,934**

Part E - Information on risks and related hedging policies

The table contains exposures grouped according to the counterparties' internal rating.
Ratings are assigned to individual counterparties using Group banks' internally developed models included in their credit risk management processes. The internal models validated by the regulators are either "group-wide" (e.g. for Banks, Multinationals, Countries) or bank-specific, by segment (e.g. retail or corporate).

In 2023, the Group master-scale was upgraded, homogenizing the different rating scales of the internal models. There are 8 rating classes, based on Probability of default (Probability of Default - PD).
63,1% of internally rated exposures were investment grade (classes 1 to 3), while exposures towards unrated counterparties were 15,1% of the total. No rating is assigned to these counterparties as either they belong to a segment not yet covered by the models, or the appropriate model is still in the roll-out phase.

Internal Ratings are used for Capital Requirements calculation by the Legal Entities/portfolios only with the approval of the appropriate supervisory authority. Legal Entities currently authorised are UniCredit S.p.A., UniCredit Bank GmbH, UniCredit Bank Austria AG, UniCredit Banka Slovenija d.d., UniCredit Bulbank AD, UniCredit Bank Czech Republic, and Slovakia a.s., UniCredit Bank Hungary Zrt., UniCredit Bank S.A. (Romania) and AO UniCredit Bank (Russia), the later authorized only at the consolidated level.

A.3 Distribution of secured credit exposures by type of security

A.3.1 Regulatory consolidation - Secured on-balance and off-balance sheet credit exposures with banks

(€ million)

	AMOUNT AS AT 31.12.2023					
			COLLATERALS (1)			
	GROSS EXPOSURE	NET EXPOSURE	PROPERTY - MORTGAGES	PROPERTY - LEASE LOANS	SECURITIES	OTHER COLLATERALS
1. Secured on-balance sheet credit exposures						
1.1 Totally secured	17,900	17,899	-	-	10,811	6,514
of which non-performing	*48*	*47*	-	-	-	-
1.2 Partially secured	5,245	5,245	37	-	5,065	-
of which non-performing	-	-	-	-	-	-
2. Secured off-balance sheet credit exposures						
2.1 Totally secured	2,122	2,122	-	-	1,390	22
of which non-performing	-	-	-	-	-	-
2.2 Partially secured	1,614	1,614	-	-	-	9
of which non-performing	-	-	-	-	-	-

continued: A.3.1 Regulatory consolidation - Secured on-balance and off-balance sheet credit exposures with banks

(€ million)

	AMOUNT AS AT 31.12.2023									
	GUARANTEES (2)									
	CREDIT DERIVATIVES					SIGNATURE LOANS (LOANS GUARANTEES)				
		OTHER CREDIT DERIVATIVES								
	CLN	GOVERNMENT AND CENTRAL BANKS	BANKS	OTHER PUBLIC ENTITIES	OTHER ENTITIES	GOVERNMENTS AND OTHER PUBLIC SECTOR ENTITIES	BANKS	OTHER PUBLIC ENTITIES	OTHER ENTITIES	TOTAL (1)+(2)
1. Secured on-balance sheet credit exposures										
1.1 Totally secured	-	-	-	-	-	410	4	-	-	**17,739**
of which non-performing	-	-	-	-	-	*47*	-	-	-	***47***
1.2 Partially secured	-	-	-	-	-	33	12	-	-	**5,147**
of which non-performing	-	-	-	-	-	-	-	-	-	**-**
2. Secured off-balance sheet credit exposures										
2.1 Totally secured	-	-	-	-	-	8	177	2	514	**2,113**
of which non-performing	-	-	-	-	-	-	-	-	-	**-**
2.2 Partially secured	-	-	-	-	-	14	21	1	53	**98**
of which non-performing	-	-	-	-	-	-	-	-	-	**-**

Part E - Information on risks and related hedging policies

A.3.2 Regulatory consolidation - Secured on-balance and off-balance sheet credit exposures with customers

(€ million)

	AMOUNT AS AT 31.12.2023					
			COLLATERALS (1)			
	GROSS EXPOSURE	NET EXPOSURE	PROPERTY - MORTGAGES	PROPERTY - LEASE LOANS	SECURITIES	OTHER COLLATERALS
1. Secured on-balance sheet credit exposures						
1.1 Totally secured	205,138	201,276	119,214	7,343	21,613	14,336
of which non-performing	*5,324*	*3,329*	*1,707*	*187*	*4*	*190*
1.2 Partially secured	85,097	83,239	24,581	360	2,200	3,228
of which non-performing	*2,256*	*1,348*	*267*	*2*	*10*	*49*
2. Secured off-balance sheet credit exposures						
2.1 Totally secured	42,326	42,155	4,911	7	9,170	3,786
of which non-performing	*586*	*485*	*125*	*-*	*4*	*30*
2.2 Partially secured	32,027	31,852	1,059	-	586	1,576
of which non-performing	*693*	*573*	*4*	*-*	*23*	*218*

continued: A.3.2 Regulatory consolidation - Secured on-balance and off-balance sheet credit exposures with customers

(€ million)

	AMOUNT AS AT 31.12.2023									
	GUARANTEES (2)									
	CREDIT DERIVATIVES					SIGNATURE LOANS (LOANS GUARANTEES)				
		OTHER CREDIT DERIVATIVES								
	CLN	GOVERNMENT AND CENTRAL BANKS	BANKS	OTHER PUBLIC ENTITIES	OTHER ENTITIES	GOVERNMENTS AND OTHER PUBLIC SECTOR ENTITIES	BANKS	OTHER PUBLIC ENTITIES	OTHER ENTITIES	TOTAL (1)+(2)
1. Secured on-balance sheet credit exposures										
1.1 Totally secured	-	-	-	-	-	14,574	1,915	1,599	19,665	**200,259**
of which non-performing	-	-	-	-	-	*923*	*35*	*38*	*220*	***3,304***
1.2 Partially secured	-	-	-	-	-	11,896	2,113	1,166	6,798	**52,342**
of which non-performing	-	-	-	-	-	*434*	*99*	*9*	*88*	***958***
2. Secured off-balance sheet credit exposures										
2.1 Totally secured	-	-	-	-	-	5,070	944	2,582	15,634	**42,104**
of which non-performing	-	-	-	-	-	*17*	*104*	*86*	*114*	***480***
2.2 Partially secured	-	-	-	-	-	2,626	345	590	2,242	**9,024**
of which non-performing	-	-	-	-	-	*6*	*4*	*2*	*31*	***288***

A.4 Regulatory consolidation - Financial and non-financial assets obtained by taking possession of collaterals

(€ million)

	CANCELLED CREDIT EXPOSURE	GROSS AMOUNT	OVERALL WRITE-DOWNS	CARRYING VALUE	OF WHICH OBTAINED DURING THE YEAR
A. Property, plant and equipment	**563**	**542**	**150**	**392**	**34**
A.1 Used in business	1	1	-	1	-
A.2 Held for investment	44	73	44	29	29
A.3 Inventories	518	468	106	362	5
B. Equity instruments and debt securities	**713**	**594**	**504**	**91**	**-**
C. Other assets	**-**	**-**	**-**	**-**	**-**
D. Non-current assets and disposal groups classified as held for sale	**-**	**-**	**-**	**-**	**-**
D.1 Property, plant and equipment	-	-	-	-	-
D.2 Other assets	-	-	-	-	-
Total 31.12.2023	**1,276**	**1,136**	**654**	**483**	**34**
Total 31.12.2022	**1,324**	**1,213**	**547**	**665**	**13**

Part E - Information on risks and related hedging policies

B. Distribution and concentration of credit exposures

B.1 Regulatory consolidation - Distribution by segment of on-balance and off-balance sheet credit exposures with customers

(€ million)

EXPOSURES/COUNTERPARTIES	GOVERNMENTS AND OTHER PUBLIC SECTOR ENTITIES		FINANCIAL COMPANIES		FINANCIAL COMPANIES (OF WHICH INSURANCE COMPANIES)		NON-FINANCIAL COMPANIES		HOUSEHOLDS	
	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS
A. On-balance sheet credit exposures										
A.1 Bad exposures	-	4	3	44	-	-	562	1,498	211	627
of which: forborne exposures	-	-	*1*	*19*	-	-	*100*	*281*	*33*	*71*
A.2 Unlikely to pay	358	31	277	228	1	-	3,493	2,672	916	507
of which: forborne exposures	*7*	*7*	*139*	*72*	-	-	*1,501*	*1,394*	*449*	*247*
A.3 Non-performing past-due	107	19	1	4	-	-	237	35	342	217
of which: forborne exposures	-	-	-	-	-	-	*6*	*1*	*8*	*8*
A.4 Performing exposures	138,956	186	78,943	321	725	2	224,603	2,865	127,408	1,534
of which: forborne exposures	*14*	-	*439*	*58*	-	-	*4,135*	*315*	*767*	*97*
Total (A)	**139,421**	**240**	**79,224**	**597**	**726**	**2**	**228,895**	**7,070**	**128,877**	**2,885**
B. Off-balance sheet credit exposures										
B.1 Non-performing exposures	38	13	65	28	-	-	2,060	627	47	3
B.2 Performing exsposures	17,058	4	52,506	25	4,916	-	261,870	544	14,262	35
Total (B)	**17,096**	**17**	**52,571**	**53**	**4,916**	**-**	**263,930**	**1,171**	**14,309**	**38**
Total (A+B) 31.12.2023	**156,517**	**257**	**131,795**	**650**	**5,642**	**2**	**492,825**	**8,241**	**143,186**	**2,923**
Total (A+B) 31.12.2022	**143,672**	**294**	**135,939**	**695**	**5,048**	**2**	**515,162**	**9,947**	**148,812**	**3,032**

B.2 Regulatory consolidation - Distribution of on-balance and off-balance sheet credit exposures with customers by geographic area

(€ million)

EXPOSURES/GEOGRAPHIC AREAS	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS
A. On-balance sheet credit exposures										
A.1 Bad exposures	371	880	398	1,149	-	8	7	116	-	20
A.2 Unlikely to pay	1,495	1,314	3,143	2,089	26	28	103	2	277	5
A.3 Non-performing past-due	368	158	247	117	1	-	-	-	71	-
A.4 Performing exposures	218,038	1,977	315,955	2,882	13,516	25	13,404	11	8,997	11
Total (A)	**220,272**	**4,329**	**319,743**	**6,237**	**13,543**	**61**	**13,514**	**129**	**9,345**	**36**
B. Off-balance sheet credit exposures										
B.1 Non-performing exposures	1,114	297	1,061	370	29	3	-	-	7	-
B.2 Performing exposures	127,771	116	195,128	483	19,337	5	2,109	1	1,353	2
Total (B)	**128,885**	**413**	**196,189**	**853**	**19,366**	**8**	**2,109**	**1**	**1,360**	**2**
Total (A+B) 31.12.2023	**349,157**	**4,742**	**515,932**	**7,090**	**32,909**	**69**	**15,623**	**130**	**10,705**	**38**
Total (A+B) 31.12.2022	**364,546**	**5,452**	**520,118**	**8,147**	**32,573**	**156**	**18,458**	**156**	**7,889**	**56**

Part E - Information on risks and related hedging policies

B.3 Regulatory consolidation - Distribution of on-balance and off-balance sheet credit exposures with banks by geographic area

(€ million)

EXPOSURES/GEOGRAPHIC AREAS	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS
A. On-balance sheet credit exposures										
A.1 Bad exposures	-	-	-	-	-	4	-	-	-	-
A.2 Unlikely to pay	-	-	80	86	-	-	2	1	-	-
A.3 Non-performing past-due	-	-	-	-	-	-	-	-	-	-
A.4 Performing exposures	19,361	16	93,760	12	4,695	-	3,956	-	1,731	-
Total (A)	**19,361**	**16**	**93,840**	**98**	**4,695**	**4**	**3,958**	**1**	**1,731**	**-**
B. Off-balance sheet credit exposures										
B.1 Non-performing exposures	-	-	2	-	-	-	10	4	-	-
B.2 Performing exposures	2,127	-	13,049	2	1,135	-	4,522	-	1,465	1
Total (B)	**2,127**	**-**	**13,051**	**2**	**1,135**	**-**	**4,532**	**4**	**1,465**	**1**
Total (A+B) 31.12.2023	**21,488**	**16**	**106,891**	**100**	**5,830**	**4**	**8,490**	**5**	**3,196**	**1**
Total (A+B) 31.12.2022	**62,549**	**1**	**120,709**	**125**	**5,252**	**4**	**11,008**	**8**	**3,308**	**3**

B.4 Large exposures

	31.12.2023
a) Amount book value (€ million)	252,186
b) Amount weighted value (€ million)	23,526
c) Number	16

According to Art.4.1 39 of Regulation (EU) No.575/2013 (CRR), in case of exposures towards a group of connected clients formed by a Central Government and other groups of connected clients, such exposure towards the Central Government is reported for each group of connected clients when remitting regulatory reporting; despite the abovementioned regulatory approach, both the amounts shown in letter a), b), and the number in letter c) in the table above disclose only once the exposure towards the Central Government. It should be noted that deferred tax assets towards Central Government were considered as fully exempted and, consequently, the weighted amount reported is null. Carrying and weighted amounts also include the indirect exposures towards the issuers of securities used as collateral under reverse repurchase agreement transactions included in master netting agreements, in compliance to EBA Q&A n. 5496.

Part E - Information on risks and related hedging policies

C. Securitisation transactions

Qualitative information
In securitisation transactions the Group plays, as the case may be, the role of originator, sponsor or investor.

The Group as originator
The Group's origination of traditional transactions consists in the sale of on-Balance sheet receivables portfolios to vehicles set up as securitisation companies under Law 130/99 or similar non-Italian legislation.
The transferee company finances the purchase of the receivables portfolios by issuing bonds of varying seniority and transfers its issue proceeds to the Group[75].
The yield and maturity of the bonds issued by the buyer therefore mainly depend on the cash flow expected from the assets being sold. As a further form of security to bondholders, these transactions may include special types of credit enhancement, e.g., subordinated loans, financial guarantees, standby letters of credit, etc.

The Group's objectives when carrying out these transactions are usually the following:
- to originate securities that can be used to secure refinancing transactions with Banca d'Italia and the ECB (counterbalancing capacity);
- to obtain funding through the placement of securities on the market. This also allows a diversification of the funding sources and of the investors' basis with improvements in reducing the cost of Group's funding;
- to free up economic and regulatory capital by carrying out transactions that reduce capital requirements under current rules by reducing credit risk of the underlying portfolio;
- to reduce the exposures towards non-performing customers;
- to optimise the recoveries of exposures portfolios towards non-performing customers, referring to specific asset classes;
- other purposes related for example to corporate re-organization, M&A or divestment's assets where the true sale securitisation is instrumental to the deleveraging and assets transfer or for business purposes.

The Group carries out both traditional securitisations whereby the receivables portfolio is sold to the SPV, as described above, and synthetic securitisations which use financial guarantees to purchase protection over all or part of the underlying credit risk of the portfolio. The latter, on the contrary to traditional securitisations, is not sold to vehicles but remains also legally within the Group. In this case, moreover, the financial guarantees purchased as protection of such loans are also booked on the Balance sheet as well as the impacts on the Income statement related to them.

Under traditional securitisations generally the Group, in addition to provide in some cases servicing role, retains the first loss in the form of junior bonds or similar exposure and in some cases provides further credit enhancement as described above. This enables the Group to benefit from the portion of the sold receivables' yield in excess of the yield due to the senior and mezzanine tranches.

Retention by the Group of the overall first loss risk and the corresponding yield means that most of the risk and return on the portfolio is retained in these cases. Consequently these transactions are recognised in the accounts as loans and no profits arising out of the transfer of the assets are recognised as well as the sold receivables are not derecognised.
In the consolidated financial statements, exposure to the variability of the cash flows deriving from maintenance of the excess rewards of the portfolio and of the first loss risk, together with the role of servicer of the underlying assets, determines in general control by the Group over these securitisation vehicles. Therefore they are subject to full consolidation.
Differently, in order to improve the quality of its assets and optimise the capital allocation, the Group also carries out transactions that involve the portfolios' derecognition and/or the related significant risk transfer, by subscribing a limited portion of securities issued by vehicles of securitisation or keeping a minimum percentage of the portfolio, in compliance with the rules for maintaining a net economic interest in the securitisation transaction according to the current regulatory requirements (Retention Rule).

75 The legislation also foresees other securitisation structures in which the proceeds deriving from the issue of a single class or classes of securities (or from other alternative forms of funding, such as through the taking of deposits), are used by the vehicle for the granting of a loan to the Originator of the assets; in any case, however, the repayment of the loan is guaranteed by the proceeds of the same assets, which are returned to the vehicle. Furthermore, the legislation also foresees that the SPV can obtain the assets through the direct grant to the client, utilizing the bank, and not through the purchase of the portfolio from the bank itself.

Part E - Information on risks and related hedging policies

The Group's main objectives in its securitisation transactions (whether traditional or synthetic) are the optimisation of the loan portfolio by freeing up regulatory and economic capital and obtaining fresh liquidity (in case of traditional transactions) together with greater diversification of its sources of funding. The crisis in the markets experienced since the second half of 2007 made it advisable to use traditional securitisation also as a means of increasing counterbalancing capacity, i.e. the availability of assets that can be readily used to create liquidity, by retaining the securities issued by the vehicle within the Group. Moreover traditional securitisations have been used also for corporate re-organisation's or divestment's purposes, for assets deleveraging, for business projects' purposes, for boosting recovery's activity through the recourse to specialised management companies external to the Group and for accelerating the sale of non-performing loans as well.

The assessment process on the realisation of securitisation transactions is carried out within the Parent in close cooperation with the Group originator entities involved and with UniCredit Bank GmbH, as preferred counterparty, as Arranger and potential Investment Banking. This process requires an economic feasibility study to assess the impact of transactions (according to their nature and aims), on regulatory and economic capital, on risk-adjusted profitability measures, on the level of liquidity and on the Group's asset quality. If this initial phase produces a positive result, a technical and operational feasibility study is carried out to identify the assets to be securitised and define the structure of the transaction. Once technical feasibility has been established, the transaction is realised.
Eventually it should be noted that "self-securitisations" and transactions in warehousing phase are not included in the quantitative tables of this paragraph (C. Securitisation transactions), as required by regulations.

Developments of the period
During 2023, the Group carried out various traditional and synthetic securitisation transactions with the aim of optimizing risk-weighted assets and improving the related ROAC in line with the provisions of the 2022-2024 "UniCredit Unlocked" Strategic Plan.
Anyway, the Group makes limited use of this type of transactions. The amount of securitised loans[76], net of the transactions in which the Group has acquired all the liabilities issued by the SPVs (the so-called self-securitisations), accounts for 3.12% of the Group's credit portfolio. Self-securitisations in turn account for 2.48% of the loan portfolio.

During 2023 the Group carried out 5 new transactions, of which 2 traditional and 3 synthetic ones:
- A.R.T.S. Consumer 2023 - traditional (originator UniCredit S.p.A.);
- Tahiti - traditional (originator UniCredit S.p.A.);
- A.R.T.S. Large Corporate 2023 - synthetic (originator UniCredit S.p.A.);
- A.R.T.S. ReMo 2023 - synthetic (originator UniCredit S.p.A.);
- A.R.T.S. Leasing 2023 - synthetic (originator UniCredit Leasing S.p.A.).

Details are given in the tables published in the "Annexes", which also describe transactions, traditional and synthetic, carried out in previous financial years.

The Group as sponsor
The Group defines the role of sponsor as that performed by an entity, other than the transferor, which organises and administers a securitisation or asset-backed commercial paper structure in which financial assets are purchased from third parties.

The Group acts as sponsor of asset backed commercial paper vehicles (i.e. commercial paper issuing conduits) set-up in order to allow customers the access to the securitisations' market (multi-seller Customer conduits).
Customer conduits require the formation and management of a bankruptcy-remote company (i.e. one that would be immune from any financial difficulties of the originator) which directly or indirectly buys receivables created by companies outside the Group.
The receivables underlying these transactions are not bought directly by the conduit set up by the Group, but by a purchase company which in turn is wholly funded by the conduit by means of commercial paper or Medium Term Notes (MTN).
In some circumstances purchase companies fund further SPVs which buy loan portfolio.

76 It refers to loans sold, also synthetically, but not derecognised from Balance sheet.

Part E - Information on risks and related hedging policies

The main purpose of these transactions is to give corporate customers access to the securitisation market and thus to lower funding costs than would be borne with direct funding.
The conduits' purchase of assets is financed by short-term commercial paper and Medium Term Note (MTN) issues.
Payment of interest and redemption of the securities issued by the conduit therefore depends on cash flow from the receivables purchased (credit risk) and the ability of the conduit to roll over or replace its market funding on maturity (liquidity risk).

To guarantee prompt redemption of the securities issued by the conduit, these transactions are guaranteed by a standby letter of credit covering the risk of default both of specific assets and of the whole programme.
The underwriters of issued securities also benefit from security provided by specific liquidity lines which the conduit may use if it unable to place new commercial paper to repay maturing paper, e.g. during market turmoil.
These liquidity lines may not however be used to guarantee redemption of securities issued by the conduit in the event of default by the underlying assets.

In its role as sponsor, the Group selects the asset portfolios purchased by conduits or purchase companies, provides administration of the assets and both standby letters of credit and liquidity lines and purchases commercial papers issued when required by market conditions.
For these services the Group receives fees and also benefits from the spread between the return on the assets purchased by the SPV and the securities issued.
These circumstances put the Group in the condition of having the power over the assets of the conduits and being at the same time exposed to the variability deriving from such assets. Therefore, the conduits sponsored by the Group have come within the perimeter of consolidation starting from 2007, in application of the conditions provided for in IFRS10 and previously by SIC12.
In addition to the Customer Conduits, purchase companies may also be consolidated if the Group is exposed to the variability of yields deriving from funding provided directly or indirectly, through the conduit, and also has the power to manage the underlying assets.

The Group as investor
The Group also invests in structured credit products issued by special-purpose entities that are not consolidated pursuant to the accounting rules in force, insofar as such instruments do not bear most of the risk or receive most of the returns associated with the activity carried out by these special-purpose entities.

With regard to these activities, the Group holds within the Global ABS portfolio exposures of securitisations established by third-parties such as RMBS, CMBS, CDO, CBO/CLO and other ABS.

In line with the development of the financial markets and, specifically, the securitisation market, the Global ABS Portfolio was transformed from a separate portfolio in liquidation to strategic investment portfolio for the Group in 2011 and was integrated into the Markets Strategic Portfolio ("MSP"), managed with a view to generating a profit margin and creating an appreciable capital return through long-term investments in fixed-income securities.

The development of client-related operations is also an integral part of MSP activities and includes actions to strengthen the customer base and support securitisations. This portfolio is subject to monitoring and reporting by the business and risk management functions. All activities relating to the MSP are carried out in conformity with established policies and procedures, specifically credit approval procedures.

The analysis of investments in ABS focuses specifically on the following elements:
- structural analysis of all internal and external risks inherent to a similar investment, e.g. Default Risk, Dilution Risk, Residual Value Risk, Servicer Risk, Interest Rate Risk, Liquidity Risk, Commingling Risk, Legal Risk, Adequacy of performance triggers, etc. These risks may differ according to the underlying assets class;
- analysis of the underlying portfolio, including the analysis of all performance indicators significant for each underlying asset class;
- cash flows/quantitative analysis/modelling;
- credit rating and experience of the participants e.g. vendor/servicer - financial soundness, capacity and availability to service assets.

Part E - Information on risks and related hedging policies

Quantitative information

The tables below do not include information on the so-called “self-securitisations”, i.e. securitisation transactions in which the Group has acquired all the liabilities issued by the SPVs, and transactions in warehousing phase.

C.1 Regulatory consolidation - Exposure from the main "in-house" securitisation transaction broken down by type of securitised asset and by type of exposure

(€ million)

	BALANCE-SHEET EXPOSURE					
	SENIOR		MEZZANINE		JUNIOR	
TYPE OF SECURITISED ASSETS/EXPOSURE	CARRYING VALUE	WRITE-DOWNS/ WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS/ WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS/ WRITE-BACKS
A. Totally derecognised	**1,988**	**-**	**42**	**-**	**20**	**-**
A.1 Residential mortgages	520	-	1	-	-	-
A.2 Loans to corporates	475	-	15	-	1	-
A.3 Loans to SME	681	-	24	-	19	-
A.4 Leasing	312	-	2	-	-	-
B. Partially derecognised	**-**	**-**	**9**	**-**	**11**	**1**
B.1 Loans to SME	-	-	9	-	11	1
C. Not-derecognised	**11,814**	**-**	**-**	**-**	**433**	**-7**
C.1 Residential mortgages	3,900	-	-	-	197	1
C.2 Loans to corporates	6,125	-	-	-	48	-
C.3 Loans to SME	1,394	-	-	-	65	-
C.4 Leasing	327	-	-	-	55	-
C.5 Consumer loans	68	-	-	-	68	-8

Possible write-downs and write-backs, including depreciations and revaluations posted on the Income statement or to reserves, refer to financial year 2023 only.

continued C.1 Regulatory consolidation - Exposure from the main "in-house" securitisation transaction broken down by type of securitised asset and by type of exposure

	GUARANTEES GIVEN					
	SENIOR		MEZZANINE		JUNIOR	
TYPE OF SECURITISED ASSETS/EXPOSURE	NET EXPOSURE	WRITE-DOWNS/ WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS/ WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS/ WRITE-BACKS
A. Totally derecognised	**-**	**-**	**-**	**-**	**-**	**-**
A.1 Residential mortgages	-	-	-	-	-	-
A.2 Loans to corporates	-	-	-	-	-	-
A.3 Loans to SME	-	-	-	-	-	-
A.4 Leasing	-	-	-	-	-	-
B. Partially derecognised	**-**	**-**	**-**	**-**	**-**	**-**
B.1 Loans to SME	-	-	-	-	-	-
C. Not-derecognised	**-**	**-**	**-**	**-**	**-**	**-**
C.1 Residential mortgages	-	-	-	-	-	-
C.2 Loans to corporates	-	-	-	-	-	-
C.3 Loans to SME	-	-	-	-	-	-
C.4 Leasing	-	-	-	-	-	-
C.5 Consumer loans	-	-	-	-	-	-

Part E - Information on risks and related hedging policies

continued C.1 Regulatory consolidation - Exposure from the main "in-house" securitisation transaction broken down by type of securitised asset and by type of exposure

	CREDIT FACILITIES					
	SENIOR		MEZZANINE		JUNIOR	
TYPE OF SECURITISED ASSETS/EXPOSURE	NET EXPOSURE	WRITE-DOWNS/ WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS/ WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS/ WRITE-BACKS
A. Totally derecognised	**-**	**-**	**-**	**-**	**-**	**-**
A.1 Residential mortgages	-	-	-	-	-	-
A.2 Loans to corporates	-	-	-	-	-	-
A.3 Loans to SME	-	-	-	-	-	-
A.4 Leasing	-	-	-	-	-	-
B. Partially derecognised	**-**	**-**	**-**	**-**	**-**	**-**
B.1 Loans to SME	-	-	-	-	-	-
C. Not-derecognised	**-**	**-**	**-**	**-**	**-**	**-**
C.1 Residential mortgages	-	-	-	-	-	-
C.2 Loans to corporates	-	-	-	-	-	-
C.3 Loans to SME	-	-	-	-	-	-
C.4 Leasing	-	-	-	-	-	-
C.5 Consumer loans	-	-	-	-	-	-

With reference to transactions with own underlying assets it should be noted that the decrease in balance-sheet net exposures relating to transactions not derecognised and partially derecognised to €345 million as at December 2023 from €904 million as at December 2022 was due to the termination of the transactions Cordusio RMBS Securitisation and Success 2015 in addition to the natural development of the other transactions only partially offset by the new traditional transaction A.R.T.S Consumer 2023.
Moreover, the increase in balance-sheet net exposures concerning synthetic transactions from €11,759 million in December 2022 to €11,922 million in December 2023 was due to three new transactions called A.R.T.S. Large Corporate 2023, A.R.T.S. Re.Mo. 2023 and A.R.T.S. Leasing 2023 in addition to the natural development of the other synthetic transactions.

Finally, it should be noted that:
- the net balance-sheet exposure totally derecognised refers to the traditional securitisations Itaca, Olympia, Panthers, PEVA, Prisma, Relais 2020, to those of FINO Project and to the new traditional securitisation Tahiti, for which see the information provided in the tables published in the “Annexes”;
- the net balance-sheet exposure partially derecognised refers to the transaction Pillarstone Italy - Premuda.

C.2 Regulatory consolidation - Exposure resulting from the main third-party securitisation transactions broken down by type of securitised asset and by type of exposure

(€ million)

	BALANCE-SHEET EXPOSURE					
	SENIOR		MEZZANINE		JUNIOR	
TYPE OF SECURITISED ASSETS/EXPOSURE	CARRYING VALUE	WRITE-DOWNS/ WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS/ WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS/ WRITE-BACKS
A.1 Residential mortgages	1,303	-	11	-	-	-
A.2 Commercial mortgages	10	-	25	-	-	-
A.3 Loans to SME	4,574	-	3	-	18	-
A.4 Leasing	1,249	-	-	-	-	-
A.5 Consumer loans	9,231	-	-	-	-	-
A.6 Other retail exposures	234	-	-	-	2	-
A.7 Trade receivables	2,656	-		-	3	-

Note:
For the items "Loans to SME", "Leasing" and "Trade receivables" are included exposures of subsidiaries subject to consolidation, but not belonging to the banking group.

Possible write-downs and write-backs, including depreciations and revaluations posted on the Income statement or to reserves, refer to financial year 2023 only.

Part E - Information on risks and related hedging policies

continued C.2 Regulatory consolidation - Exposure resulting from the main third-party securitisation transactions broken down by type of securitised asset and by type of exposure

	GUARANTEES GIVEN					
	SENIOR		MEZZANINE		JUNIOR	
TYPE OF SECURITISED ASSETS/EXPOSURE	NET EXPOSURE	WRITE-DOWNS/ WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS/ WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS/ WRITE-BACKS
A.1 Residential mortgages	-	-	-	-	-	-
A.2 Commercial mortgages	-	-	-	-	-	-
A.3 Loans to SME	-	-	-	-	-	-
A.4 Leasing	-	-	-	-	-	-
A.5 Consumer loans	-	-	-	-	-	-
A.6 Other retail exposures	-	-	-	-	-	-
A.7 Trade receivables	-	-	-	-	-	-

continued C.2 Regulatory consolidation - Exposure resulting from the main third-party securitisation transactions broken down by type of securitised asset and by type of exposure

	CREDIT FACILITIES					
	SENIOR		MEZZANINE		JUNIOR	
TYPE OF SECURITISED ASSETS/EXPOSURE	NET EXPOSURE	WRITE-DOWNS/ WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS/ WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS/ WRITE-BACKS
A.1 Residential mortgages	-	-	-	-	-	-
A.2 Commercial mortgages	-	-	-	-	-	-
A.3 Loans to SME	15	-	-	-	-	-
A.4 Leasing	997	-	-	-	-	-
A.5 Consumer loans	20	-	-	-	-	-
A.6 Other retail exposures	-	-	-	-		-
A.7 Trade receivables	3,078	-	13	-	-	-

Note:
For the items "Loans to SME", "Leasing" and "Trade receivables" are included exposures of subsidiaries subject to consolidation, but not belonging to the banking group.

The transactions with third-party underlying assets are those in which the Group acts as sponsor, lender or investor.

With reference to transactions in which the Group acts as sponsor, the total amount of net exposure is equal to €5,941 million (€6,060 million as at 31 December 2022), broken down into asset backed commercial paper and loans for €2,042 million and undrawn credit lines for €3,899 million.
It should be noted that the lines of credit shown are the difference between total credit lines granted and the amount of commercial paper and loans underwritten by the Group. This figure is the additional risk exposure incurred by the Group in addition to the underwritten commercial paper and loans.

With reference to transactions in which the Group acts as investor, refer to the subsequent tables 'Exposures toward other consolidated SPVs' and "C.4 Regulatory consolidation - Special Purpose Vehicles for securitisation not subject to consolidation" that shows the exposure of the Group toward these SPVs.

With reference to sponsor exposures the following table provides information about exposures held toward consolidated conduits in which the Group acts as sponsor.

Part E - Information on risks and related hedging policies

Exposures sponsored by the Group

(€ million)

	AMOUNTS AS AT 31.12.2023
Asset Backed Commercial Paper/Loans	**2,042**
- Arabella Finance DAC	1,897
- Elektra Purchase No.28 DAC	-
- Elektra Purchase No.31 DAC	-
- Elektra Purchase No.32 S.A. - Compartment 1	-
- Elektra Purchase No.33 DAC	-
- Elektra Purchase No.36 DAC	-
- Elektra Purchase No.37 DAC	-
- Elektra Purchase No.38 DAC	-
- Elektra Purchase No.43 DAC	-
- Elektra Purchase No.46 DAC	-
- Elektra Purchase No.54 DAC	-
- Elektra Purchase No.56 DAC	144
- Elektra Purchase No.69 DAC	-
- Elektra Purchase No.71 DAC	-
- Elektra Purchase No.74 DAC	1
- Elektra Purchase No.79 DAC	-
- Elektra Purchase No.350 DAC	-
Credit facilities	**2,213**
- Arabella Finance DAC	100
- Elektra Purchase No.28 DAC	137
- Elektra Purchase No.31 DAC	62
- Elektra Purchase No.32 S.A. - Compartment 1	274
- Elektra Purchase No.33 DAC	186
- Elektra Purchase No.36 DAC	480
- Elektra Purchase No.37 DAC	78
- Elektra Purchase No.38 DAC	98
- Elektra Purchase No.43 DAC	172
- Elektra Purchase No.46 DAC	82
- Elektra Purchase No.54 DAC	31
- Elektra Purchase No.56 DAC	27
- Elektra Purchase No.69 DAC	39
- Elektra Purchase No.71 DAC	131
- Elektra Purchase No.74 DAC	103
- Elektra Purchase No.79 DAC	172
- Elektra Purchase No.350 DAC	41

The lines of credit shown are the difference between total credit lines granted and the amount of commercial paper and loans underwritten by the Group. This figure is the additional risk exposure incurred by the Group in addition to the underwritten commercial paper.

Moreover, it should be noted that as at 31 December 2022 there were 4 SPVs of third parties securitisations, Ice Creek Pool No.1 DAC, Ice Creek Pool No.3 DAC, Ice Creek Pool No.5 DAC and PaDel Finance 01 DAC where the Group acts as lender or investor, and subject to consolidation. Exposures to these vehicles amount to €1,265 million of cash exposures and €41 million of credit lines.

Part E - Information on risks and related hedging policies

C.3 SPVs for securitisations

(€ million)

NAME OF SECURITISATION/NAME OF VEHICLE	COUNTRY OF INCORPORATION	CONSOLIDATION	ASSETS			LIABILITIES		
			LOANS AND RECEIVABLES	DEBT SECURITIES	OTHERS	SENIOR	MEZZANINE	JUNIOR
Arabella Finance DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Y	4,587	-	3	4,580	-	-
ARTS Consumer	VIALE DELL'AGRICOLTURA 7, 37135 VERONA	Y	592	-	71	469	179	15
ARTS Consumer 2023	VIALE DELL'AGRICOLTURA 7, 37135 VERONA	Y	814	-	98	677	183	13
Capital Mortgage S.r.l. - CAPITAL MORTGAGE 2007 - 1	Piazzetta Monte 1 - 37121 Verona	Y	286	-	0	171	75	61
Elektra Purchase No.28 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Y	200	-	0	200	-	-
Elektra Purchase No.31 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Y	0	-	0	-	-	-
Elektra Purchase No.32 S.A. - Compartment 1	52-54 avenue du X Septembre, L-2550 Luxembourg	Y	326	-	0	325	-	-
Elektra Purchase No.33 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Y	65	-	0	65	-	-
Elektra Purchase No.36 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Y	37	-	0	37	-	-
Elektra Purchase No.37 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Y	700	-	0	700	-	-
Elektra Purchase No.38 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Y	113	-	0	113	-	-
Elektra Purchase No.43 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Y	117	-	0	117	-	-
Elektra Purchase No.46 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Y	219	-	0	219	-	-
Elektra Purchase No.54 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Y	39	-	0	39	-	-
Elektra Purchase No.56 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Y	45	-	0	45	-	-
Elektra Purchase No.69 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Y	154	-	0	154	-	-
Elektra Purchase No.71 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Y	57	-	0	57	-	-
Elektra Purchase No.74 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Y	132	-	0	132	-	-
Elektra Purchase No.79 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Y	93	-	0	93	-	-
Elektra Purchase No.350 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Y	250	-	0	250	-	-
F-E Mortgages S.r.l. - 2005	Piazzetta Monte 1 - 37121 Verona	Y	79	-	0	-	31	33
Ice Creek Pool No.1 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Y	223	-	0	223	-	-
Ice Creek Pool No.3 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Y	292	-	-	292	-	-
Ice Creek Pool No.5 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Y	274	-	-	274	-	-
PaDel Finance 01 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Y	475	-	0	475	-	-
ALTEA SPV S.R.L.	VIA VALTELLINA,15/17, 20159 MILANO	N	513	-	45	390	121	22
ARCOBALENO FINANCE SRL	FORO BUONAPARTE,70 20121 MILANO	N	18	-	4	-	-	29
ARTS LARGE CORPORATE S.R.L.	VIA VITTORIO ALFIERI 1, 31015 CONEGLIANO (TV)	N	497	-	29	471	-	44
CREDIARC SPV SRL	FORO BUONAPARTE,70 20121 MILANO	N	7	-	1	-	-	24
Elektra Purchase No.8 Limited	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	N	150	-	0	150	-	-
Elektra Purchase No.17 S.A. (RE COMPARTMENT 14)	52-54 avenue du X Septembre, L-2550 Luxembourg	N	33	-	0	33	-	-
Elektra Purchase No.17 S.A. (Re Compartment 18)	52-54 avenue du X Septembre, L-2550 Luxembourg	N	40	-	0	40	-	-
Elektra Purchase No.25 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	N	123	-	0	123	-	-
Elektra Purchase No.29 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	N	254	-	0	254	-	-
Elektra Purchase No.41 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	N	61	-	0	61	-	-
Elektra Purchase No.45 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	N	229	-	0	229	-	-
Elektra Purchase No.60 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	N	112	-	0	112	-	-
Elektra Purchase No.61 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	N	27	-	0	27	-	-
Elektra Purchase No.62 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	N	420	-	0	420	-	-
Elektra Purchase No.65 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	N	43	-	0	43	-	-
Elektra Purchase No.66 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	N	43	-	0	43	-	-
Elektra Purchase No.68 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	N	50	-	0	50	-	-
Elektra Purchase No.70 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	N	39	-	0	39	-	-
Elektra Purchase No.72 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	N	25	-	0	25	-	-
Elektra Purchase No.73 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	N	149	-	0	149	-	-
Elektra Purchase No.75 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	N	103	-	0	103	-	-
Elektra Purchase No.76 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	N	173	-	0	173	-	-
Elektra Purchase No.77 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	N	24	-	0	24	-	-
Elektra Purchase No.78 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	N	34	-	0	34	-	-
Elektra Purchase No.80 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	N	39	-	0	39	-	-
FINO 1 SECURITISATION SRL	VIALE LUIGI MAJNO 45, 20122 MILANO	N	138	-	41	-	-	50
FINO 2 SECURITISATION SRL	VIALE LUIGI MAJNO 45, 20122 MILANO	N	89	-	0	180	201	40
GREENE KING FINANCE PLC	8th Floor 100 Bishopsgate, London, United Kingdom, EC2N 4AG	N	132	-	0	132	-	-
ITACA SPV S.R.L.	VIA VITTORIO ALFIERI 1, 31015 CONEGLIANO (TV)	N	786	-	49	69	24	6
OLYMPIA SPV S.R.L.	VIA VITTORIO ALFIERI 1, 31015 Conegliano	N	130	-	111	165	26	3
ONIF FINANCE SRL	VIA ALESSANDRO PESTALOZZA 12/14, 20131 MILANO	N	149	-	9	-	-	104
Pillarstone Italy SPV S.r.l. - Premuda	Via Pietro Mascagni 14, 20122 MILANO	N	59	-	0	1	175	90
Pillarstone Italy SPV S.r.l. - Rainbow	Via Pietro Mascagni 14, 20122 MILANO	N	56	-	0	1	51	106
PRISMA SPV S.R.L.	VIA MARIO CARUCCI 131, Roma	N	281	-	407	532	80	30
RELAIS SPV S.r.l.	VIA VITTORIO ALFIERI 1, 31015 Conegliano	N	746	-	6	278	91	10
Sestante Finance S.r.l.	Via Borromei, 5 - 20123 Milano	N	111	-	-	67	90	9
Tahiti SPV S.r.l.	PZA GEN.ARMANDO DIAZ 5, 20123 MILANO	N	24	-	2	0	5	1

Part E - Information on risks and related hedging policies

C.4 Regulatory consolidation - Special Purpose Vehicles for securitisation not subject to consolidation

As mentioned before in the context of securitisation transactions the Group may operate as investor, sponsor and originator.
The following table provides indication on assets and liabilities recognised in the Balance sheet as well as off-balance exposures of the Group toward non-consolidated securitisation vehicles and broken down by role of the Group. The maximum exposure to loss has been calculated by grossing up the difference between assets and liabilities with off-Balance sheet positions, irrevocable credit lines and financial guarantees, held toward these vehicles and reported in column "difference between maximum exposure to loss and accounting value".

Exposures to Securitisation SPVs not subject to consolidation

(€ 'milion)

	AMOUNTS AS AT 31.12.2023						
BALANCE SHEET ITEM/SPV TYPE	ACCOUNTING PORTFOLIO (ASSETS)	TOTAL ASSETS (A)	ACCOUNTING PORTFOLIO (LIABILITIES)	TOTAL LIABILITIES (B)	NET ACCOUNTING VALUE (C=A-B)	MAXIMUM EXPOSURE TO LOSS (D)	DIFFERENCE BETWEEN MAXIMUM EXPOSURE TO LOSS AND ACCOUNTING VALUE (E=D-C)
ABS Issuing vehicles (Investor)		**15,741**		**29**	**15,712**	**15,754**	**42**
	HFT	-	Deposits	29			
	DFV	-	Securities	-			
	MFV	42	HFT	-			
	FVOCI	-	DFV	-			
	AC	15,699					
Commercial Paper Conduits (Sponsor)		**271**		**70**	**201**	**2,027**	**1,826**
	HFT	-	Deposits	70			
	DFV	-	Securities	-			
	MFV	3	HFT	-			
	FVOCI	-	DFV	-			
	AC	268					
Own securitisations (Originator)		**2,069**		**389**	**1,680**	**1,680**	**-**
	HFT	-	Deposits	389			
	DFV	-	Securities	-			
	MFV	58	HFT	-			
	FVOCI	1,043	DFV	-			
	AC	968					
Total		**18,081**		**488**	**17,593**	**19,461**	**1,868**

Notes:
HFT = Financial assets held for trading
DFV = Financial assets designated at fair value
MFV = Financial assets mandatorily at fair value
FVOCI = Financial assets at fair value through other comprehensive income
AC = Financial assets at amortised cost

Deposits = Deposits from Customers
Securities = Debt securities in issue
HFT = Financial liabilities held for trading
DFV = Financial liabilities designated at fair value

Part E - Information on risks and related hedging policies

Exposures toward ABS Issuing vehicles are constituted for the most part, €15,617 million, by exposures in Asset Backed Securities. The remaining part is constituted by loans.

Exposures toward Commercial Paper Conduit comprise credit line provided to the purchase companies that acquire the receivables from the originators external to the Group. These credit lines are granted by credit enhancements (deferred purchase price and credit insurance) so that the Group does not bear the variability of the underlying portfolio.

Exposures toward own securitisation comprise securities and off-Balance sheet exposure toward SPV that are not consolidated as the conditions required by IFRS10 are not fulfilled. Absent the conditions requested by IFRS9 the securitised loans have not been derecognised from the Balance sheet of the originator. For further information on these securitisations refer to the tables published in the "Annexes".

During the period the Group has not provided financial support to any non-consolidated securitisation vehicle in absence of contractual obligation to do so. The Group has not the current intention to provide such support. The Group does not act as sponsor of securitisation vehicles in which it has not exposures at the end of the reporting period.

C.5 Regulatory consolidation - Servicer activities - Collections of securitised loans and redemptions of securities issued by the securitisation's vehicle

(€ million)

SERVICER	SPECIAL PURPOSE VEHICLE	SECURITISED ASSETS (YEAR END FIGURES)		LOANS COLLECTED DURING THE YEAR		PERCENTAGE OF SECURITIES REDEEMED (YEAR END FIGURES)					
						SENIOR		MEZZANINE		JUNIOR	
		IMPAIRED	PERFORMING	IMPAIRED	PERFORMING	IMPAIRED ASSETS	PERFORMING ASSETS	IMPAIRED ASSETS	PERFORMING ASSETS	IMPAIRED ASSETS	PERFORMING ASSETS
UniCredit S.p.A.	Arts Consumer	13	578	1	365	-	30.01%	-	-	-	-
	Arts Consumer 2023	2	813	-	85	-	-	-	-	-	-
	Capital Mortgage S.r.l.	3	283	1	67	-	92.87%	-	-	-	-
	F-E Mortgage S.r.l. - SERIE 2005	4	75	3	21	-	100.00%	-	26.03%	-	10.31%

Part E - Information on risks and related hedging policies

C.6 Regulatory consolidation - Consolidated securitisation vehicles

(€ million)

	31.12.2023		
SPECIAL PURPOSE VEHICLE	Arabella Finance DAC	ARTS Consumer	ARTS Consumer 2023
COUNTRY OF INCORPORATION	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	VIALE DELL'AGRICOLTURA 7, 37135 VERONA	VIALE DELL'AGRICOLTURA 7, 37135 VERONA
A. Securitised assets	**4,584**	**592**	**815**
A.1 Loans	4,584	592	815
A.2 Bonds	-	-	-
B. Loans disbursed	**3**	**-**	**-**
C. Use of liquid assets resulting from loan operations	**-**	**63**	**98**
C.1 Loans (including bank current account)	-	63	98
C.2 Bonds	-	-	-
D. Other assets	**3**	**8**	**-**
D.1 Derivatives	3	0	-
D.2 Other assets	-	8	-
TOTAL ASSETS (A+B+C+D)	**4,590**	**663**	**913**
E. Bond issued	**4,580**	**648**	**860**
E.1 Senior	4,580	469	677
E.2 Mezzanine	-	179	183
E.3 Junior	-	-	-
F. Loans received	**-**	**15**	**12**
F.1 Senior	-	-	-
F.2 Mezzanine	-	-	-
F.3 Junior	-	15	12
G. Other liabilities	**10**	**-**	**41**
G.1 Derivatives	8	-	0
G.2 Due to originator	-	-	41
G.3 Other liabilities	4	0	-
G.4 Own funds	-2	-	-
TOTAL LIABILITIES (E+F+G)	**4,590**	**663**	**913**
H. Interest expense	**161**	**49**	**13**
H.1 Interest expense on bond issued	161	46	12
H.2 Interest expense on loans received	-	3	1
H.3 Interest expense on derivatives	-	-	-
I. Commissions and fees related to the transaction	**28**	**1**	**-**
I.1 for servicing	28	0	-
I.2 for other services	-	0	0
J. Other charges	**3**	**10**	**12**
J.1 Additional positive returns for exposure junior	-	5	1
J.2 Other costs	3	5	11
TOTAL COSTS (H+I+J)	**192**	**60**	**25**
K. Interest generated by securitised assets	**142**	**54**	**24**
L. Interest income on derivatives	**-**	**-**	**-**
M. Other revenues	**47**	**6**	**1**
M.1 Additional returns for exposure junior	-	-	-
M.2 Other revenues	47	6	1
TOTAL REVENUES (K+L+M)	**189**	**60**	**25**
PROFIT (LOSS) FOR THE PERIOD	**-3**	**-**	**-**

Part E - Information on risks and related hedging policies

continued C.6 Regulatory consolidation - Consolidated securitisation vehicles

(€ million)

	31.12.2023		
SPECIAL PURPOSE VEHICLE	Capital Mortgage S.r.l. - CAPITAL MORTGAGE 2007 - 1	Elektra Purchase No.28 DAC	Elektra Purchase No.31 DAC
COUNTRY OF INCORPORATION	Piazzetta Monte 1 - 37121 Verona	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland
A. Securitised assets	**286**	**200**	**-**
A.1 Loans	286	200	-
A.2 Bonds	-	-	-
B. Loans disbursed	**0**	**0**	**0**
C. Use of liquid assets resulting from loan operations	**49**	**-**	**-**
C.1 Loans (including bank current account)	49	-	-
C.2 Bonds	-	-	-
D. Other assets	**14**	**0**	**-**
D.1 Derivatives	-	-	-
D.2 Other assets	14	0	-
TOTAL ASSETS (A+B+C+D)	**349**	**200**	**-**
E. Bond issued	**271**	**-**	**-**
E.1 Senior	171	-	-
E.2 Mezzanine	74	-	-
E.3 Junior	26	-	-
F. Loans received	**35**	**200**	**-**
F.1 Senior	-	200	-
F.2 Mezzanine	-	-	-
F.3 Junior	35	-	-
G. Other liabilities	**43**	**0**	**0**
G.1 Derivatives	-	-	-
G.2 Due to originator	43	-	-
G.3 Other liabilities	0	0	0
G.4 Own funds	0	0	0
TOTAL LIABILITIES (E+F+G)	**349**	**200**	**-**
H. Interest expense	**11**	**7**	**0**
H.1 Interest expense on bond issued	10	-	-
H.2 Interest expense on loans received	1	7	0
H.3 Interest expense on derivatives	-	-	-
I. Commissions and fees related to the transaction	**0**	**1**	**1**
I.1 for servicing	0	1	1
I.2 for other services	-	-	-
J. Other charges	**5**	**-**	**0**
J.1 Additional positive returns for exposure junior	5	-	-
J.2 Other costs	-	-	0
TOTAL COSTS (H+I+J)	**16**	**8**	**1**
K. Interest generated by securitised assets	**14**	**8**	**1**
L. Interest income on derivatives	**1**	**-**	**-**
M. Other revenues	**1**	**-**	**-**
M.1 Additional returns for exposure junior	-	-	-
M.2 Other revenues	1	-	-
TOTAL REVENUES (K+L+M)	**16**	**8**	**1**
PROFIT (LOSS) FOR THE PERIOD	**0**	**-**	**-**

Part E - Information on risks and related hedging policies

continued C.6 Regulatory consolidation - Consolidated securitisation vehicles

(€ million)

	31.12.2023		
SPECIAL PURPOSE VEHICLE	Elektra Purchase No.32 S.A. - Compartment 1	Elektra Purchase No.33 DAC	Elektra Purchase No.36 DAC
COUNTRY OF INCORPORATION	52-54 avenue du X Septembre, L-2550 Luxembourg	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland
A. Securitised assets	**325**	**65**	**700**
A.1 Loans	325	65	700
A.2 Bonds	-	-	-
B. Loans disbursed	**0**	**0**	**0**
C. Use of liquid assets resulting from loan operations	**-**	**-**	**-**
C.1 Loans (including bank current account)	-	-	-
C.2 Bonds	-	-	-
D. Other assets	**1**	**0**	**1**
D.1 Derivatives	-	-	-
D.2 Other assets	1	0	1
TOTAL ASSETS (A+B+C+D)	**326**	**65**	**701**
E. Bond issued	**-**	**-**	**-**
E.1 Senior	-	-	-
E.2 Mezzanine	-	-	-
E.3 Junior	-	-	-
F. Loans received	**325**	**65**	**700**
F.1 Senior	325	65	700
F.2 Mezzanine	-	-	-
F.3 Junior	-	-	-
G. Other liabilities	**1**	**0**	**1**
G.1 Derivatives	-	-	-
G.2 Due to originator	-	-	-
G.3 Other liabilities	1	0	1
G.4 Own funds	0	0	0
TOTAL LIABILITIES (E+F+G)	**326**	**65**	**701**
H. Interest expense	**10**	**4**	**20**
H.1 Interest expense on bond issued	-	-	-
H.2 Interest expense on loans received	10	4	20
H.3 Interest expense on derivatives	-	-	-
I. Commissions and fees related to the transaction	**3**	**2**	**3**
I.1 for servicing	3	2	3
I.2 for other services	-	-	-
J. Other charges	**-**	**-**	**-**
J.1 Additional positive returns for exposure junior	-	-	-
J.2 Other costs	-	-	-
TOTAL COSTS (H+I+J)	**13**	**6**	**23**
K. Interest generated by securitised assets	**13**	**6**	**23**
L. Interest income on derivatives	**-**	**-**	**-**
M. Other revenues	**-**	**-**	**-**
M.1 Additional returns for exposure junior	-	-	-
M.2 Other revenues	-	-	-
TOTAL REVENUES (K+L+M)	**13**	**6**	**23**
PROFIT (LOSS) FOR THE PERIOD	**0**	**0**	**0**

Part E - Information on risks and related hedging policies

continued C.6 Regulatory consolidation - Consolidated securitisation vehicles

(€ million)

	31.12.2023		
SPECIAL PURPOSE VEHICLE	Elektra Purchase No.37 DAC	Elektra Purchase No.38 DAC	Elektra Purchase No.43 DAC
COUNTRY OF INCORPORATION	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland
A. Securitised assets	**113**	**117**	**219**
A.1 Loans	113	117	219
A.2 Bonds	-	-	-
B. Loans disbursed	**0**	**0**	**0**
C. Use of liquid assets resulting from loan operations	**-**	**-**	**-**
C.1 Loans (including bank current account)	-	-	-
C.2 Bonds	-	-	-
D. Other assets	**0**	**0**	**0**
D.1 Derivatives	-	-	-
D.2 Other assets	0	0	0
TOTAL ASSETS (A+B+C+D)	**113**	**117**	**219**
E. Bond issued	**-**	**-**	**-**
E.1 Senior	-	-	-
E.2 Mezzanine	-	-	-
E.3 Junior	-	-	-
F. Loans received	**113**	**117**	**219**
F.1 Senior	113	117	219
F.2 Mezzanine	-	-	-
F.3 Junior	-	-	-
G. Other liabilities	**0**	**0**	**0**
G.1 Derivatives	-	-	-
G.2 Due to originator	-	-	-
G.3 Other liabilities	0	0	0
G.4 Own funds	0	0	0
TOTAL LIABILITIES (E+F+G)	**113**	**117**	**219**
H. Interest expense	**4**	**4**	**8**
H.1 Interest expense on bond issued	-	-	-
H.2 Interest expense on loans received	4	4	8
H.3 Interest expense on derivatives	-	-	-
I. Commissions and fees related to the transaction	**-**	**2**	**1**
I.1 for servicing	-	2	1
I.2 for other services	-	-	-
J. Other charges	**-**	**-**	**-**
J.1 Additional positive returns for exposure junior	-	-	-
J.2 Other costs	-	-	-
TOTAL COSTS (H+I+J)	**4**	**6**	**9**
K. Interest generated by securitised assets	**4**	**6**	**9**
L. Interest income on derivatives	**-**	**-**	**-**
M. Other revenues	**-**	**-**	**-**
M.1 Additional returns for exposure junior	-	-	-
M.2 Other revenues	-	-	-
TOTAL REVENUES (K+L+M)	**4**	**6**	**9**
PROFIT (LOSS) FOR THE PERIOD	**0**	**0**	**0**

Part E - Information on risks and related hedging policies

continued C.6 Regulatory consolidation - Consolidated securitisation vehicles

(€ million)

	31.12.2023		
SPECIAL PURPOSE VEHICLE	Elektra Purchase No.46 DAC	Elektra Purchase No.54 DAC	Elektra Purchase No.56 DAC
COUNTRY OF INCORPORATION	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Haddington Road, 1-2 Victoria Buildings, D04 XN32 Dublin	1-2 Victoria Buildings, 4 Dublin
A. Securitised assets	**39**	**45**	**154**
A.1 Loans	39	45	154
A.2 Bonds	-	-	-
B. Loans disbursed	**0**	**0**	**0**
C. Use of liquid assets resulting from loan operations	**-**	**-**	**-**
C.1 Loans (including bank current account)	-	-	-
C.2 Bonds	-	-	-
D. Other assets	**0**	**0**	**-**
D.1 Derivatives	-	-	-
D.2 Other assets	0	0	-
TOTAL ASSETS (A+B+C+D)	**39**	**45**	**154**
E. Bond issued	**-**	**-**	**-**
E.1 Senior	-	-	-
E.2 Mezzanine	-	-	-
E.3 Junior	-	-	-
F. Loans received	**39**	**45**	**154**
F.1 Senior	39	45	154
F.2 Mezzanine	-	-	-
F.3 Junior	-	-	-
G. Other liabilities	**0**	**0**	**0**
G.1 Derivatives	-	-	-
G.2 Due to originator	-	-	-
G.3 Other liabilities	0	0	0
G.4 Own funds	0	0	0
TOTAL LIABILITIES (E+F+G)	**39**	**45**	**154**
H. Interest expense	**2**	**1**	**10**
H.1 Interest expense on bond issued	-	-	-
H.2 Interest expense on loans received	2	1	10
H.3 Interest expense on derivatives	-	-	-
I. Commissions and fees related to the transaction	**1**	**1**	**2**
I.1 for servicing	1	1	2
I.2 for other services	-	-	-
J. Other charges	**-**	**-**	**-**
J.1 Additional positive returns for exposure junior	-	-	-
J.2 Other costs	-	-	-
TOTAL COSTS (H+I+J)	**3**	**2**	**12**
K. Interest generated by securitised assets	**3**	**2**	**12**
L. Interest income on derivatives	**-**	**-**	**-**
M. Other revenues	**-**	**-**	**-**
M.1 Additional returns for exposure junior	-	-	-
M.2 Other revenues	-	-	-
TOTAL REVENUES (K+L+M)	**3**	**2**	**12**
PROFIT (LOSS) FOR THE PERIOD	**0**	**0**	**0**

Part E - Information on risks and related hedging policies

continued C.6 Regulatory consolidation - Consolidated securitisation vehicles

(€ million)

	31.12.2023		
SPECIAL PURPOSE VEHICLE	**Elektra Purchase No.69 DAC**	**Elektra Purchase No.71 DAC**	**Elektra Purchase No.74 DAC**
COUNTRY OF INCORPORATION	Haddington Road; 1-2 Victoria Buildings; 4; Dublin	Haddington Road; 1-2 Victoria Buildings; D04XN32; Dublin	Haddington Road; 1-2 Victoria Buildings; DO4 XN32; Dublin
A. Securitised assets	**57**	**132**	**93**
A.1 Loans	57	132	93
A.2 Bonds	-	-	-
B. Loans disbursed	**0**	**0**	**0**
C. Use of liquid assets resulting from loan operations	**-**	**-**	**-**
C.1 Loans (including bank current account)	-	-	-
C.2 Bonds	-	-	-
D. Other assets	**0**	**0**	**0**
D.1 Derivatives	-	-	-
D.2 Other assets	0	0	0
TOTAL ASSETS (A+B+C+D)	**57**	**132**	**93**
E. Bond issued	**-**	**-**	**-**
E.1 Senior	-	-	-
E.2 Mezzanine	-	-	-
E.3 Junior	-	-	-
F. Loans received	**57**	**132**	**93**
F.1 Senior	57	132	93
F.2 Mezzanine	-	-	-
F.3 Junior	-	-	-
G. Other liabilities	**0**	**0**	**0**
G.1 Derivatives	-	-	-
G.2 Due to originator	-	-	-
G.3 Other liabilities	0	0	0
G.4 Own funds	0	0	0
TOTAL LIABILITIES (E+F+G)	**57**	**132**	**93**
H. Interest expense	**4**	**5**	**6**
H.1 Interest expense on bond issued	-	-	-
H.2 Interest expense on loans received	4	5	6
H.3 Interest expense on derivatives	-	-	-
I. Commissions and fees related to the transaction	**1**	**2**	**1**
I.1 for servicing	1	2	1
I.2 for other services	-	-	-
J. Other charges	**-**	**-**	**-**
J.1 Additional positive returns for exposure junior	-	-	-
J.2 Other costs	-	-	-
TOTAL COSTS (H+I+J)	**5**	**7**	**7**
K. Interest generated by securitised assets	**5**	**7**	**7**
L. Interest income on derivatives	**-**	**-**	**-**
M. Other revenues	**-**	**-**	**-**
M.1 Additional returns for exposure junior	-	-	-
M.2 Other revenues	-	-	-
TOTAL REVENUES (K+L+M)	**5**	**7**	**7**
PROFIT (LOSS) FOR THE PERIOD	**0**	**0**	**0**

Part E - Information on risks and related hedging policies

continued C.6 Regulatory consolidation - Consolidated securitisation vehicles

(€ million)

	31.12.2023		
SPECIAL PURPOSE VEHICLE	Elektra Purchase No.79 DAC	Elektra Purchase No.350 DAC	F-E Mortgages S.r.l. - 2005
COUNTRY OF INCORPORATION	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Piazzetta Monte 1 - 37121 Verona
A. Securitised assets	**250**	**37**	**79**
A.1 Loans	250	37	79
A.2 Bonds	-	-	-
B. Loans disbursed	**0**	**-**	**-**
C. Use of liquid assets resulting from loan operations	**-**	**-**	**13**
C.1 Loans (including bank current account)	-	-	13
C.2 Bonds	-	-	-
D. Other assets	**0**	**0**	**0**
D.1 Derivatives	-	-	-
D.2 Other assets	0	0	0
TOTAL ASSETS (A+B+C+D)	**250**	**37**	**92**
E. Bond issued	**-**	**-**	**63**
E.1 Senior	-	-	-
E.2 Mezzanine	-	-	31
E.3 Junior	-	-	32
F. Loans received	**250**	**37**	**-**
F.1 Senior	250	37	-
F.2 Mezzanine	-	-	-
F.3 Junior	-	-	-
G. Other liabilities	**0**	**0**	**29**
G.1 Derivatives	-	-	-
G.2 Due to originator	-	-	25
G.3 Other liabilities	0	-	4
G.4 Own funds	0	0	0
TOTAL LIABILITIES (E+F+G)	**250**	**37**	**92**
H. Interest expense	**-**	**1**	**3**
H.1 Interest expense on bond issued	-	-	3
H.2 Interest expense on loans received	-	1	0
H.3 Interest expense on derivatives	-	-	-
I. Commissions and fees related to the transaction	**-**	**1**	**-**
I.1 for servicing	-	1	-
I.2 for other services	-	-	-
J. Other charges	**-**	**-**	**2**
J.1 Additional positive returns for exposure junior	-	-	2
J.2 Other costs	-	-	-
TOTAL COSTS (H+I+J)	**-**	**2**	**5**
K. Interest generated by securitised assets	**-**	**2**	**4**
L. Interest income on derivatives	**-**	**-**	**-**
M. Other revenues	**-**	**-**	**1**
M.1 Additional returns for exposure junior	-	-	-
M.2 Other revenues	-	-	1
TOTAL REVENUES (K+L+M)	**-**	**2**	**5**
PROFIT (LOSS) FOR THE PERIOD	**0**	**-**	**-**

Part E - Information on risks and related hedging policies

continued C.6 Regulatory consolidation - Consolidated securitisation vehicles

(€ million)

	31.12.2023		
SPECIAL PURPOSE VEHICLE	Ice Creek Pool No.1 DAC	Ice Creek Pool No.3 DAC	Ice Creek Pool No.5 DAC
COUNTRY OF INCORPORATION	1st Fl., 1-2 Victoria Building; Haddington Road; D04 XN32; Dublin	Haddington Road; 1-2 Victoria Buildings; D04XN32; Dublin	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland
A. Securitised assets	**223**	**292**	**274**
A.1 Loans	223	292	274
A.2 Bonds	-	-	-
B. Loans disbursed	**-**	**0**	**0**
C. Use of liquid assets resulting from loan operations	**-**	**-**	**-**
C.1 Loans (including bank current account)	-	-	-
C.2 Bonds	-	-	-
D. Other assets	**0**	**-**	**-**
D.1 Derivatives	-	-	-
D.2 Other assets	0	-	-
TOTAL ASSETS (A+B+C+D)	**223**	**292**	**274**
E. Bond issued	**-**	**-**	**-**
E.1 Senior	-	-	-
E.2 Mezzanine	-	-	-
E.3 Junior	-	-	-
F. Loans received	**223**	**292**	**274**
F.1 Senior	223	292	274
F.2 Mezzanine	-	-	-
F.3 Junior	-	-	-
G. Other liabilities	**-**	**0**	**0**
G.1 Derivatives	0	-	-
G.2 Due to originator	-	-	-
G.3 Other liabilities	-	0	0
G.4 Own funds	-	-	0
TOTAL LIABILITIES (E+F+G)	**223**	**292**	**274**
H. Interest expense	**10**	**9**	**9**
H.1 Interest expense on bond issued	0	-	-
H.2 Interest expense on loans received	10	9	9
H.3 Interest expense on derivatives	0	-	-
I. Commissions and fees related to the transaction	**1**	**1**	**2**
I.1 for servicing	1	1	2
I.2 for other services	0	-	-
J. Other charges	**-**	**0**	**0**
J.1 Additional positive returns for exposure junior	-	-	-
J.2 Other costs	0	0	0
TOTAL COSTS (H+I+J)	**11**	**10**	**11**
K. Interest generated by securitised assets	**11**	**10**	**11**
L. Interest income on derivatives	**-**	**-**	**-**
M. Other revenues	**-**	**0**	**-**
M.1 Additional returns for exposure junior	-	-	-
M.2 Other revenues	-	0	-
TOTAL REVENUES (K+L+M)	**11**	**10**	**11**
PROFIT (LOSS) FOR THE PERIOD	**-**	**-**	**0**

Part E - Information on risks and related hedging policies

continued C.6 Regulatory consolidation - Consolidated securitisation vehicles

(€ million)

	31.12.2023
SPECIAL PURPOSE VEHICLE	**PaDel Finance 01 DAC**
COUNTRY OF INCORPORATION	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland
A. Securitised assets	**475**
A.1 Loans	475
A.2 Bonds	-
B. Loans disbursed	**0**
C. Use of liquid assets resulting from loan operations	**-**
C.1 Loans (including bank current account)	-
C.2 Bonds	-
D. Other assets	**-**
D.1 Derivatives	-
D.2 Other assets	-
TOTAL ASSETS (A+B+C+D)	**475**
E. Bond issued	**-**
E.1 Senior	-
E.2 Mezzanine	-
E.3 Junior	-
F. Loans received	**475**
F.1 Senior	475
F.2 Mezzanine	-
F.3 Junior	-
G. Other liabilities	**0**
G.1 Derivatives	-
G.2 Due to originator	-
G.3 Other liabilities	0
G.4 Own funds	0
TOTAL LIABILITIES (E+F+G)	**475**
H. Interest expense	**18**
H.1 Interest expense on bond issued	-
H.2 Interest expense on loans received	18
H.3 Interest expense on derivatives	-
I. Commissions and fees related to the transaction	**-**
I.1 for servicing	-
I.2 for other services	-
J. Other charges	**0**
J.1 Additional positive returns for exposure junior	-
J.2 Other costs	0
TOTAL COSTS (H+I+J)	**18**
K. Interest generated by securitised assets	**18**
L. Interest income on derivatives	**-**
M. Other revenues	**0**
M.1 Additional returns for exposure junior	-
M.2 Other revenues	0
TOTAL REVENUES (K+L+M)	**18**
PROFIT (LOSS) FOR THE PERIOD	**0**

Part E - Information on risks and related hedging policies

D. Sales transactions

A. Financial assets sold and not fully derecognised

Quantitative information

Any exposures that at the reference date are booked under item "120. Non-current assets and disposal groups classified as held for sale", in the tables below are shown in correspondence of the original accounting portfolio.

D.1 Regulatory consolidation - Financial assets sold and fully recognised and associated financial liabilities: book value

(€ million)

	FINANCIAL ASSETS SOLD AND FULLY RECOGNISED				ASSOCIATED FINANCIAL LIABILITIES		
	BOOK VALUE	OF WHICH: SUBJECT TO SECURITISATION TRANSACTION	OF WHICH: SUBJECT TO SALE AGREEMENT WITH REPURCHASE OBLIGATION	OF WHICH NON-PERFORMING	BOOK VALUE	OF WHICH: SUBJECT TO SECURITISATION TRANSACTION	OF WHICH: SUBJECT TO SALE AGREEMENT WITH REPURCHASE OBLIGATION
A. Financial assets held for trading	**643**	**-**	**643**	**X**	**526**	**-**	**526**
1. Debt securities	643	-	643	X	526	-	526
2. Equity instruments	-	-	-	X	-	-	-
3. Loans	-	-	-	X	-	-	-
4. Derivative instruments	-	-	-	X	-	-	-
B. Other financial assets mandatorily at fair value	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-	-	-	-
2. Equity instruments	-	-	-	X	-	-	-
3. Loans	-	-	-	-	-	-	-
C. Financial assets designated at fair value	**20**	**-**	**20**	**-**	**16**	**-**	**16**
1. Debt securities	20	-	20	-	16	-	16
2. Loans	-	-	-	-	-	-	-
D. Financial assets at fair value through other comprehensive income	**12,015**	**-**	**12,015**	**-**	**9,909**	**-**	**9,909**
1. Debt securities	12,015	-	12,015	-	9,909	-	9,909
2. Equity instruments	-	-	-	X	-	-	-
3. Loans	-	-	-	-	-	-	-
E. Financial assets at amortised cost	**31,425**	**15,511**	**15,914**	**49**	**14,313**	**1,461**	**12,852**
1. Debt securities	26,614	10,700	15,914	-	12,852	-	12,852
2. Loans	4,811	4,811	-	49	1,461	1,461	-
Total 31.12.2023	**44,103**	**15,511**	**28,592**	**49**	**24,764**	**1,461**	**23,303**
Total 31.12.2022	**53,133**	**27,548**	**25,585**	**402**	**21,908**	**1,178**	**20,730**

Part E - Information on risks and related hedging policies

D.2 Regulatory consolidation - Financial assets sold and partially recognised and associated financial liabilities: book value

(€ million)

	ORIGINAL GROSS VALUE OF ASSETS BEFORE SALE	BOOK VALUE OF ASSETS STILL PARTIALLY RECOGNISED	OF WHICH NON-PERFORMING	BOOK VALUE OF ASSOCIATED FINANCIAL LIABILITIES
A. Financial assets held for trading	**-**	**-**	**X**	**-**
1. Debt securities	-	-	X	-
2. Equity instruments	-	-	X	-
3. Loans	-	-	X	-
4. Derivative instruments	-	-	X	-
B. Other financial assets mandatory at fair value	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-
2. Equity instruments	-	-	X	-
3. Loans	-	-	-	-
C. Financial assets designated at fair value	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-
2. Loans	-	-	-	-
D. Financial assets at fair value through other comprehensive income	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-
2. Equity instruments	-	-	X	-
3. Loans	-	-	-	-
E. Financial assets at amortised cost	**60**	**14**	**14**	**1**
1. Debt securities	-	-	-	-
2. Loans	60	14	14	1
Total 31.12.2023	**60**	**14**	**14**	**1**
Total 31.12.2022	**60**	**14**	**14**	**4**

D.3 Regulatory consolidation - Sale transactions relating to financial liabilities with repayment exclusively based on assets sold and not fully derecognised: fair value

(€ million)

	FULLY RECOGNISED	PARTIALLY RECOGNISED	TOTAL	
			31.12.2023	31.12.2022
A. Financial assets held for trading	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-
2. Equity instruments	-	-	-	-
3. Loans	-	-	-	-
4. Derivative instruments	-	-	-	-
B. Other financial assets mandatorily at fair value	**-**	**-**	**-**	**6**
1. Debt securities	-	-	-	-
2. Equity instruments	-	-	-	-
3. Loans	-	-	-	6
C. Financial assets designated at fair value	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-
2. Loans	-	-	-	-
D. Financial assets at fair value through other comprehensive income	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-
2. Equity instruments	-	-	-	-
3. Loans	-	-	-	-
E. Financial assets at amortised cost (fair value)	**15,497**	**14**	**15,511**	26,314
1. Debt securities	10,700	-	10,700	**10,794**
2. Loans	4,797	14	4,811	15,520
Total associated financial assets	**15,497**	**14**	**15,511**	**26,320**
Total associated financial liabilities	**1,425**	**1**	**X**	**X**
Total net amount 31.12.2023	**14,072**	**13**	**14,085**	**X**
Total net amount 31.12.2022	**25,180**	**10**	**X**	**25,190**

Part E - Information on risks and related hedging policies

B. Financial assets sold and fully derecognised with recognition of continuous involvement

Qualitative and quantitative information
At the end of the year there were no disposals of financial assets that had been fully derecognised, which required the recognition of continuing involvement.

C. Financial assets sold and fully derecognised

Quantitative information
As at 31 December 2023, UniCredit group holds asset-backed securities and units in investment funds acquired following the sale of financial assets fully derecognised, carried out in 2023 and in previous years.
These transactions involved the sale of financial assets, consisting of loans both performing and non-performing, by the originator companies of the Group to securitisation vehicles or investment funds and their derecognition from the financial statements pursuant to IFRS9, following the assessment that the originator itself has substantially transferred the risks and benefits of the assets sold and at the same time has not maintained any control over the same assets.
Instead of these derecognised assets, the asset-backed securities or the units in investment funds received in the same transactions were recognised among the Financial assets.
For further information on each transaction carried out in the 2023 and also in the previous years, refer to "Annex 3 - Securitisations - qualitative tables" and "Annex 4 - Sales of financial assets to investment funds, receiving as consideration units issued by the same funds - qualitative tables".

C. Regulatory Consolidation - Financial assets sold and fully derecognised

(€ million)

	ORIGINAL BOOK VALUE OF ASSETS BEFORE SALE	OF WHICH NON-PERFORMING	BOOK VALUE OF THE BALANCE-SHEET EXPOSURE ACQUIRED
A. Financial assets held for trading	**-**	**X**	**-**
1. Debt securities	-	X	-
2. Equity instruments	-	X	-
3. Loans	-	X	-
4. Derivative instruments	-	X	-
B. Other financial assets mandatorily at fair value	**6**	**2**	**6**
1. Debt securities	-	-	-
2. Equity instruments	-	X	-
3. Loans	6	2	6
C. Financial assets designated at fair value	**-**	**-**	**-**
1. Debt securities	-	-	-
2. Loans	-	-	-
D. Financial assets at fair value through other comprehensive income	**-**	**-**	**-**
1. Debt securities	-	-	-
2. Equity instruments	-	X	-
3. Loans	-	-	-
E. Financial assets at amortised cost	**755**	**535**	**774**
1. Debt securities	-	-	-
2. Loans	755	535	774
Total 31.12.2023	**761**	**537**	**780**

The asset-backed securities acquired during the year by such transactions, amounting to €21 million, are classified in the Financial assets at amortised cost and in those mandatorily at fair value, while the units in investment Funds underwritten, amounting to €759 million, are classified in the Financial assets mandatorily at fair value portfolio.

D. Covered Bond Transactions
In 2008 the Group initiated a first Covered Bond (OBG or Obbligazioni Bancarie Garantite) Programme with residential mortgage loans as the underlying assets and in 2012 a second Covered Bond Programme with both residential and commercial mortgage loans as underlying assets, in line with Law 130/99 and Banca d'Italia circular 285/2013.

Under these programmes:
- UniCredit S.p.A. is issuer and also acts as transferor of suitable assets and servicer;
- UniCredit BpC Mortgage S.r.l. and UniCredit OBG S.r.l. (special purpose vehicles set up within the banking group as expressly authorised by Banca d'Italia) are guarantors of the OBG holders of the first and the second programme respectively, within the limits of the cover pools and;
- the auditing firm BDO Italia S.p.A. is Asset Monitor for both the programmes.

The first programme, guaranteed by UniCredit BpC Mortgage S.r.l., is characterised by a Soft Bullet method[77] of reimbursement and is rated by Fitch (AA), S&P (AA-), Moody's (Aa3).
The second programme, guaranteed by UniCredit OBG S.r.l., previously characterised by a Conditional Pass-Through method[78] of reimbursement, subsequently to contractual amendments finalized in May 2022, is currently characterised by a Soft Bullet method[1] of repayment and is rated by Moody's (Aa3). Furthermore, the program has been amended in May 2023 in order to comply with the updated regulation, including EU Directive 2162/2019, law 130/99 amended in November 2021 and the update 42 of Bank of Italy circular 285/2013 dated 30 March 2023.
The Group's main aims in issuing OBGs are to diversify its funding sources and fund at competitive rates. As with the securitisations, in case of difficulties in the markets covered bonds could be used also as a means of increasing the Group's counterbalancing capacity by retaining with the Group part of the securities issued.

An integral feature of OBG Programme management is maintaining a balance between the characteristics of the assets sold and the issues. This is necessary to maintain the efficacy of the guarantee given by the SPV to the bondholders.

Given the complexity of the transaction, a system of first- and second-level controls and procedures has been set up, as required by Banca d'Italia instructions, to identify units, functions, duties and responsibilities, and specific policy has been issued to this end.
The policy was approved by the competent committees, the Statutory Auditors and the Board of Directors of UniCredit S.p.A.

As required by Banca d'Italia instructions on controls:
- UniCredit's Risk Management function is charged with the management of the issuer's risks and checks:
  - the quality, suitability and integrity of the assets sold to guarantee the OBGs;
  - that the maximum ratio of OBGs issued to assets sold to guarantee them is adhered to;
  - that limits on sales and supplementary sales procedures are followed;
  - the effectiveness and adequacy of the hedges provided by any derivatives contracts entered into in relation to the Programme; and
  - the trend in the balance between the cash flow arising from the cover pool and that absorbed by the OBGs in issue;
- the Asset Monitor is an outside independent entity charged with checking at least annually the regularity of the transactions and the integrity of the guarantee to the bondholders;
- UniCredit's internal audit department is responsible for a complete audit (to be conducted at least once a year) of the adequacy of the controls performed;
- the results of the audits performed by the Asset Monitor and the issuer's internal audit department are submitted to the governing bodies.

As at 31 December 2023 the series of covered bonds issued under the two programmes totalled 20 and were worth €17,856 million, of which €11,500 million was repurchased by UniCredit S.p.A.

77 Soft Bullet repayment method: in case the issuer is insolvent and the OBG guarantor has insufficient funds to repay in full the OBG at the maturity date, the maturity date is automatically extended by 1 year and any unpaid and due amount shall be payable by such date. In case the OBG guarantor is not able to redeem the OBG at the extended maturity all the outstanding OBG become due and payable and the guarantor has to sale the whole underlying portfolio.
78 Conditional pass-through repayment method: in case the issuer is insolvent and the OBG guarantor has insufficient funds to repay in full the OBG at the maturity date, the OBG turns in to "pass-through" and the maturity date is extended by 38 years. During the extended period the OBG guarantor has the option to attempt a selected sale of the underlying portfolio every 6 months in order to redeem the pass-through OBG.

Part E - Information on risks and related hedging policies

NAME	SOFT BULLET COVERED BONDS PROGRAMME
Originator:	UniCredit S.p.A. (formerly UniCredit Family Financing Bank S.p.A.)
Issuer:	UniCredit S.p.A.
Servicer:	UniCredit S.p.A.
Arranger:	UniCredit Bank GmbH
Target transaction:	Funding
Type of asset:	Residential mortgage loans
Quality of Asset:	performing
Book value of the underlying assets at the end of accounting period (€ million):	4,599
Covered Bonds issued at the end of accounting period (€ million):	1,356
Other Credit Enhancements:	UniCredit S.p.A. granted to the SPV a subordinated loan of total Eur 5,009 million.
Rating Agencies:	S & P - Moody's - Fitch
Rating:	AA- (since 01/03/2019) - Aa3 (since 24/10/2018) - AA (since 22/12/2021)

NAME	SECOND SOFT BULLET COVERED BONDS PROGRAMME
Originator:	UniCredit S.p.A.
Issuer:	UniCredit S.p.A.
Servicer:	UniCredit S.p.A.
Arranger:	UniCredit Bank GmbH
Target transaction:	Funding - Counterbalancing capacity
Type of asset:	Residential and commercial mortgage loans
Quality of Asset:	Performing
Book value of the underlying assets at the end of accounting period (€ million):	28,157
Covered Bonds issued at the end of accounting period (€ million):	16,500
Other Credit Enhancements:	UniCredit S.p.A. granted to the SPV a subordinated loan of total Eur 29,176 million.
Rating Agencies:	Moody's
Rating:	Aa3 (Since 24/10/2018)

Part E - Information on risks and related hedging policies

Other transactions
With reference to the indications of Banca d'Italia/Consob/IVASS document No.6 of 8 March 2013 - Booking of "long-term structured repos" instructions, there are no transactions of this kind to report.

Information on structured trading derivatives with customers
The business model governing OTC derivatives trading with customers provides for the centralisation of market risk in Group Client Risk Management, while credit risk is assumed by the Group company which, under the divisional or geographical segmentation model, manages the relevant customer's account.

The Group's operational model provides for customer trading derivatives business to be carried on, as part of each subsidiary's operational independence:
- by the commercial banks and divisions that close transactions in OTC derivatives in order to provide non-institutional clients with products to manage currency, interest-rate and price risks. Under these transactions, the commercial banks transfer their market risks to the Group Client Risk Management by means of equal and opposite contracts, retaining only the relevant counterparty risk. The commercial banks also place or collect orders on behalf of others for investment products with embedded derivatives (e.g. structured bonds);
- by CE and EE Banks, which transact business directly with their customers (and possibly manage market risk associated with specific products and/or risk factors).

UniCredit group trades OTC derivatives on a wide range of underlying, e.g. interest rates, currency rates, share prices and indexes, commodities (precious metals, base metals, petroleum and energy materials) and credit rights.

OTC derivatives offer considerable scope for personalisation: new payoff profiles can be constructed by combining several OTC derivatives (for example, a plain vanilla IRS with one or more plain vanilla or exotic options). The risk and the complexity of the structures obtained in this manner depend on the respective characteristics of the components (reference parameters and indexation mechanisms) and the way in which they are combined.

Credit and market risk arising from OTC derivatives business is controlled by the Chief Risk Officer competence line (CRO) in the Parent and/or in the Division or subsidiary involved. This control is carried out by means of guidelines and policies covering risk management, measurement and controls in terms of principles, rules and processes, as well as by setting VaR limits.

The business with non-institutional clients does not (usually) entail the use of margin calls, whereas with institutional counterparties recourse may be made to 'credit-risk mitigation' (CRM) techniques, by using netting and/or collateral agreements.

Write-downs and write-backs of derivatives to take account of counterparty risk are determined in line with the procedure used to assess other credit exposure, specifically:
- performing exposure to customers are mapped by deriving EAD (Exposure at Default) with simulation techniques that take into account the Wrong-Way Risk and measured with PD (Probability of Default) and LGD (Loss Given Default) implied by current market default rates obtained from credit & loan-credit default swaps, in order to obtain a value in terms of 'expected loss' (EL) to be used for items designated and measured at fair value maximising the usage of market's inputs;
- non-performing positions are valued in terms of estimated expected future cash flows according to specific indications of impairment (which are the basis for the calculation of the amount and timing of the cash flow).

Here follows the breakdown of balance-sheet asset item "20. Financial assets at fair value through profit or loss: a) financial assets held for trading" and of balance-sheet liability item "20. Financial liabilities held for trading".
For the purpose of the distinction between customers and banking counterparties, the definition contained in Circular No.262 of 22 December 2005 of Banca d'Italia and subsequent amendments (which was used for the preparation of the accounts) was used as a reference.
Structured products were defined as derivative contracts that incorporate in the same instrument forms of contracts that generate exposure to several types of risk (with the exception of cross-currency swaps) and/or leverage effects.

Part E - Information on risks and related hedging policies

Fair values of OTC derivatives managed through Central Clearing counterparts are reported on a net basis. The related reduction of balances is €180,918 million and €181,115 million on trading asset (item "20. Financial assets at fair value through profit or loss: a) financial assets held for trading") and liabilities ("20. Financial liabilities held for trading"), respectively.

The balance of item "20. Financial assets at fair value through profit or loss: a) financial assets held for trading" of the Consolidated accounts with regard to derivative contracts totaled €29,309 million (with a notional value of €3,771,083 million) including €19,031 million with customers. The notional value of derivatives with customers amounted to €1,991,726 million including €1,986,339 million in plain vanilla (with a fair value of €18,715 million) and €5,387 million in structured derivatives (with a fair value of €317 million).
The notional value of derivatives with banking counterparties totaled €1,779,357 million (fair value of €10,278 million) including €5,175 million relating to structured derivatives (fair value of €95 million).

The balance of item "20. Financial liabilities held for trading" of the Consolidated accounts with regard to derivative contracts totaled €27,690 million (with a notional value of €3,779,214 million) including €18,035 million with customers. The notional value of derivatives with customers amounted to €1,981,560 million including €1,972,326 million in plain vanilla (with a fair value of €17,587 million) and €9,233 million in structured derivatives (with a fair value of €488 million).
The notional value of derivatives with banking counterparties totaled €1,797,653 million (fair value of €9,655 million) including €5,455 million relating to structured derivatives (fair value of €52 million).

E. Prudential perimeter - Credit risk measurement models

As at 31 December 2023 the expected loss on the credit risk perimeter was 0.41% of total UniCredit group credit exposure. The result does not include the exposures which have migrated to default and therefore do not enter in the calculation of expected loss. Besides, since risk measurement systems tend to be anti-cyclical, this may result in a smaller elasticity to the swift changes of the macroeconomic scenario.
As at 31 December 2023, the ratio between credit economic capital (including a component to cover migration risk) and its relative credit exposure amount is 2.03%.

As far as UniCredit S.p.A. quantitative information, reference is made to the paragraph "F. Credit risk measurement models" of Company financial statements of UniCredit S.p.A., Notes to the accounts, Part E - Information on risks and related hedging policies, Section 1 - Credit Risk, Quantitative information, which is herewith quoted entirely.

Part E - Information on risks and related hedging policies

2.2 Market risks

Market risk derives from the effect that changes in market variables (interest rates, securities prices, exchange rates, etc.) can cause to the economic value of the Group's portfolio, including the assets held both in the Trading book, as well as those posted in the Banking book, which involve both the operations typical of the commercial banking and in the choice of strategic investments. Market risk management within UniCredit group accordingly includes all the activities relating to cash transactions and capital structure management, both for the Parent Company, as well as for the individual entities of the Group.

From a regulatory perspective, market risk stems from all the positions included in banks' trading book as well as from commodity and foreign exchange risk positions in the whole Balance sheet.
Therefore, the risks subject to market risk capital requirements include but are not limited to:
- default risk, interest rate risk, credit spread risk, equity risk, foreign exchange (FX) risk and commodities risk for trading book instruments;
- FX risk and commodities risk for banking book instruments.

From a managerial perspective, the Group extends the definition of Market Risk to include Fair value through Profit and Loss (i.e., FVtPL) and Other Comprehensive Income (i.e., FVtOCI assets, net of Micro Fair Value Hedges) portfolios, which are therefore monitored and limited through a set of market-risk specific metrics.
Amortised Cost (AC) securities are also included in the scope with the aim to check the consistency with the Investment Plan.

The current organisational model guarantees the ability to steer, coordinate and control the activities of some aggregated risks (so-called Portfolio Risks), through dedicated responsibility centers (Portfolio Risk Managers), completely focused and specialised on such risks, under a Group and inter-divisional perspective.
According to this organisation, the structure at first level of reporting to "Group Risk Management", dedicated to market risk governance is the "Group Financial Risk" department.

Risk management strategies and processes

The Parent Company's Board of Directors lays down strategic guidelines for taking on market risks by calculating capital allocation for the Parent Company and its subsidiaries, depending on risk appetite and value creation objectives in proportion to the risks assumed. The Parent Company has defined Global Rules to manage and control market risk, including strategies and processes to be followed. Market risk strategies are set by the Parent Company at least on an annual basis, in line with the definition of the overall Group Risk appetite and then cascaded to the legal entities. Market risk appetite is also fundamental for the development of the Group's business strategy, ensuring the consistence between the budgeted revenues and the setting of Value-at-Risk limits.

In this context, on an annual basis Market Risk Management function of the Parent Company agrees with the local Market Risk functions possible changes to the Group Market Risk Framework. Changes to the Group Market Risk Framework can include changes to the perimeter for the calculation of managerial market risk metrics and methodological changes in the limit monitoring framework.

For this purpose, Market Risk Management of the Parent Company gathers the information needed to set up the Group Market Risk Strategy for the following year. In particular, Group Market Risk Management receives from the competent function the Group Risk Appetite Framework, which sets, among others, Market Risk KPIs and from local Market Risk functions the list of legal entities (LEs)/Business Lines allowed to assume market risk exposures, the severities of the related limits and the proposals for the review of market risk levels.

Based on these inputs, the Group Market Risk strategy is defined including the following information:
- the proposed Market Risk Takers Map;
- limits and Warning Levels (WLs) proposal in accordance with the proposed Market Risk Takers Map;
- any change occurred to the risk limit framework compared to the previous year;
- overview on the macroeconomic scenario and related risks for the Group;
- Market Risk RAF KPIs;
- the business strategy and key initiatives to support the limit proposal.

After that all the Group relevant Bodies have approved the Group Market Risk Strategy and given the relevant NBOs for local market risk limits, the approval is communicated to the local functions.

In terms of monitoring, the LEs carry out periodical activities (e.g., daily monitoring of VaR, weekly monitoring of Regulatory VaR, IRC and SVaR, monthly monitoring of Stress Test Warning Level) under the coordination of the Parent Company Market Risk Management function and the breaches are timely escalated locally to Senior Management and to the Parent Company.

Ultimately, it has to be highlighted that detailed Global Rules on market risk strategy definition, limits setting, monitoring, escalation and reporting activities are in place and applied at Group level.

Part E - Information on risks and related hedging policies

Trading Book

In accordance with the Capital Requirements Regulation, and as defined in the current policy "Group Market Risk Governance Guidelines", the Trading book is defined as all positions in financial instruments and commodities held either with trading intent, or in order to hedge positions held with trading intent.

Books held with trading intent are composed of:

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

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

The essential requirement for the Regulatory Trading book assignment is a clear "trading intent", as defined above, which the trader has to commit to and has to confirm on an ongoing basis. Additionally, the so called "tradability", "marketability" and "hedge-ability" requirements have to be assessed in order to evaluate the appropriateness for the Trading book assignment:

- tradability refers to positions free of restrictions on their tradability and coherently reflected within the "Trader Mandate" of the risk taker;
- marketability refers to the positions for which a reliable Fair Value can be evaluated based to the largest extent on independently verified observable market parameters;
- hedge-ability refers to positions for which a hedge could be put in place. The hedge-ability is meant to concern the "material" risks of a position which implies not necessarily that all the various risk features are to be hedge-able.

When opening a new book, the book manager makes the proposal whether the book should be managed as a Trading book, or a Banking book based on the planned trading activity. This has to be in line with the bank's internal rules and criteria for the assignment to either Trading book or Banking book. The book manager is required to clearly declare the trading intent and therefore to explain the business strategy behind the request for the Regulatory Trading assignment. The book manager is then responsible for all the positions held in his book and the eligibility criteria are expected to be fulfilled on an ongoing basis.

Concerning the monitoring phase, to demonstrate adequate trading intent, the following minimum criteria must be fulfilled at book level and are checked at least on a quarterly basis:

- minimum of 5 trades during the past 90 trading days;
- minimum of 5% of the volume of each book traded during the past 90 trading days with reference to the last day of the period.

In case a breach of the trading intent criteria, the possibility to re-classify the book must be assessed.

With reference to the methodology used to ensure that the policies and procedures implemented for the management of the Trading book are appropriate, first of all it has to be noted that any new/updated regulation has to be preliminary shared with the main impacted functions/legal entities in order to collect their feedback. The competent Group function also assesses the compliance risks with reference to the regulations falling within its direct scope of competence. In addition, before the issuance, the owner of the rule submits to the competent body/function for the approval.

The financial instruments (an asset or a liability, cash, or derivative) held by the Group are exposed to changes over time driven by moves of market risk factors. The market risk factors are classified in the following five standard market risk asset classes:

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

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

- **Broad market risk measures**: these measures are meant to set a boundary to the regulatory capital absorption and to the economic loss accepted for FVtOCI and/or FVtPL exposures. Limitations on Broad Market Risk measures must be reviewed at least annually in the context of the drafting of the Group and Local Market Risk Strategies and must be consistent with assigned budget of revenues, the defined risk-taking capacity (ICAAP process) and Group Risk Appetite KPIs. The set of all limitations on Broad Market Risk measures assigned to a specific market risk taker must be consistent with each other.

Part E - Information on risks and related hedging policies

The consistency must be checked whenever a level for a Broad Market Risk Measure is defined. The legal entity Market Risk Function needs to provide evidence of such consistency when required. Broad Market Risk measures are:
- Value at Risk ("VaR"), the potential 1-day loss in value of a portfolio for a 99% single-tail confidence interval; calculated through historical simulation in full revaluation using the last 250 equally weighted daily observations;
- Stressed VaR ("SVaR"), the VaR of a portfolio calculated using a 250-day period of significant financial stress;
- Incremental Risk Charge ("IRC"), the amount of regulatory capital aimed at addressing the credit shortcomings (migration and default risks) that can affect a portfolio in one year at a 99.9% confidence level;
- 60 days PL, set as the 60 calendar days rolling period Accumulated Economic P&L without resetting at year end; the limitation on this metrics is called Loss Warning Level ("LWL");
- Worst Stress test result, defined as the worst conditional loss on a given portfolio resulting from the application of a predefined set of scenarios; the limitation on this metrics is called Stress Test Warning Level ("STWL"); for all STWL included in the Market Risk Taker Maps, Parent Company monitoring is based on the set of scenarios defined in the Group Market Risk Strategy; legal entities are allowed to add specific scenarios for local monitoring purposes.

The Group has undertaken a progressive review of Market Risk measure scope and, starting from 2019, Warning Levels for 60 days PL and Worst Stress test result have been defined on FVtPL and FVtOCI perimeters.

- **Granular market risk measures:** these measures allow a more detailed and stringent control of risk exposures than Broad Market Risk measures. Limitations on Granular Market Risk measures (so-called Granular Market Limits, GMLs) are specific limits to individual risk factors or group of risk factors:
  - sensitivity levels, which represent the change in the market value of a financial instrument due to small moves of the relevant market risk asset classes/factors. Among others, and not limited to, particularly relevant considering the asset and liability structure of the commercial bank are the Basis Point Value Sensitivity, that measures the change in the present value of the interest rate sensitive positions resulting from a 1 bp parallel shift to interest rate, and the Credit Point Value Sensitivity, that measure the change in the present value of the credit risk sensitive positions resulting from a 1 bp parallel shift to credit spread (per issuer, rating or industry);
  - stress scenario levels, which represent the change in the market value of a financial instrument due to large moves of the relevant market risk asset classes/factors;
  - nominal levels, which are based on the notional value of the exposure.

  The main objectives of Granular Market Limits are:
  - supporting the management of market risk;
  - ensuring desk's focus to exposure under their mandate;
  - restricting risk concentration, i.e., preventing the build-up of positions that, although consistent with allocated VaR limits, could become unmanageable in case of turmoil or in case of reduced market liquidity;
  - complementing VaR when it does not cover sufficiently a specific risk factor;
  - facilitating interaction with traders, who manage their books according to sensitivities or scenario analysis;
  - limiting P&L volatility due to a specific risk factor;
  - complementing the compliance framework (e.g., Volcker rule and the German Trennbanken act).

  The Granular Market Limits must be consistent with limitations on Broad Market Risk measures.

To cover also Amortised Cost securities, the Market Risk Strategy defines notional and CPV granular limits on Regulatory Banking book perimeter. This ensures the monitoring of Credit spread risk in the Banking book, which originates mainly from government bond portfolios held for liquidity purposes. The main credit spread exposure relates to Italian sovereign risk in the Italian perimeter.

As for Banking book FX risk, the FX Management & Control Global Policy in force requires every legal entity to setup local processes and controls to transfer the transactional exchange risk exposures to one single unit, generally in the Treasury department, mandated to manage the open exposure within the allotted limits and the general market risk appetite.

Finally, the Group is exposed to FX risk in relation to the holding of subsidiaries, associates and joint ventures presenting their financial statements in currencies different than EUR (Structural FX Risk). To limit the impacts of the FX rates movements on the Capital ratios volatility, a RAF KPI on Structural FX risk is set at Group level to identify an appropriate level of risk the Group is willing to maintain and thresholds that in case of breaches require the activation of the proper escalation mechanisms. Group risk management strategy could envisage the steering of the FX risk exposure in the LEs or the booking in the Holding of positions deliberately taken to hedge the Total capital ratio from FX volatility. On a yearly basis, this strategy is presented to the relevant Group committees and approved by the BoD. The potential losses deriving from the implemented strategy is limited through the market risk metrics. The general policy is to hedge the foreign currency exposures from dividends and contributions to consolidate profit (loss) considering hedging cost and market circumstances. The FX exposure is hedged using forwards and options. This general rule is valid for the Parent Company. The hedge strategy is reviewed by the relevant risk committees on a regular basis.

Part E - Information on risks and related hedging policies

Banking book

The main components of market risk in the Banking book are: credit spread risk, FX risk and interest rate risk.

As for the first two components (Credit Spread risk and exchange rate risk), please refer to what is reported in this paragraph in the Trading Portfolio section.

With regards to the third component (interest rate risk), the exposure is measured in terms of sensitivity of the economic value and of the net interest income.

The Group Financial and Credit Risk Committee (GFRC) is responsible for the definition of the interest rate risk strategy for the strategic position of the banking book, including the strategic management of the capital and structural gap between non-interest rate sensitive assets and liabilities.

The main objective of the interest rate management in the banking book is the reduction of the adverse impacts on net interest income due to interest rate volatility in a multiyear horizon, in order to achieve a flow of earnings and a return on capital coherent with the strategic plan. The strategy does not imply any intended directional or discretionary positioning to generate additional earnings, unless approved by the relevant bodies and separately monitored. The only exception is for those functions authorized to carry interest rates positions within an approved level of limitations from the relevant risk committees.
The Treasury functions manage the interest rate risk deriving from commercial transactions maintaining the exposure within the EV and NII Sensitivity limits set by the relevant risk committees and optimizing the natural hedging opportunities between assets and liabilities. Exposure is measured and monitored daily by the risk management functions.
The interest rate management strategy takes also into account the main impacts from clients' behavior, which may impact on the value of interest margins or on the economic value of the banking book. Such are for instance the loans prepayment and the stability of sight deposits.

The prepayment risk is managed through the adaptation of the contractual profile on the basis of behavior of clients inferred from historical data, where relevant across the Group.

The stability of sight deposits is assessed by means of an internal model that estimates the stable volume and the non-sensitive portion to interest rates.

Hedging strategy for core deposits is designed by Finance and approved by GFRC. Such strategy aims to optimize the NII over time within IRRBB RAF framework; a prudential stance is kept in determining the volume and duration of the hedging strategy to limit over-hedging risk.

Part E - Information on risks and related hedging policies

Structure and organisation

The Group Financial Risk department is responsible, at Group level, for the definition of the strategies of financial risk management of the Group to be submitted to the competent functions/Bodies (i.e., liquidity risk, Balance sheet interest rate risk, market risk and counterpart risk), ensuring that the control of the risks in charge of the UniCredit S.p.A. Foreign Branches are monitored and reported to the Group Chief Risk Officer and to the Top Management. In addition, the structure governs the Group activities aimed to ensure the independent control of the prices and of the Front Office relevant parameters, for the fair value calculation.
Finally, the structure is directly responsible for the approval and the oversight of the internal rule revision plan proposed by the Group Financial Risk structure in charge of it.

The structure breaks down as follows:

GROUP FINANCIAL RISK

- "**Valuation Models and Methodologies & Market Risk Management**", responsible for developing and maintaining Group methodologies, models, and architectures regarding financial risks and for providing adequate evaluation of financial instruments of banking and trading book. In addition, it is responsible for governing and controlling market risk either at Group and UniCredit S.p.A. level.
- "**Structured Entities and Counterparty Credit Risks**", responsible for governing and controlling either at Group level and UniCredit S.p.A. level (with the inclusion of the Foreign Branches) and of the Regional Center Italy (when applicable), structured entities risks and counterparty risks.
- "**Liquidity and Interest Rate Risk Management**", responsible for governing and controlling the liquidity risk and Balance sheet interest rate risk, either at Group level and UniCredit S.p.A. level (including the Foreign Branches) and the Country Italy (when applicable).

The relevant Committees of reference are:
- Group Financial and Credit Risks Committee (GFRC) - Market Risk session;
- Group Executive Committee (GEC) - Risk Session.

The "Group Financial and Credit Risks Committee (GFRC) - Market Risk session" meets monthly and is responsible for approving strategies, policies and methodologies for Market Risks and for the monitoring of risks, with the aim to optimize the usage of financial resources (e.g., capital) in coherence with Risk Appetite and Business Strategies. It is also responsible for evaluating the impact of transactions significantly affecting the overall market risk portfolio profile.

The "Group Executive Committee (GEC) - Risk Session" which has approval as well as consulting and proposal functions, meets monthly and aims at supporting the CEO in its role of steering, coordinating and monitoring all categories of risks (included compliance risk), managing and overseeing the internal control system also at a Group level, as well as discussing and approving strategic risk topics such as Group Risk Appetite Framework, ICAAP, ILAAP, SREP, key highlights from Internal Control Systems, NPE, ESG.

Part E - Information on risks and related hedging policies

The Parent Company's governing bodies delegate to the Group Financial and Credit Risk Committee (GFRC) the development of detailed internal regulations with the goal of establishing an integrated and consistent IRRBB management framework within the Group with the goal of facilitating an effective decision-making process and governance.
Local relevant committee of the liquidity reference banks (LRBs) or Legal Entities (LEs) (in accordance with local rules in force), within the scope of their responsibilities and delegated powers, are responsible for implementing the IRRBB management framework established by GFRC, also considering the peculiarities of each LRB or LEs and given the guidelines and indications of their respective governing bodies (both those responsible for strategic supervision and management).
The GFRC is also responsible for the Group-wide monitoring of IRR within the broader perspective of market risk. Having regard to the overall operations and risk exposures of the Group, it involves the Group Executive Committee (GEC) within its responsibilities and delegated powers.

The committee's involvement in interest rate risk management includes:
- the initial approval and fundamental modifications for the measurement and control system of Banking book interest rate risks with the support of internal validation function (where necessary);
- the optimization of the Group profile for Banking book interest rate risk;
- the definition of the operational strategies of Balance sheet (e.g., replicating portfolio) and application of the internal transfer prices within the Italian perimeter.

Risk measurement and reporting systems

Trading book

In the second half of 2023, UniCredit group continued to improve and consolidate market risk models to properly measure, represent and control the Group risk profile, reflecting these changes in the reporting activity. As regards market risk measurements, further details can be reported in paragraph "Internal Model for Price, Interest Rate and Exchange Rate Risk of the Regulatory Trading book", while for both monthly and daily reporting process, Global Process Regulation are periodically updated.
Within the organisational context described above, the policy implemented by UniCredit group within the scope of market risk management is aimed at gradually adopting and using common principles, rules and processes in terms of appetite for risk, limit calculations, model development, pricing and risk model scrutiny.
The Group Financial Risk department is specifically required to ensure that principles, rules, and processes are in line with industry best practice and consistent with standards and uses in the various countries in which they are applied.
The main tool used by UniCredit group to measure market risk on trading positions is Value at Risk (VaR), calculated using the historical simulation method. Further details on risk valuation models are included in the following chapter.
Group Financial Risk defines market risk reporting standards, both in terms of contents and recurrence, and provides timely information to the Senior Management and regulators regarding the market risk profile at consolidated level.
In addition to VaR and Basel 2 risk measures, stress tests represent an important risk management tool that provides UniCredit with an indication of how much capital might be needed to absorb losses in case of large financial shocks. Stress testing forms an integral part of the Internal Capital Adequacy Assessment Process (ICAAP), which requires UniCredit to undertake rigorous, forward-looking stress testing that identifies possible events or changes in market conditions that could adversely impact on the bank.

Part E - Information on risks and related hedging policies

Banking book
The primary responsibility of the monitoring and control of the risk management for market risk in the Banking book lies in the bank's competent bodies. For instance, the Parent company is responsible for the process of monitoring the market risks on the Banking book at consolidated level. As such, it defines structure, data, and frequency of the necessary Group reporting.

The Banking book interest rate risk measure covers both the economic value and net interest income risk aspects. In particular, these two perspectives are complementary and involve:
- Economic Value: variations in interest rates can affect the economic value of assets and liabilities. The economic value of the bank can be viewed as the present value of the bank's expected net cash flows, defined as the expected cash flows on assets minus the expected cash flows on liabilities; a relevant risk measure from this perspective is the economic value sensitivity per time bucket for a 1 bp rate shock. This measure is reported to the relevant committees to assess the economic value impact of possible changes in the yield curve. In addition, the economic value sensitivity is computed also for the regulatory scenarios ("Supervisory Outlier Test" described in EBA/GL/2022/14);
- Net Interest Income: the focus of the analysis is the impact of changes of interest rates on Net Interest Income. An example of a measure of risks used is Net Interest Income sensitivity for a 100 bps parallel shock of rates. This measure is reported to the competent committees to the end of evaluating its impact on the interest income over the next 12 months. Additional stress test scenarios are performed and monitored including basis risk and non-parallel shocks with hypothesis of increase or decrease of interest rates levels under constant Balance sheet assumption.

As for other sources of market risk, such as Credit Spread risk and FX risk, please refer to the information in the paragraph Risk management strategies and processes, relating to the Trading Book section.

Hedging policies and risk mitigation

Trading book
The mitigation of Trading book risk is performed through the Market Risk Strategy, where broad and granular Limits are defined. The effective limit utilization is provided to "Group Financial and Credit Risks Committee" (through the Market Risk Overview report) and related breaches are escalated to the competent body, according to the severity assigned by the Market Risk Strategy. The escalation process is ruled by the Global Policy "Group Market Risk Governance Guidelines" which defines the nature of the various thresholds/limits applied, as well as the relevant bodies to be involved establishing the most appropriate course of action to restore exposure within the approved limits.
A set of risk indicators is also provided to the Group Executive Committee (and subsequently to the Internal Control & Risk Committee and to the Board of Directors) on a quarterly basis through the Group Risk Appetite Framework (RAF) and Integrated Risk Report (IRR).
If required, focus is provided to relevant committees on the activity of a specific business line/desk to ensure the highest level of understanding and discussion of the risks in certain areas which are deemed to deserve particular attention.

Banking book
On a regular basis, at least quarterly, the relevant IRR exposure, complemented by the analysis of the compliance to the limits, must be reported to Management bodies and internal committees. As a general principle, the compliance to the limits must be reported to Boards and committees depending on their role in limit setting and it is proportionate to the severity hierarchy.
The Group Financial and Credit Risk Committee (GFRC) must be subject to reporting with respect to RAF KPIs and Overall Group and LRB Granular Limits and Triggers with the same frequency of the committee's meetings. The same reporting process must be implemented within LRBs with respect to Local relevant committees (in accordance with local rules in force).
Breaches of limits and warning levels are reported, upon occurrence, to the relevant bodies. Consequently, the escalation process is activated in line with the procedures set in relative Policy, to establish the most appropriate course of action to restore exposure within the approved limits.
The execution of structural hedges to mitigate the interest rate risk exposure on client business is responsibility of the treasury functions. The strategic transactions in the Banking book are managed by the Asset and Liability Management department, ALM.

Part E - Information on risks and related hedging policies

Internal model for price, interest rate and exchange rate risk of the regulatory trading book

The current Market Risk internal model is based on Value-at-Risk (VaR) framework, integrated with other risk measures: incremental risk capital charge (IRC) and stressed Value-at-Risk (SVaR) aimed at reducing the pro-cyclicality of the minimum capital requirements for market risk, in line with the European directives in force.

All the regulatory requirements in the contest of Market Risk have been addressed via internal development of the necessary model and IT infrastructure as opposed to the external acquisition of ready-made solutions.

This enabled UniCredit to craft solutions that in many aspects can be considered on the sophisticated end of the spectrum of practices that can be found in the industry. In this respect one distinctive feature of the market (and counterparty) risk frameworks implemented in UniCredit group is the full revaluation approach employing the same pricing libraries used in the Front Office.

UniCredit group calculates both VaR and SVaR for market risk on trading positions using the historical simulation method.

Under the historical simulation method positions are revaluated (in full revaluation approach) based on trends in market prices over an appropriate observation period. The empirical distribution of profits/losses deriving therefrom is analysed to determine the effect of extreme market movements on the portfolios.

For a given portfolio, probability and time horizon, VaR is defined as a threshold value so that the probability that the mark-to-market loss on the portfolio, over the given time horizon, not exceeding this value (assuming no trading in the portfolio) has the given confidence level. Current configuration of the internal model defines VaR at a 99% confidence level on the 1-day P&L distribution obtained from equally weighted historical scenarios covering the last 250 days.

Historical scenarios are built relying on proportional shocks for Equities and FX rates, and on absolute shocks for Interest Rates and Credit Spreads. UniCredit VaR Model simulates all the risk factors, both referring to general and specific risk, thus providing diversification in a straightforward approach. The model is recalibrated daily. The use of a 1-day time horizon makes the immediate comparison with realised profits/losses possible and such comparison is the core of the back-testing exercise.

The VaR measure identifies a consistent measure across all the portfolios and products, since it:

- allows a comparison of risk among different businesses;
- provides a means of aggregating and netting position within a portfolio to reflect correlation and offset between different assets classes;
- facilitates comparisons of market risk both over time and against daily results.

Although a valuable guide to risk, VaR should always be viewed within its limitations:

- historical simulation relies on past occurrences to forecast potential losses. In case of extreme shifts this might not be appropriate;
- the length of the time window used to generate the forecasted distribution will necessarily embed a trade-off between the responsiveness of the metric to recent market evolutions (short window) and the spectrum of scenarios that will embed (long window);
- assuming a constant one/ten-day horizon there is no discrimination between different risk-factor liquidity.

Stressed VaR calculation is based on the very same methodology and architecture of the VaR, and it is analogously calculated with a 99% confidence level and 1-day time horizon on a weekly basis, but over a stressed observation period of 250 days. The chosen historical period identifies the 1-year observation window which produces the highest resulting measure for the current portfolio.

Stress windows are recalibrated monthly and are tailored to the portfolio of each legal entity of the Group subject to the internal model, plus the Group itself that is relevant for RWEA calculation on a consolidated level. The SVaR window for UniCredit Bank GmbH, UniCredit Bank Austria AG and at Group level is the “Lehman Crisis” period (2008-2009), while for UniCredit S.p.A. at solo level is the “Post-Sovereign Tension” period (2012-2013). The 10-day capital requirement is however obtained by extending the 1-day risk measure to the 10-day horizon taking the maximum of the square root of time scaling and a convolution approach that turns the one-day distribution into a 10-day distribution for both the VaR and the Stressed VaR. The 1-day measures are instead actively used for market risk management.

In order to validate the consistency of VaR internal models used in calculating capital requirements on market risks, back-testing is performed by comparing the internal model risk estimates with the portfolio profit and loss, to check if the 99% of the trading outcomes is covered by the 99th percentile of the risk measures.

The test is based on the last twelve months data (250 daily observations). In case the number of exceptions in the previous year exceeds what forecasted by the confidence level assumed, a careful revision of model parameters and assumptions is initiated. Market, Operational & Pillar II Risks Validation performed the periodic validation of the VaR/SVaR framework to assess the compliance with regulatory requirements including an independent back-testing analysis complemented with different parameterisations and detailing the results for a set of representative portfolios of the Bank.

Part E - Information on risks and related hedging policies

The IRC capital charge captures default risk as well as migration risk for un-securitised credit products held in the Trading book. The internally developed model simulates via multivariate version of a Merton-type model the rating migration events of all the issuers relevant to the Group trading positions over a capital horizon of one year. The transition probabilities and the sector correlations are historically calibrated, while idiosyncratic correlations are derived from the IRB correlation formula. Simulated migration events are turned into credit spread scenarios while default events are associated to a simulated recovery rate. In doing so a constant position assumption is employed and products are conservatively all attributed a common liquidity horizon of 1 year.

In each scenario all the relevant product inventory is revaluated under such spread and default events producing a simulated profit or loss (P&L) that fully reflects convexity, basis risk, portfolio effects and portfolio concentration risks. In this way a high number of paths Monte Carlo simulation generates a P&L distribution for the Group (and each leaf of its portfolio tree).
IRC is defined as the 99.9 percentile of such loss distribution.
Additional capital charge for securitisations and credit products not covered by IRC is evaluated through the standardised approach.

The following table summarises the main characteristics of the different measures that define the capital requirement for market risk in UniCredit.

MEASURE	RISK TYPE	HORIZON	QUANTILE	SIMULATION	CALIBRATION
VaR	All Market Risk Factors	10d	99%	Historical	1Y window, equally weighted
SVaR	All Market Risk Factors	10d	99%	Historical	1Y window, equally weighted
IRC	Rating Migration & Default	1Y	99.9%	Monte Carlo	Through-the-cycle (min 16Y)

The IRC Model is subject to a quarterly program of Stress tests aimed at evaluating the robustness of the model. The relevant parameters as Recovery Rates, Transition Probabilities, idiosyncratic correlation, Credit Spread shocks are stressed and the impact on the IRC measure is computed.

“Market, Operational & Pillar II Risks Validation” performed its analyses to evaluate the conceptual soundness of the IRC model, to supplement the available analyses on that topic and to ensure the compliance of the resulting risk management environment with all the relevant regulatory requirements and internal standards. As already remarked by the regulation, traditional back-testing procedures, regarding the 99.9% one-year soundness standard for IRC, are not applicable due to the 1-year time horizon of the measure. Consequently, while validation of the IRC model relied heavily on indirect methods (including stress tests, sensitivity analysis and scenario analysis) in order to assess the qualitative and quantitative reasonableness of the model, special focus has indeed been given to the specific situation of UniCredit portfolios.

“Market, Operational & Pillar II Risks Validation” Unit kept the scope of their analyses as wide as possible in order to comprise the many diverse issues that are acting concurrently in such a model (general model design, regulatory compliance, numerical implementation, outcomes explanation). Market, Operational & Pillar II Risks Validation performed a full spectrum of validation analyses on the IRC measure calculation using its internal replica libraries. The replica allows a simple verification of the results provided by the productive environment, and in addition opens the door to a more dynamical and tailored implementation of the needed tests. The spectrum of analysis encompassed Monte Carlo stability, correlation analysis and stressing, assessment on portfolio concentration, calculation of parameters sensitivity, marginal contribution analysis, alternative models’ comparisons. All major parameters were tested, i.e., correlation matrices, transition probabilities matrices, transition shocks, recovery rates, probabilities of default, number of scenarios. To understand the overall performance of the model in replicating the real-world migration and default phenomena, Market, Operational & Pillar II Risks Validation also performed a historical performance exercise comparing the migrations and defaults predicted by UniCredit IRC model with the ones actually observed since 1981 (due to data availability).

Banca d’Italia authorised UniCredit group to use internal models for the calculation of capital requirements for market risk. As of today, the Group legal entities within CEE countries are the ones that are mainly using the standardised approach for calculating capital requirements relating to trading positions. However, the VaR measure is used for the management of market risk in the abovementioned entities.

For Trading book VaR the bank differentiates between regulatory and managerial views. The managerial measure is used for Risk monitoring and Business steering purposes as prescribed by Market Risk Framework: in particular VaR limits represent the main metric translating the Risk Appetite into the Market Risk framework.

The managerial VaR has a wider scope: it is used to monitor both Trading book and Banking book perimeter (specifically FVtPL and FVtOCI positions), also including legal entities for which the standardised measurement method is applied for Regulatory purposes, in order to have a complete picture of risk through PL and capital. Furthermore, the exposure coming from hedges of the XVA sensitivities is excluded from managerial VaR monitoring but included in the Regulatory VaR limits in order to allow a proper steering of MRWA; additionally, respective sensitivities are closely monitored against XVA risk.

Part E - Information on risks and related hedging policies

The standardised measurement method is also applied to the calculation of capital covering the risk of holding Banking book exposure in foreign currencies for UniCredit S.p.A., which does not have an approval for FX Risk simulation under Internal Model.
In this respect the FX risk for both Trading and the Banking book is included in VaR and SVaR for Regulatory purposes as for the approved legal entities (UniCredit Bank GmbH and UniCredit Bank Austria AG); as regards the managerial view the FX Risk of Banking book is included in the Overall (Trading book and Banking book) VaR. UniCredit Internal Model Approach includes the Risk Not In Model Engine framework, that provides an estimate on the completeness of the risk factors included in VaR, SVaR and IRC. Although RNIME program shows that UniCredit IMA captures adequately the material price risks, since fourth quarter 2019 UniCredit computes via Stress Test a prudential capital add-on.
To sum up, the Internal Model approach is used for Regulatory purposes for UniCredit S.p.A., UniCredit Bank GmbH, UniCredit Bank Austria AG, and UniCredit Bank Austria sub-group, while it is used for all legal entities (including CEE countries) for managerial purposes.

Finally Trading portfolios are subject to Stress tests according to a wide range of simple and complex scenarios. Simple scenarios which envisage the shock of single asset classes, are defined in the context of Interest Rate Risk/Price Risk/Exchange Rate Risk/Credit Spread Risk Sensitivity. Complex scenarios apply simultaneous changes on several risk factors. Both simple and complex scenarios are applied to the whole Trading book. Detailed descriptions are included in the paragraph on the Stress test.

Stress tests results are calculated in the Group Market Risk system, thus ensuring a common methodological approach across the Group. Results are calculated applying a full revaluation approach meaning that all positions are revalued under stressed conditions; no ad hoc models or pricing functions are applied for stress testing.

According to national regulations, some relevant scenarios are also a matter of regulatory reporting on a quarterly basis.
In addition, a set of scenarios is run monthly on overall Group perimeter, thus covering both Trading and Banking book positions. Results are discussed monthly in Market Risk Stress Test Open Forum involving Market Risk function’s representatives of all the legal entities and Business’ representatives.
Results are analysed in depth in the monthly report “Monthly Overview on Market Stress Test”.
Stress test Warning levels Usage is monitored monthly. More details on Warning Levels and Strategy are given in the previous paragraph Risk management strategies and processes.

VaR, SVaR and IRC
Diversified VaR, SVaR and IRC are calculated taking into account the diversification arising from positions taken by different entities within the Imod perimeter (i.e., for which the use of the internal model for the risk calculation is approved). VaR is however in place for all the Legal Entities and its value is reported in Managerial VaR section for information purpose.
The VaR and SVaR reduction observed in the third quarter of 2023 is mainly driven by client driven activities affecting several asset classes in the Trading book of UniCredit Bank GmbH. While the IRC decreasing trend observed in the second half of 2023 is mainly driven by a change in the maturity profile of the exposure towards Italy credit spread in the Trading book of UniCredit S.p.A.

Risk on trading book

Daily VaR on Regulatory Trading Book

(€ million)

I-MOD PERIMETER	28 DECEMBER 2023	AVERAGE LAST 60 DAYS	2023 AVERAGE	2023 MAX	2023 MIN	2022 AVERAGE
Diversified UniCredit group	9.9	6.6	8.3	17.3	4.2	15.3

SVaR on Regulatory Trading Book

(€ million)

I-MOD PERIMETER	28 DECEMBER 2023	AVERAGE LAST 12 WEEKS	2023 AVERAGE	2023 MAX	2023 MIN	2022 AVERAGE
Diversified UniCredit group	11.0	12.8	13.4	20.3	9.2	26.6

IRC on Regulatory Trading Book

(€ million)

I-MOD PERIMETER	28 DECEMBER 2023	AVERAGE LAST 12 WEEKS	2023 AVERAGE	2023 MAX	2023 MIN	2022 AVERAGE
Diversified UniCredit group	72.6	83.9	95.2	218.4	53.4	108.2

Note:
End of month for Regulatory risk metrics refers to last Thursday of the month, differently from managerial metrics.

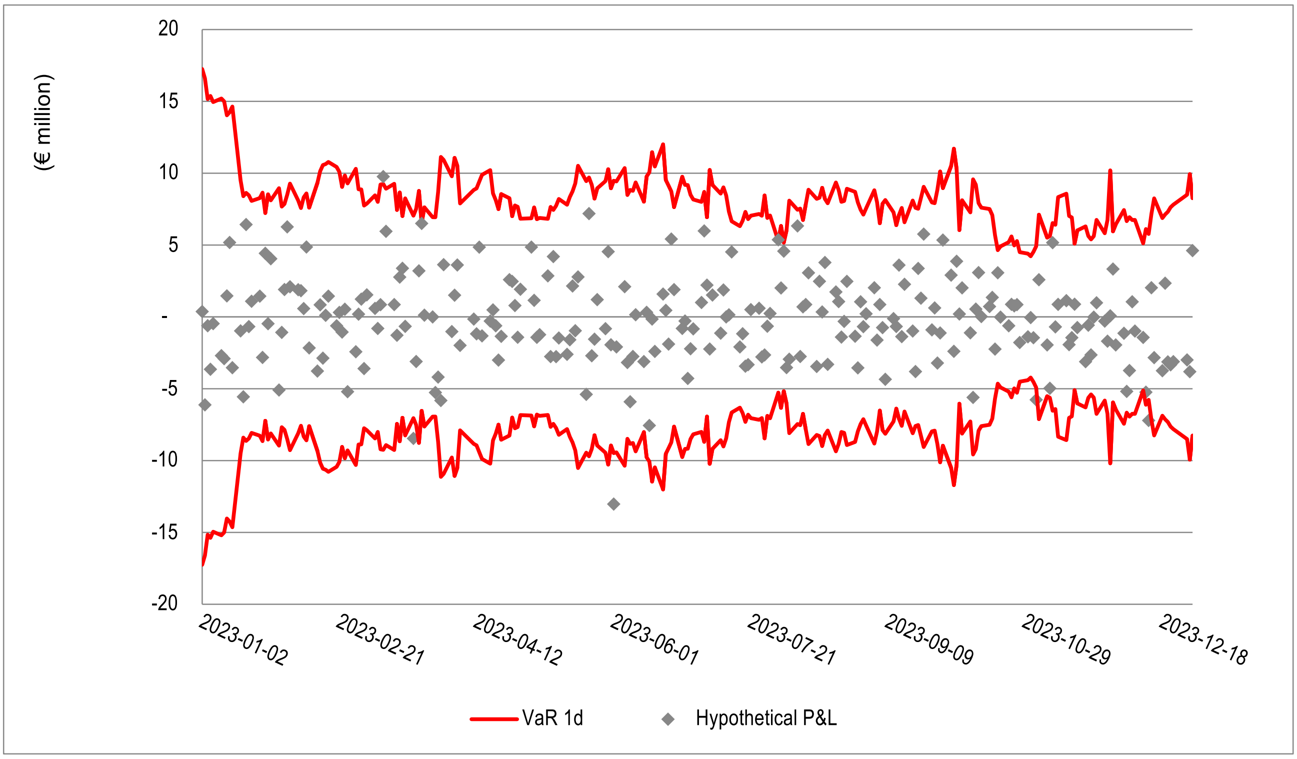
Part E - Information on risks and related hedging policies

EU MR4 Comparison of VaR estimates with gain/losses

The following graph shows back-testing results referred to the market risk on the Trading book, in which VaR results for the last twelve months are compared to the hypothetical "profit and loss" results for Group (I-Mod Perimeter).

During the second half of 2023, three overdrafts occurred at UniCredit group level:

- 02/11/2023 (hypothetical): the VaR overshooting is caused by the combined market movements of a multiplicity of drivers, mainly EUR and USD Interest Rates, Carbon spot and forwards, Italian credit spread, and USD FX appreciation vs EUR;
- 13/12/2023 (hypothetical): the VaR overshooting is mainly caused by USD Interest Rates movements. Further losses are associated to Italian credit spread and equity price movement;
- 28/12/2023 (actual): the VaR overshooting is caused in the context of a regular update of Fair Value Adjustments for UniCredit Bank GmbH, mainly related to the adverse evolution of Close-Out-Costs Adjustment and of Model Risk Adjustment.



Part E - Information on risks and related hedging policies

Managerial VaR

Below are reported the Managerial Diversified Trading book VaR as of end of December 2023 at Group and Legal Entities levels and the Undiversified Trading book VaR at Group level, calculated as sum of the values of all Legal Entities (without considering diversification benefit). Difference with Regulatory Trading book was described above.

Daily VaR on Managerial Trading Book

(€ million)

TRADING BOOK	29 DECEMBER 2023
Diversified UniCredit group as per internal model	**5.4**
Germany	4.5
Italy	5.2
Central Europe	0.7
Austria	0.2
Czech Republic	0.7
Hungary	0.1
Slovenia	0.0
Eastern Europe	0.7
Bosnia	0.0
Bulgaria	0.3
Croatia	0.1
Romania	0.1
Russia	0.7
Serbia	0.3
Undiversified UniCredit group	**12.0**

Marginal Regulatory VaR

The table below provides a breakdown of 10-days VaR figure (i.e., referred to a 10-days' time horizon) according to the different market risks (debt, equity, FX, commodities) and its evolution during the year, in the form of template C24 of COREP.

Risk on Trading book by instruments classes

10-days VaR on Regulatory Trading book

(€ million)

	2023				2022
	Q1	Q2	Q3	Q4	Q4
Traded Debt Instruments	26.6	24.5	19.8	19.0	34.5
TDI - General Risk	26.0	23.8	24.4	18.9	32.8
TDI - Specific Risk	11.6	11.1	12.2	11.0	11.6
Equities	7.6	8.0	5.9	10.0	30.0
Equities - General Risk	-	-	-	-	-
Equities - Specific Risk	7.6	8.0	5.9	10.0	30.0
Foreign Exchange Risk	8.6	6.2	5.2	3.8	13.0
Commodities Risk	18.5	13.7	12.0	5.0	34.7
Total Amount For General Risk	**34.8**	**30.8**	**28.3**	**19.8**	**48.0**
Total Amount For Specific Risk	**13.0**	**12.3**	**10.2**	**13.4**	**36.3**

The VaR reduction observed in the third quarter of 2023 is mainly driven by client driven activities affecting several asset classes in the Trading book of UniCredit Bank GmbH.

Part E - Information on risks and related hedging policies

CVA

The CVA charge data values for the Trading book for the Group are reported below (as sum of the individual legal entities charges since the diversification benefit is not considered). The charge accounts for the credit-spread volatility affecting regulatory CVA. It consists of a VaR figure computed over the current window (CVA VaR) and a VaR figure computed over a stressed window (CVA SVaR).
For exposures not covered by the CCR Internal model (used to calculate CVA exposure profiles) the standardised approach (SA) is used. The mitigation of the XVA exposure across UniCredit group "Western Europe" perimeter is managed by a dedicated CVA Desk, whose mandate is to provide a centralised Front Office service function in Markets with the responsibility for XVA pricing & exposure management for OTC derivatives. The CVA Desk actively hedges the exposure to risk factors within the prescribed limit framework in UCI S.p.A., UCB GmbH and UCBA AG.
CVA RWEA decrease observed in the fourth quarter of 2024 is primarily driven by lower exposure profile for two main counterparties in UniCredit Bank GmbH.

Risk on Trading book

CVA Trading book

(€ million)

	2023				2022
	Q1	Q2	Q3	Q4	Q4
CVA	**90.9**	**94.8**	**87.2**	**83.3**	**98.8**
CVA VaR	**14.7**	**17.2**	**16.6**	**13.3**	**16.2**
CVA SVaR	**39.2**	**35.3**	**34.5**	**35.1**	**43.6**
CVA SA	**36.9**	**42.3**	**36.0**	**34.9**	**39.0**

Part E - Information on risks and related hedging policies

2.2.1 Interest rate risk and price risk - Regulatory trading book

Qualitative information

Interest rate risk

A. General aspects
Interest rate risk arises from financial positions, mainly related to client-driven flows, taken by Group specialist centres holding assigned market risk limits within certain levels of discretion. Any changes of macroeconomic environment do not directly affect the overall risk management practices and strategies. Regardless of use of the internal models in calculating capital requirements on market risks, risk positions in the Group are monitored and subject to limits assigned to the portfolios based on managerial responsibilities and not purely on regulatory criteria.

B. Risk management processes and measurement methods
For both a description of internal processes for monitoring and managing risk and an illustration of the methodologies used to analyse exposure, also refer to the introduction on internal models.
As regards Stress Test refer to the introduction on Risk Management Strategies and Processes and for the complex scenarios' description to Stress Test paragraph.
In addition to the monitoring of Granular Market Limits, Group Market Risk functions conduct sensitivity analysis at least on monthly basis, in order to determine the effect on the Income statement of changes in the value of individual risk factors or several risk factors of the same type.
Additionally to the sensitivity of financial instruments to changes in the underlying risk factor, the sensitivity to the volatility of interest rates is also calculated assuming positive and negative shifts of 30% in volatility curves or matrices.

Price risk

A. General aspects
Price risk relating to equities, commodities, investment funds and related derivative products included in the Trading book originates from positions taken by Group specialist centres holding assigned market risk limits within certain levels of discretion.
Price risk deriving from own trading of these instruments is managed using both directional and relative value strategies via direct sale and purchase of securities, regulated derivatives and OTCs and recourse to security lending. Volatility trading strategies are implemented using options and complex derivatives.

B. Risk management processes and measurement methods
For both a description of internal processes for monitoring and managing risk and an illustration of the methodologies used to analyse exposure, refer to the introduction on internal models.
As regards stress test refers to the introduction on “Risk management strategies and processes” and for the complex scenarios' description to the “Stress test” paragraph.

Part E - Information on risks and related hedging policies

Quantitative information

1. Regulatory trading portfolio: distribution by residual duration (re-pricing date) of financial assets and liabilities for cash and financial derivatives
The table is not reported since a table showing Interest Rate sensitivity is described below, in accordance with Internal Model.

2. Regulatory trading portfolio: distribution of equity exposures and equity indices for the main listing countries
The table is not reported since a table showing price risk sensitivity is described below, in accordance with Internal Model.

3. Regulatory trading portfolio: internal models and other methods for sensitivity analysis
For both a description of internal processes for monitoring and managing risk and an illustration of the methodologies used to analyse exposure, also refer to the introduction on internal models.

Interest rate risk

Interest rate risk sensitivity
Sensitivity to changes in interest rates is determined using both parallel shifts of interest-rate curves, and changes in the curve itself.
The curves are analysed using parallel shifts of ±1 bp/±10 bps and ±100 bps.
For each 1 bp shift, sensitivity is calculated for a series of time-buckets. Sensitivity for changes in the steepness of the rate curve is analysed by clockwise turning (Turn CW), i.e. an increase in short-term rates and a simultaneous fall in long-term rates, and by counter-clockwise turning (Turn CCW), whereby short-term rates fall and long-term rates rise.
In particular, clockwise and counter-clockwise turning use the following changes in absolute terms:
- +50 bps/-50 bps for the one-day bucket;
- 0 bps for the one-year bucket;
- -50 bps/+50 bps for the 30-year plus bucket;
- for buckets between the above ones, the change to be set is found by linear interpolation.

The Group also calculates sensitivity to the volatility of Interest Rate assuming a positive shift of 30% or negative change of 30% in volatility curves or matrixes.

The tables below show trading book sensitivities.

(€ million)

INTEREST RATES	+1 BP LESS THAN 1 MONTH	+1 BP 1 MONTH TO 6 MONTHS	+1 BP 6 MONTHS TO 1 YEAR	+1 BP 1 YEAR TO 5 YEARS	+1 BP 5 YEARS TO 10 YEARS	+1- BP 10 YEARS TO 20 YEARS	+1 BP OVER 20 YEARS	+1 BP TOTAL	-10 BP	+10 BP	-100 BP	+100 BP	CW	CCW
Total	**-0.1**	**0.7**	**-0.1**	**-0.0**	**-0.2**	**0.3**	**-0.1**	**0.5**	**-6.8**	**3.4**	**-63.8**	**46.1**	**16.7**	**-7.6**
of which:														
EUR	-0.1	0.7	-0.0	0.0	-0.4	0.2	-0.1	**0.3**	-4.3	4.5	-36.7	54.4	20.3	-11.2
USD	-0.0	0.0	-0.0	0.0	0.1	0.1	0.0	**0.3**	-2.6	2.6	-26.7	26.0	-4.1	4.0
GBP	0.0	-0.0	-0.0	-0.0	0.1	0.0	-0.0	**0.0**	-0.2	0.2	-2.9	2.1	-0.2	0.2
CHF	-0.0	0.0	0.0	-0.0	-0.0	0.0	0.0	**-0.0**	0.3	-0.3	3.0	-2.8	0.5	-0.5
JPY	0.0	0.0	-0.0	-0.1	0.1	-0.0	-0.0	**-0.0**	0.2	-0.2	1.6	-1.8	0.0	-0.0

(€ million)

	-30%	+30%
Interest Rates	**-11.4**	**-4.8**
EUR	-10.5	-5.9
USD	-1.1	1.5

Part E - Information on risks and related hedging policies

Price risk

Share-price sensitivity

Share-price sensitivity is expressed in two ways:

- as a “Delta cash-equivalent”, i.e. the euro equivalent of the quantity of the underlying that would expose the bank to the same risk arising from its actual portfolio;
- as the economic result of a rise or fall in spot prices of 1%, 10% and 20%.

The Delta cash-equivalent and the Delta 1% (i.e. the economic impact of a 1% rise in spot prices) are calculated both for each geographical region (assuming that all stock markets in the region are perfectly correlated) and on the total (assuming therefore that all stock markets are perfectly correlated). The sensitivity arising from changes of 10% and 20% is calculated solely on the total.

The Group also calculates sensitivity to the volatility of equities assuming a positive shift of 30% or negative change of 30% in volatility curves or matrixes.

In addition, sensitivity to commodity price changes is calculated according to the above criteria. Given its secondary importance as compared to other risk exposures, this is calculated as a single class.

The tables below show Trading book sensitivities.

(€ million)

EQUITIES ALL MARKETS	DELTA CASH-EQUIVALENT	-20%	-10%	-1%	+1%	+10%	+20%
Europe	65.1	-	-	-	0.7	-	-
USA	57.2	-	-	-	0.6	-	-
Japan	2.8	-	-	-	0.0	-	-
Asia ex-Japan	-0.9	-	-	-	0.0	-	-
Latin America	0.5	-	-	-	0.0	-	-
Other	-33.1	-	-	-	-0.3	-	-
Total	**91.6**	**-71.4**	**-15.9**	**-0.6**	**0.9**	**-1.7**	**-26.4**
Commodity	**0.1**	**7.9**	**4.1**	**0.4**	**0.0**	**-4.1**	**-9.2**

(€ million)

	-30%	+30%
Equities	**0.3**	**6.8**

Part E - Information on risks and related hedging policies

2.2.2 Interest rate risk and price risk - Banking book

Qualitative information

Interest rate risk

A. General aspects, operational processes and methods for measuring interest rate risk and price risk

a) Interest rate risk refers to the current or future risk to the bank's capital and earnings arising from unfavorable movements in interest rates that affect the bank's positions. As interest rates change, the present value and timing of future cash flows change and this, in turn, changes the underlying value of a bank's assets, liabilities and off-Balance sheet items and therefore its economic value. Changes in interest rates also affect the formation of the interest margin and, consequently, the bank's profits.
Dedicated interest rate risk monitoring and management procedures are applied to all positions sensitive to changes in interest rates, excluding portfolios held for trading and Defined Benefit Obligations (DBO) portfolio for which a specific framework within the market risk management is envisaged.
The main sources of interest rate risk can be classified as follows:

- "Gap" risk: arises from the term structure of the banking book; this is the risk that is generated from different timings in the rate changes of the instruments. The extent of the change in the "gap" also depends on the linearity of the change in the term structure of rates, which can occur consistently across the entire rate curve (parallel risk) or differently from period to period of the curve (non-parallel risk). The "gap" risk also includes the repricing risk, i.e., the risk of changes in the interest margin which occurs when the rate of a financial contract resets; the same also refers to the yield curve risk, which occurs when a shift in an interest rate curve impacts the economic value of the assets and liabilities sensitive to interest rate risk.
- Basis risk: it can be divided into two types of risk:
  - "tenor" risk: derives from the mismatch between the maturity of the instrument and changes in interest rates;
  - currency risk: derives from the potential lack of compensation between interest rate sensitivities emerging from different currencies;
- Option risk: derives from positions in derivatives or from optional elements incorporated in many assets, liabilities and off-Balance sheet items of the bank, where either the bank or the customer have the right to change the amount and timing of cash flows.

b) The Group Financial and Credit Risk Committee is responsible for defining the operational strategy for managing the interest rate risk of the banking book, including the strategy for managing the capital and the structural gap between assets and liabilities not sensitive to the interest rate. The management of the interest rate risk of the banking book is also aimed at guaranteeing the reduction of the negative impacts on the long-term interest margins, due to the volatility of interest rates, to achieve a flow of profits and a return on capital consistent with the strategic plan. The strategy does not envisage any directional or discretionary positioning aimed at generating additional profits, unless approved by the competent bodies and monitored separately. The only exception refers to the functions authorised to take positions on interest rates within the limits approved by the Risk Committees.
The treasury functions manage the interest rate risk stemming from commercial transactions while maintaining the exposure within the limits set by the Risk Committees.
Limits and alert thresholds are defined for each Bank or Group Company in terms of sensitivity to the economic value or interest margin. The set of metrics is defined according to the level of complexity of the Company's business and each of the banks or companies of the Group is responsible for managing the exposure to interest rate risk within the defined limits.
At consolidated level, the Group Risk Management function is responsible for measuring interest rate risk, which reports to the Asset & Liability Management Committee the interest rate risk of the banking book exposures and analysis, on a monthly basis.

The interest rate risk management strategy is established considering also the main impacts deriving from the behavioral aspects of customers, which can impact on the value of interest margins and the economic value of the banking book, such as the example of early repayments of disbursed loans ("prepayment") and the stability of on demand items.
The monitoring activity is coupled with constant Stress Testing aimed at verifying compliance with the limits under more severe stress scenarios from those expected and occurred in the market. The calibration and monitoring of stress test scenarios takes place at least annualy.
The Internal Validation functions periodically carries out an independent assessment of the correct application of the measurement methodology applied by the risk functions within the monitoring perimeter of the banking book including behavioral assumptions.
The Audt functions ensure the adequacy and compliance with regulatory and internal regulations, at least with an annual frequency.

c) The interest rate risk is monitored daily in terms of the sensitivity of the economic value, for an instantaneous and parallel shock of +1 basis point of the term structure of the interest rates. The function responsible for managing interest rate risk checks on a daily basis the use of the limits for exposure to interest rate risk following a 1 bp shock. The basis risk and the risk emerging from options are also measured daily respectively by the "IR Basis" and "IR Vega" metrics. On a monthly basis, the sensitivity of the Economic Value is monitored for more severe parallel and non-parallel shocks on the term structure of interest rates and that of the interest margin, as described in the previous paragraph.

Part E - Information on risks and related hedging policies

d) The measurement of interest rate risk includes:
- the sensitivity analysis of interest margins to changes in interest rates: a constant Balance sheet analysis (under the assumption that positions remain constant during the period), and a simulation of the impact on the interest margin for the current period, that also considering the elasticity assumptions for items on demand. Furthermore, with the simulation analysis is assessed the impact on income of different shocks of the interest rate curves, including the Supervisory Outlier Test scenarios prescribed in the EBA Guidelines (EBA/GL/2022/14) and other instantaneous parallel rate scenarios. Additional scenarios are simulated to consider basis risk and other non-parallel shocks;
- the analysis of the sensitivity of the Economic Value to changes in interest rates: it includes the calculation of duration measures, sensitivity of the economic value of the Balance sheet items for the different points of the curve, as well as the impact on the economic value deriving from large changes in market rates, in accordance with the SOT scenarios required by the above EBA Guidelines.

e) The assumptions and parameters of the behavioral models used for the internal measurement systems are the same used to generate the regulatory exposures published in EU IRRBB1 template.

f) The mitigation of the interest rate risk and the hedging activities of the banking book are carried out through the use of regulated or Over the Counter (OTC) derivatives with an underlying interest rate. The optimization of the natural hedge of the assets with the bank's liabilities is managed by the Group Treasury function and the single legal entities. The interest rate risk is mainly transferred within the trading book of UniCredit Bank GmbH, which optimizes the UniCredit group's hedging costs and outsources them to the market. Derivative contracts hedging the interest rate risk of the banking book and not held for trading are recognised in the accounts as cash flow hedges or fair value hedges.

g) The presence and effects of behavioral options in the Balance sheet are taken into consideration through the development and application of behavioral models. The maturity profile as well as the repricing profile of non-maturity deposits takes into account the identification of the "stable" portion of the balances that is the amount of the deposit that could represent a stable source of financing despite the short contractual maturity, and the identification of the "core" part of the deposits that is the amount of the deposits which is stable and unlikely to reprice even under significant changes in the interest rates environment and/or other deposits with limited elasticity to interest rate changes. Both components are estimated through statistical models evaluating the stability of the volume and elasticity of the customer rate (i.e. the beta parameter). Hedging strategy for core deposits is proposed by Finance and approved by the GFRC. Such strategy aims to optimize the NII over time within IRRBB RAF framework; a prudent stance is kept in determining the volume and duration of the hedging strategy to limit over-hedging risk.
The maturity profile, as well as the average repricing maturity of mortgages and retail loans, both take into account the optionality of the advance payment, which is assessed through the statistical estimate of the CPR (conditional early repayment rate) on the loan portfolio.

h) The scenarios used in the EU IRRBB1 template related to the change in both economic value and interest margin correspond to the scenarios of the Supervisory Outlier Test required by the EBA Guidelines (EBA/GL/2022/14).

i) The average repricing maturity assigned to non-maturity deposits is 2.8 years (the longest repricing maturity is up to 40 years for a residual part of the portfolio naturally hedging assets in some countries).

Price risk

A. General aspects, operational processes and methods for measuring price risk
Banking Book price risk primarily originates from equity interests held by the Parent Company and its subsidiaries as stable investments, as well as units in mutual investment funds not included in the Trading Book as they are also held as stable investments.
For Stress Test refer to the introduction on Risk Management Strategies and Processes paragraph and for the complex scenarios' description to Stress Test paragraph.

Part E - Information on risks and related hedging policies

Quantitative information

1. Banking book: breakdown by maturity (repricing date) of financial assets and liabilities

(€ million)

	AMOUNTS AS AT 31.12.2023							
TYPE/RESIDUAL MATURITY	ON DEMAND	UP TO 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	1 TO 5 YEARS	5 TO 10 YEARS	OVER 10 YEARS	INDEFINITE MATURITY
1. On-balance sheet assets	**90,091**	**209,164**	**43,363**	**29,542**	**138,592**	**85,804**	**52,523**	**131**
1.1 Debt securities	3,042	27,453	9,564	9,555	57,440	42,018	12,882	-
- With prepayment option	-	183	87	47	1,202	695	113	-
- Other	3,042	27,270	9,477	9,508	56,238	41,323	12,769	-
1.2 Loans to banks	12,952	27,537	3,073	1,970	4,834	206	19	-
1.3 Loans to customers	74,097	154,174	30,726	18,017	76,318	43,580	39,622	131
- Current accounts	23,423	719	71	162	239	31	424	-
- Other loans	50,674	153,455	30,655	17,855	76,079	43,549	39,198	131
- With prepayment option	2,076	52,204	13,738	5,137	21,287	10,669	12,108	29
- Other	48,598	101,251	16,917	12,718	54,792	32,880	27,090	102
2. On-balance sheet liabilities	**397,139**	**138,817**	**22,575**	**19,113**	**56,863**	**28,400**	**10,078**	**36**
2.1 Deposits from customers	374,997	84,688	15,022	9,187	4,709	995	1,078	1
- Current accounts	364,112	4,418	1,495	862	24	45	6	-
- Other	10,885	80,270	13,527	8,325	4,685	950	1,072	1
- With prepayment option	216	-	-	1	3	1	-	-
- Other	10,669	80,270	13,527	8,324	4,682	949	1,072	1
2.2 Deposits from banks	17,842	35,300	2,531	1,754	8,213	3,954	322	-
- Current accounts	10,485	5	3	1	7	1	-	-
- Other	7,357	35,295	2,528	1,753	8,206	3,953	322	-
2.3 Debt secuties in issue	1,332	14,505	4,985	7,995	43,595	23,340	8,658	-
- With prepayment option	-	564	-	13	3,846	2,161	470	-
- Other	1,332	13,941	4,985	7,982	39,749	21,179	8,188	-
2.4 Other liabilities	2,968	4,324	37	177	346	111	20	35
- With prepayment option	15	-	-	-	-	-	-	-
- Other	2,953	4,324	37	177	346	111	20	35
3. Financial derivatives								
3.1 With underlying security								
- Option								
+ Long positions	165	95	54	79	280	187	669	-
+ Short positions	165	95	54	78	280	187	669	-
- Other derivates								
+ Long positions	-	-	-	-	1	-	-	-
+ Short positions	-	-	-	-	1	-	-	-
3.2 Without underlying security								
- Option								
+ Long positions	2	666	83	102	72	52	583	-
+ Short positions	2	666	83	102	72	52	583	-
- Other derivatives								
+ Long positions	101,874	210,822	44,444	62,067	103,244	41,256	18,171	-
+ Short positions	90,897	190,679	46,260	67,531	104,082	50,087	31,866	-
4. Other off-balance sheet transactions								
+ Long positions	104,524	37,701	1,956	4,076	4,961	1,645	4,223	3,847
+ Short positions	117,154	27,666	2,018	3,892	3,744	847	3,766	3,847

Part E - Information on risks and related hedging policies

1. Banking book: breakdown by maturity (repricing date) of financial assets and liabilities - Currency: euro

(€ million)

	AMOUNTS AS AT 31.12.2023							
TYPE/RESIDUAL MATURITY	ON DEMAND	UP TO 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	1 TO 5 YEARS	5 TO 10 YEARS	OVER 10 YEARS	INDEFINITE MATURITY
1. On-balance sheet assets	**72,568**	**182,046**	**41,169**	**25,390**	**119,854**	**74,929**	**49,353**	**116**
1.1 Debt securities	578	24,914	9,149	7,075	47,168	34,151	10,181	-
- With prepayment option	-	66	87	47	1,184	695	113	-
- Other	578	24,848	9,062	7,028	45,984	33,456	10,068	-
1.2 Loans to banks	11,159	14,788	3,072	1,956	4,801	182	12	-
1.3 Loans to customers	60,831	142,344	28,948	16,359	67,885	40,596	39,160	116
- Current accounts	21,192	502	53	147	232	31	421	-
- Other loans	39,639	141,842	28,895	16,212	67,653	40,565	38,739	116
- With prepayment option	1,967	51,565	13,242	5,051	20,592	10,180	12,080	29
- Other	37,672	90,277	15,653	11,161	47,061	30,385	26,659	87
2. On-balance sheet liabilities	**353,171**	**119,479**	**20,973**	**17,991**	**53,497**	**26,386**	**7,576**	**36**
2.1 Deposits from customers	334,319	70,727	13,518	8,191	4,428	878	1,053	1
- Current accounts	324,055	4,253	1,458	826	24	42	6	-
- Other	10,264	66,474	12,060	7,365	4,404	836	1,047	1
- With prepayment option	216	-	-	1	3	1	-	-
- Other	10,048	66,474	12,060	7,364	4,401	835	1,047	1
2.2 Deposits from banks	15,094	30,929	2,461	1,737	8,091	3,940	322	-
- Current accounts	8,844	5	1	1	7	1	-	-
- Other	6,250	30,924	2,460	1,736	8,084	3,939	322	-
2.3 Debt secuties in issue	1,038	13,515	4,957	7,887	40,644	21,461	6,182	-
- With prepayment option	-	564	-	13	3,846	2,161	470	-
- Other	1,038	12,951	4,957	7,874	36,798	19,300	5,712	-
2.4 Other liabilities	2,720	4,308	37	176	334	107	19	35
- With prepayment option	15	-	-	-	-	-	-	-
- Other	2,705	4,308	37	176	334	107	19	35
3. Financial derivatives								
3.1 With underlying security								
- Option								
+ Long positions	165	95	54	79	280	187	669	-
+ Short positions	165	95	54	78	280	187	669	-
- Other derivates								
+ Long positions	-	-	-	-	1	-	-	-
+ Short positions	-	-	-	-	1	-	-	-
3.2 Without underlying security								
- Option								
+ Long positions	2	596	83	102	72	52	583	-
+ Short positions	2	166	83	102	72	52	583	-
- Other derivatives								
+ Long positions	101,816	210,120	42,647	61,769	101,501	41,256	18,171	-
+ Short positions	90,839	189,810	44,620	65,960	102,093	50,042	31,866	-
4. Other off-balance sheet transactions								
+ Long positions	101,560	36,057	1,408	2,465	3,746	1,294	2,271	3,735
+ Short positions	114,018	26,022	1,470	2,281	2,529	598	1,884	3,735

Part E - Information on risks and related hedging policies

1. Banking book: breakdown by maturity (repricing date) of financial assets and liabilities - Currency: other currencies

(€ million)

TYPE/RESIDUAL MATURITY	AMOUNTS AS AT 31.12.2023							
	ON DEMAND	UP TO 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	1 TO 5 YEARS	5 TO 10 YEARS	OVER 10 YEARS	INDEFINITE MATURITY
1. On-balance sheet assets	**17,523**	**27,118**	**2,194**	**4,152**	**18,738**	**10,875**	**3,170**	**15**
1.1 Debt securities	2,464	2,539	415	2,480	10,272	7,867	2,701	-
- With prepayment option	-	117	-	-	18	-	-	-
- Other	2,464	2,422	415	2,480	10,254	7,867	2,701	-
1.2 Loans to banks	1,793	12,749	1	14	33	24	7	-
1.3 Loans to customers	13,266	11,830	1,778	1,658	8,433	2,984	462	15
- Current accounts	2,231	217	18	15	7	-	3	-
- Other loans	11,035	11,613	1,760	1,643	8,426	2,984	459	15
- With prepayment option	109	639	496	86	695	489	28	-
- Other	10,926	10,974	1,264	1,557	7,731	2,495	431	15
2. On-balance sheet liabilities	**43,968**	**19,338**	**1,602**	**1,122**	**3,366**	**2,014**	**2,502**	**-**
2.1 Deposits from customers	40,678	13,961	1,504	996	281	117	25	-
- Current accounts	40,057	165	37	36	-	3	-	-
- Other	621	13,796	1,467	960	281	114	25	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	621	13,796	1,467	960	281	114	25	-
2.2 Deposits from banks	2,748	4,371	70	17	122	14	-	-
- Current accounts	1,641	-	2	-	-	-	-	-
- Other	1,107	4,371	68	17	122	14	-	-
2.3 Debt secuties in issue	294	990	28	108	2,951	1,879	2,476	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	294	990	28	108	2,951	1,879	2,476	-
2.4 Other liabilities	248	16	-	1	12	4	1	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	248	16	-	1	12	4	1	-
3. Financial derivatives								
3.1 With underlying security								
- Option								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivates								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
3.2 Without underlying security								
- Option								
+ Long positions	-	70	-	-	-	-	-	-
+ Short positions	-	500	-	-	-	-	-	-
- Other derivatives								
+ Long positions	58	702	1,797	298	1,743	-	-	-
+ Short positions	58	869	1,640	1,571	1,989	45	-	-
4. Other off-balance sheet transactions								
+ Long positions	2,964	1,644	548	1,611	1,215	351	1,952	112
+ Short positions	3,136	1,644	548	1,611	1,215	249	1,882	112

Part E - Information on risks and related hedging policies

2. Banking book: internal models and other methods for sensitivity analysis

Interest Rate Risk
As at 31 December 2023, the sensitivity of the economic value of shareholders' equity to an immediate and parallel change in interest rates ("parallel shift") of +200 bps and -200 bps was respectively equal to -€2,446 million and €394 million. The sensitivity to interest rates changes for the worst-of-six "Supervisory Outlier Test", as envisioned by Guidelines EBA/GL/2022/14 was equal to -€2,614 million. The interest income sensitivity to an immediate and parallel shift of +100 bps was +€647 million.

The EU IRRBB1 template in the table below, contains the Interest rate risk exposure metrics on 31 December 2023 and 31 December 2022. For the descriptions of the scenarios refer to Qualitative information - Interest rate risk.

Template EU IRRBB1 - Interest rate risks on positions not held in the trading book

(€ million)

		a	b	c	d
		CHANGES OF THE ECONOMIC VALUE OF EQUITY		CHANGES OF THE NET INTEREST INCOME[79]	
SUPERVISORY SHOCK SCENARIOS		31.12.2023	31.12.2022	31.12.2023	31.12.2022
1	Parallel up	(2,614)	(5,141)	581	
2	Parallel down	476	1,898	(1,726)	
3	Steepener	879	577		
4	Flattener	(1,841)	(1,628)		
5	Short rates up	(2,282)	(2,874)		
6	Short rates down	781	1,137		

Note:
The template above is prepared according to Regulation (EU) 631/2022 of 13 April 2022 amending the implementing technical standards laid down in Implementing Regulation (EU) 637/2021 as regards the disclosure of exposures to interest rate risk on positions not held in the trading book.

The changes in the sensitivity of the economic value in 2023, observable in the template EU IRRBB1 above, are mostly due to the increase in core amount and a lower duration of NMD replicating hedging strategy.

Up to December 2022, the sensitivity of the net interest income in template EU IRRBB1 above, was calculated according to an internal methodology. Starting from the second quarter 2023, the EBA required the application of new Guidelines for reporting the sensitivity related to the Net Interest Income (NII). Specifically, the Guidelines introduced the "Supervisory Outlier Tests" aimed to identify institutions which, in the context of a shock scenario, would experience NII large decline.
The main methodological changes, which explains the asymmetry between the parallel shifts (up/down), refer to:
- a wider parallel shift of the Euro interest rate curves: +/-200 bps vs previous +100 bps or even less in the parallel down scenario;
- a new cap on positive NII shift contribution: 50% instead of the full effect as embedded in the repricing profile.

With reference to the NII +100 bps sensitivity, the main driver of the change observed in 2023 is the decrease in the NMD Beta parameter reflecting the depositor's remuneration trend, despite the overall increase in market interest rates.

Sensitivity of the net interest income to the +100 bps and +/-50 bps scenarios

(€ million)

		a	b
		CHANGES OF THE NET INTEREST INCOME	
INTEREST RATE RISK SCENARIOS		31.12.2023	31.12.2022
1	NII +100 bps	647	314
2	NII +50 bps (RAF Parallel Up)	350	169
3	NII -50 bps (RAF Parallel Down)	(383)	(279)

79 Data related to the previous period (31 December 2022) are not shown in the template EU IRRBB1 as SOT NII are disclosed since June 2023.

Part E - Information on risks and related hedging policies

Sensitivity of the net interest income to the +100 bps scenario

(€ million)

		a	b
		CHANGES OF THE NET INTEREST INCOME	
SCENARIO PER CURRENCY		31.12.2023	31.12.2022
1	**Total**	**647**	**314**
2	Euro (EUR)	556	205
3	Czech Koruna (CZK)	(9)	1
4	Hungarian Forint (HUF)	16	14
5	Other currencies	84	95

Note:
With reference to the disclosure published as at 31 December 2022, the Croatian Kuna currency has been reclassified under the item "Other currencies" following the adoption of the Euro currency by Croatia starting from 1 January 2023.

2.2.3 Exchange rate risk

Qualitative information

A. General aspects, risk management processes and measurement methods of the exchange risk
Exchange rate risk originates both from banks in the Group operating in currency areas other than the Eurozone and from positions taken by specialist centres holding the Group's market risk within the limits assigned.

Risk deriving from own trading of these instruments is managed using both directional and relative value strategies via direct sale and purchase of securities, regulated derivatives, and OTC. Volatility trading strategies are implemented using options. Exchange rate risk is constantly monitored and measured by using internal models developed by Group companies.
For both a description of internal processes for monitoring and managing risk and an illustration of the methodologies used to analyse exposure, refer to the introduction on internal models. These models are also used to calculate capital requirements on market risks due to the exposure to such risk.
As regards Stress Test refer to the introduction on Risk Management Strategies and Processes paragraph and for the complex scenarios' description to the paragraph "Stress Test" of the Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, 2.2 Market risk.

B. Hedging exchange risk
The exchange risk hedging activity within the Trading book is aimed at keeping the FX risk within the defined Granular and Global limits.
Regarding banking book, the Group adopts hedge strategies for profits and dividends arising from its subsidiaries not belonging to the euro zone, considering market circumstances for the hedging strategies.

Part E - Information on risks and related hedging policies

Quantitative information

1. Distribution by currency of assets and liabilities and derivatives

(€ million)

ITEMS	AMOUNTS AS AT 31.12.2023					
	CURRENCIES					
	U.S. DOLLAR	JAPAN YEN	SWITZERLAND FRANC	BRITISH POUND	CZECH CROWN	OTHER CURRENCIES
A. Financial assets	**33,337**	**8,022**	**4,507**	**2,824**	**725**	**27,409**
A.1 Debt securities	14,859	7,835	107	488	322	2,628
A.2 Equity securities	1,101	64	252	876	-	283
A.3 Loans to banks	3,919	48	501	121	31	2,289
A.4 Loans to customers	13,433	75	3,628	1,328	372	22,019
A.5 Other financial assets	25	0	20	12	0	190
B. Other assets	**352**	**2**	**6**	**12**	**5**	**320**
C. Financial liabilities	**34,088**	**160**	**1,242**	**1,194**	**470**	**22,146**
C.1 Deposits from banks	8,526	28	65	132	1	2,012
C.2 Deposits from customers	17,515	95	1,081	1,013	340	18,190
C.3 Debt securities in issue	7,948	32	94	34	111	1,755
C.4 Other financial liabilities	98	5	1	15	17	190
D. Other liabilities	**258**	**1**	**3**	**8**	**4**	**385**
E. Financial derivatives						
- Options						
+ Long positions	5,178	72	65	1,485	9	2,330
+ Short positions	5,526	15	47	1,370	175	673
- Other derivatives						
+ Long positions	320,470	20,245	35,636	64,468	16,328	40,197
+ Short positions	159,924	14,351	21,071	23,669	3,742	29,063
Total assets	**359,338**	**28,341**	**40,215**	**68,789**	**17,067**	**70,257**
Total liabilities	**199,796**	**14,527**	**22,363**	**26,240**	**4,391**	**52,267**
Difference (+/-)	**159,542**	**13,814**	**17,853**	**42,549**	**12,676**	**17,989**

2. Internal models and other methodologies for sensitivity analysis

Transactional FX risk (impact of fluctuations in foreign exchange rates on the Group's Profit & Loss in the period) measurement and reporting is part of the Group´s market risk framework.

In UGM, transactional exchange risk exposures are incorporated in the relevant risk calculation, limit monitoring and reporting. Every Legal Entity is required to setup, as part of the respective Market Risk framework, a sound limit system for managing and controlling Transactional Exchange Risk. As a minimum requirement, the limit system shall envisage FX Delta limits for the main currencies which the business is exposed to or for aggregation of currencies.

FX Delta limits are part of the Granular Market Risk Limits and are ruled by the Group Policy "Group Market Risk Governance Guidelines".

Part E - Information on risks and related hedging policies

Credit spread risk

Qualitative information

A. General aspects
Risk relating to credit spreads and related credit derivative products included in Trading book originates from positions taken by Group specialist centres holding assigned market risk limits within certain levels of discretion.
Risk deriving from own trading of these instruments is managed using both directional and relative value strategies via direct sale and purchase of securities, regulated derivatives and OTC.

B. Risk management processes and measurement methods
For both a description of internal processes for monitoring and managing risk and an illustration of the methodologies used to analyse exposure, refer to introduction on internal models, Notes to the consolidated account, Part E - Information on risks and related hedging policies, 2.2 Market risk.
As regards stress Test refer to the introduction on “Risk management strategies and processes” and for the complex scenarios’ description to “Stress test” paragraph, Notes to the consolidated account Part E - Information on risks and related hedging policies, 2.2 Market risk.

Quantitative information

Credit spread sensitivity
Credit spread sensitivity is calculated by assuming a worsening of creditworthiness seen in a parallel shift of +1 bp/+10 bp/+100 bps in the credit spread curves.
These sensitivities are calculated both inclusively, assuming a parallel shift of all the credit spread curves, and in respect of specific rating classes and economic sectors.

The table below shows Trading book sensitivities.

(€ million)

	+1 BP LESS THAN 1 MONTH	+1 BP 1 MONTH TO 6 MONTHS	+1 BP 6 MONTHS TO 1 YEAR	+1 BP 1 YEAR TO 5 YEARS	+1 BP 5 YEARS TO 10 YEARS	+1 BP 10 YEARS TO 20 YEARS	+1 BP OVER 20 YEARS	+1 BP TOTAL	+10 BP	+100 BP
Total	**0.0**	**0.0**	**0.0**	**0.4**	**-0.4**	**0.3**	**0.2**	**0.6**	**5.8**	**54.8**
Rating										
AAA	0.0	-0.0	-0.0	0.2	0.1	-0.0	-0.4	-0.1	-0.6	-3.0
AA	-0.0	-0.0	-0.0	0.0	-0.3	0.0	0.3	0.0	0.1	-0.9
A	0.0	-0.0	0.0	0.1	-0.1	0.0	0.0	0.1	0.8	7.4
BBB	0.0	0.0	0.1	0.1	-0.1	0.2	0.2	0.6	5.5	52.1
BB	0.0	-0.0	-0.0	0.0	-0.0	-0.0	0.0	-0.0	-0.0	-0.3
B	-0.0	-0.0	0.0	-0.0	-0.0	0.0	0.0	-0.0	-0.0	-0.4
CCC and NR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Sector										
Sovereigns & Related	0.0	-0.0	-0.0	0.1	-0.2	0.4	0.1	0.3	3.2	29.0
ABS and MBS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial Services	-0.0	0.0	0.1	0.0	-0.1	-0.1	0.0	-0.1	-0.6	-5.3
All Corporates	-0.0	-0.0	0.0	0.3	-0.0	0.0	0.0	0.3	3.2	31.1
Basic Materials	0.0	-0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	3.7
Communications	-0.0	-0.0	0.0	0.1	-0.0	0.0	0.0	0.1	0.6	6.0
Consumer Cyclical	-0.0	-0.0	-0.0	0.0	-0.0	0.0	0.0	0.0	0.4	3.7
Consumer Non cyclical	0.0	-0.0	-0.0	0.1	-0.0	0.0	0.0	0.1	0.9	8.3
Energy	-0.0	-0.0	0.0	0.0	-0.0	0.0	0.0	0.0	0.2	1.9
Technology	0.0	0.0	0.0	0.0	-0.0	0.0	0.0	0.0	0.0	0.4
Industrial	0.0	-0.0	0.0	0.0	-0.0	0.0	-0.0	0.0	0.4	4.3
Utilities	0.0	-0.0	-0.0	0.0	-0.0	0.0	0.0	0.0	0.4	3.4
All other Corporates	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	-0.5

Part E - Information on risks and related hedging policies

Stress test

Stress tests complement the sensitivity analysis and VaR results in order to assess the potential risks in a different way. A stress test performs the evaluation of a portfolio under both simple scenarios (assuming change to single risk factors) and complex scenarios (assuming simultaneous changes in a number of risk factors).

The description of complex scenarios, which combine changes in interest rate, price, exchange-rate and credit spread risk factors is reported below. For the description of simple scenarios, refer to the previous paragraphs.
As far as complex scenarios are concerned, different scenarios have been applied to the Trading book and Banking book (specifically FVtPL and FVtOCI positions) on a monthly basis and reported to the Top Management.

Recession Scenario

In this scenario, we assume that an escalation of the conflict in Ukraine leads to a complete stop of Russia's gas supply, which compounds adverse shocks in the liquefied natural gas (LNG) market and other supply sources. Pressure spills over to the oil market. The price of energy soars while that of food and other commodities rise strongly, fueling inflation. High uncertainty, supply-chain disruption and erosion of real incomes push the European economy in a recession. Inflation expectations at short maturities rise, but, crucially, we assume that expectations at intermediate-to-longer maturities remain well anchored and even decline as economic slack works its way through the economy, affecting wage setting and price formation more broadly. The ECB responds to the shock by stopping its hiking cycle at 3.75% (depo rate) and cutting rates meaningfully in 2024.

Eurozone GDP would stagnate in 2023 (-0.5 pp below the baseline) and contract by 2% in 2024 (3 pp below the baseline). A tentative recovery is expected in 2025 as the commodity-price shock fades and supply chains start to normalize. The cumulative hit to GDP growth through 2025 is 4.5 pp.

Eurozone inflation would average 6% in 2023 and slow gradually thereafter, as demand weakness and a widening of the output gap mitigate the effects of supply-side disruption. Inflation expectations remaining well anchored at longer maturities help avoid second-round effects. In this scenario, inflation would remain above the ECB's 2% target in 2024 (3.5%) and eases to 2% in 2025, with the prospect of falling below target in the following years.

The hiking cycle stops earlier than in the baseline scenario, as central banks look through the near-term inflation spike and focus more on growth damage and its implications for price stability at the policy-relevant horizon. The ECB stops hiking once the depo rate hits 3.75% and cuts rates by 175 bp over the course of 2024. In the US the fed funds rate peaks at 5.25% in 2023 and declines in 2024-2025, hitting 2.75% at the end of the forecast horizon.

Sovereign credit spreads would be under moderate widening pressure due to lower growth outlook, only in part countered by accommodative monetary policy. BTPs are expected to widen 140 bp in ASW once the shock materializes.

Corporate credit spreads would also be under widening pressure, especially at the lower end of the rating scale. Pharma and telecoms should benefit from lower energy dependency and strong credit metrics.
Equity markets are expected to post significant losses, of about 15-30%, reflecting the recessionary environment.

In FX, we expect the EUR to come under pressure given the growth shock is more severe for the eurozone and amid a generalized increase in risk aversion. We pencil in a 12% depreciation vs. the USD once the shock materializes. Similarly, in this scenario we expect to see strengthening of the CHF and the Yen, which are typical safe haven currencies.

Hawkish Scenario

In this scenario, we assume that the conflict in Ukraine escalates, uncertainty rises and energy flows from Russia stop completely. Moreover, severe adverse shocks hit the liquefied natural gas (LNG) market and other sources of gas supply, with ramifications to the oil market. Structural deterioration triggered by US-China, conflict polarization leading, on the geopolitical side, to a fragmentation of trades and, on the political side, to a longer-term impact. Commodity-price shocks and disruption to supply chains sink the European economy in a deep recession while inflation surges. This compounds the Covid-19 related dysfunctionality on the supply side that are still in place. Importantly, inflation expectations react to the price shock and become de-anchored, contributing to a material pick-up in wage-growth. Faster wage growth contributes to keeping inflation well above target levels for a prolonged period of time, triggering a forceful response by central banks. Tighter financial conditions intensify the downward pressure on economic activity and lead to wider credit spreads. This is partly mitigated by the assumption that Europe implements a pan-European support scheme.

Part E - Information on risks and related hedging policies

Inflation becomes entrenched. The upward drift in inflation expectations plays a key role in this process, fueling second-round effects and materially faster wage growth compared to the baseline. Firms change their management of supply chains, aiming to strengthen their resilience at the expense of efficiency. This structurally raises firms' costs, which are then passed on to the final consumers. In the eurozone, inflation averages 6.5% in 2023 and is projected to be 6% in 2024 and 4% in 2025, still substantially higher than the ECB target.

Eurozone GDP would stagnate in 2023 (-0.6 pp compared to baseline) and contract by 3% in 2024 and by 2% in 2025. Growth shocks for Germany, Italy and Austria exceed that for the eurozone.

Monetary policy responds forcefully to the shock, sacrificing growth in order to regain control of inflation expectations. The ECB hikes the deposit rate to 5.25% by end-2023 and only cuts rates in 2025 to a still-restrictive 4%. The Fed follows a similar pattern, hiking the Fed fund to 6.75% in 2023 before easing to 6.25% in 2024 and to 4.50% in 2025. Tighter financial conditions put additional downward pressure on economic activity. Importantly, we assume that Italy's sovereign spread do not spiral out of control thanks to the critical role played by the ECB's Transmission Protection Instrument (TPI).

Sovereign credit spreads are expected to come under strong pressure, due to a combination of slower growth and aggressive monetary policy tightening. We pencil in a widening of BTP ASW spreads of 180 bp once the shock materializes. Combined with the move expected for German Bunds, BTP-Bund would widen by 200 bp once the shock materializes. Over the medium term we expect most of this shock to be reabsorbed as TPI is an important factor that mitigates excessive spread widening.

Corporate credit spreads would be under strong widening pressure, especially at the lower end of the rating scale. Energy and Industry are expected to be under stronger pressure in this scenario, due to increasing supply chain imbalances and rising energy prices.

In FX, we expect the EUR to come under pressure given the growth shock is more severe for the eurozone and amid a generalized increase in risk aversion. We pencil in a 16% depreciation vs. the USD once the shock materializes. Similarly, in this scenario we expect to see strengthening of the CHF and the Yen, which are typical safe haven currencies.

Equity markets are expected to post very significant losses of over 30%, reflecting the stagflation environment and higher interest rates.

Stress Test on Trading book

(€ million)

	28 DECEMBER 2023	
	RECESSION SCENARIO	HAWKISH SCENARIO
UniCredit group total	**59**	**114**
Germany	41	90
Italy	30	36
Central Europe	-10	-8
Eastern Europe	-1	-5

Note:
End of month for Stress Test results refers to last Thursday.

Conditional results of Managerial Trading book, as defined above, have been reported. Conditional profits are mainly coming from UniCredit Bank GmbH and are driven by FX USD appreciation impacting FX options in Fixed Income, Currencies & Commodities business line. Conditional profits are partially offset in Hawkish scenario by conditional losses in Equity & Brokerage Trading business line due to negative shocks on Equities and Funds.
Conditional profits in UniCredit S.p.A. are mainly driven by short futures positions combined with Credit Spread widening.

Part E - Information on risks and related hedging policies

2.3 Derivative instruments and hedging policies

2.3.1 Trading financial derivatives

A. Financial Derivatives

A.1 Trading financial derivatives: end-of-period notional amounts

(€ million)

UNDERLYING ACTIVITIES/TYPE OF DERIVATIVES	AMOUNTS AS AT 31.12.2023				AMOUNTS AS AT 31.12.2022			
	OVER THE COUNTER				OVER THE COUNTER			
		WITHOUT CENTRAL COUNTERPARTIES				WITHOUT CENTRAL COUNTERPARTIES		
	CENTRAL COUNTERPARTIES	WITH NETTING AGREEMENT	WITHOUT NETTING AGREEMENT	ORGANISED MARKETS	CENTRAL COUNTERPARTIES	WITH NETTING AGREEMENT	WITHOUT NETTING AGREEMENT	ORGANISED MARKETS
1. Debt securities and interest rate indexes	**6,003,278**	**732,546**	**107,978**	**102,467**	**5,063,764**	**772,178**	**118,096**	**60,162**
a) Options	-	252,190	23,196	63,944	-	220,826	22,109	9,000
b) Swap	4,111,650	428,143	81,982	-	3,845,224	537,348	94,329	-
c) Forward	1,891,628	52,213	-	-	1,218,540	14,004	448	-
d) Futures	-	-	2,800	38,523	-	-	1,210	51,162
e) Other	-	-	-	-	-	-	-	-
2. Equity instruments and stock indexes	**-**	**25,355**	**1,855**	**65,760**	**-**	**26,174**	**2,660**	**91,664**
a) Options	-	16,052	1,419	44,671	-	14,726	2,222	61,781
b) Swap	-	9,303	37	-	-	11,448	65	-
c) Forward	-	-	-	-	-	-	-	-
d) Futures	-	-	-	21,083	-	-	-	29,871
e) Other	-	-	399	6	-	-	373	12
3. Gold and currencies	**-**	**344,093**	**91,929**	**36**	**-**	**367,171**	**92,687**	**78**
a) Options	-	51,711	12,131	-	-	40,518	9,651	-
b) Swap	-	150,931	13,353	-	-	152,100	16,569	-
c) Forward	-	41,690	41,017	-	-	61,562	44,176	-
d) Futures	-	-	-	36	-	-	-	78
e) Other	-	99,761	25,428	-	-	112,991	22,291	-
4. Commodities	**-**	**5,239**	**6,730**	**19,065**	**-**	**7,583**	**6,371**	**18,621**
5. Other	**-**	**1,197**	**4,592**	**4,779**	**-**	**2,784**	**3,322**	**6,023**
Total	**6,003,278**	**1,108,430**	**213,084**	**192,107**	**5,063,764**	**1,175,890**	**223,136**	**176,548**

This table refers to the notional values of financial derivatives according to classification within accounting trading portfolio applied in the separate financial statements of the legal entities belonging to the Regulatory consolidation.

Part E - Information on risks and related hedging policies

A.2 Trading financial derivatives: positive and negative gross fair value - breakdown by product

(€ million)

TYPE OF DERIVATIVES	AMOUNTS AS AT 31.12.2023				AMOUNTS AS AT 31.12.2022			
	OVER THE COUNTER				OVER THE COUNTER			
		WITHOUT CENTRAL COUNTERPARTIES				WITHOUT CENTRAL COUNTERPARTIES		
	CENTRAL COUNTERPARTIES	WITH NETTING AGREEMENT	WITHOUT NETTING AGREEMENT	ORGANISED MARKETS	CENTRAL COUNTERPARTIES	WITH NETTING AGREEMENT	WITHOUT NETTING AGREEMENT	ORGANISED MARKETS
1. Positive fair value								
a) Options	-	3,550	543	2,574	-	4,501	521	3,214
b) Interest rate swap	179,593	10,117	2,795	-	234,825	13,649	3,771	-
c) Cross currency swap	-	3,658	711	-	-	5,292	1,083	-
d) Equity swap	-	-	-	-	-	-	-	-
e) Forward	1,566	1,658	1,172	-	2,641	2,651	2,120	-
f) Futures	-	47	4	1,705	-	47	-	2,838
g) Other	-	1,823	1,173	2	-	4,158	1,046	2
Total	**181,159**	**20,853**	**6,398**	**4,281**	**237,466**	**30,298**	**8,541**	**6,054**
2. Negative fair value								
a) Options	-	3,781	476	4,364	-	4,392	778	4,666
b) Interest rate swap	180,369	8,738	2,041	-	233,634	13,207	4,135	-
c) Cross currency swap	-	4,555	315	-	-	6,699	518	-
d) Equity swap	-	-	-	-	-	-	-	-
e) Forward	1,567	648	1,396	-	2,737	1,600	1,435	-
f) Futures	-	-	3	1,693	-	-	2	2,140
g) Other	-	1,345	740	3	-	3,122	2,137	4
Total	**181,936**	**19,067**	**4,971**	**6,060**	**236,371**	**29,020**	**9,005**	**6,810**

This table presents distribution by product of the gross positive and negative financial derivatives' fair values according to classification within accounting trading portfolio applied in the separate financial statements of the legal entities belonging to the Regulatory consolidation.

Part E - Information on risks and related hedging policies

A.3 OTC trading financial derivatives: notional amounts, positive and negative gross fair value by counterparty

(€ million)

UNDERLYING ACTIVITIES	AMOUNTS AS AT 31.12.2023			
	CENTRAL COUNTERPARTIES	BANKS	OTHER FINANCIAL COMPANIES	OTHER ENTITIES
Contracts not included in netting agreement				
1) Debt securities and interest rate indexes				
- Notional amount	X	5,244	37,129	65,605
- Positive fair value	X	34	1,404	1,426
- Negative fair value	X	77	580	1,714
2) Equity instruments and stock indexes				
- Notional amount	X	556	1,007	291
- Positive fair value	X	2	301	3
- Negative fair value	X	103	15	12
3) Gold and currencies				
- Notional amount	X	2,163	27,698	62,067
- Positive fair value	X	16	451	1,321
- Negative fair value	X	17	509	1,115
4) Commodities				
- Notional amount	X	2	770	5,958
- Positive fair value	X	-	72	894
- Negative fair value	X	2	15	397
5) Other				
- Notional amount	X	77	78	4,438
- Positive fair value	X	-	3	471
- Negative fair value	X	5	9	403
Contracts included in netting agreement				
1) Debt securities and interest rate indexes				
- Notional amount	6,003,278	275,287	380,144	77,116
- Positive fair value	181,160	7,377	2,818	3,916
- Negative fair value	181,936	5,926	3,333	2,397
2) Equity instruments and stock indexes				
- Notional amount	-	17,890	7,429	37
- Positive fair value	-	466	57	-
- Negative fair value	-	695	69	6
3) Gold and currencies				
- Notional amount	-	266,729	44,399	32,966
- Positive fair value	-	3,379	668	1,194
- Negative fair value	-	4,600	795	718
4) Commodities				
- Notional amount	-	236	933	4,070
- Positive fair value	-	15	75	763
- Negative fair value	-	31	71	386
5) Other				
- Notional amount	-	275	-	921
- Positive fair value	-	19	-	105
- Negative fair value	-	13	-	26

This table presents distribution by counterparty of the notional amount and gross positive and negative financial derivatives' fair values according to classification within accounting trading portfolio applied in the separate financial statements of the legal entities belonging to the Regulatory consolidation.

Part E - Information on risks and related hedging policies

A.4 OTC financial derivatives - residual life: notional amounts

(€ million)

UNDERLYING/RESIDUAL MATURITY	UP TO 1 YEAR	OVER 1 YEAR UP TO 5 YEARS	OVER 5 YEARS	TOTAL
A.1 Financial derivative contracts on debt securities and interest rates	2,491,558	2,251,304	2,100,940	6,843,802
A.2 Financial derivative contracts on equity securities and stock indexes	11,412	11,382	4,415	27,209
A.3 Financial derivative contracts on exchange rates and hold	272,536	120,322	43,163	436,021
A.4 Financial derivative contracts on other values	7,753	4,136	80	11,969
A.5 Other financial derivatives	5,334	437	18	5,789
Total 31.12.2023	**2,788,593**	**2,387,581**	**2,148,616**	**7,324,790**
Total 31.12.2022	**2,416,674**	**1,945,740**	**2,100,376**	**6,462,790**

This table refers to the notional values of financial derivatives according to classification within accounting trading portfolio applied in the separate financial statements of the legal entities belonging to Regulatory consolidation.

B. Credit derivatives

B.1 Trading credit derivatives: end of period notional amounts

(€ million)

CATEGORY OF TRANSACTIONS	TRADING DERIVATIVES	
	WITH A SINGLE COUNTERPARTY	WITH MORE THAN ONE COUNTERPARTY (BASKET)
1. Protection buyer's contracts		
a) Credit default products	401	5,235
b) Credit spread products	-	-
c) Total rate of return swap	-	-
d) Other	-	-
Total 31.12.2023	**401**	**5,235**
Total 31.12.2022	**582**	**12,433**
2. Protection seller's contracts		
a) Credit default products	555	4,403
b) Credit spread products	-	-
c) Total rate of return swap	140	-
d) Other	-	-
Total 31.12.2023	**695**	**4,403**
Total 31.12.2022	**1,278**	**11,483**

This table refers to the notional values of credit derivatives according to product and classification within accounting trading portfolio applied in the separate financial statements of the legal entities belonging to the Regulatory consolidation.

Part E - Information on risks and related hedging policies

B.2 Trading credit derivatives: positive and negative gross fair value - breakdown by product

(€ million)

TYPES OF DERIVATIVE INSTRUMENTS	AMOUNTS AS AT 31.12.2023	AMOUNTS AS AT 31.12.2022
1. Positive fair value		
a) Credit default products	170	121
b) Credit spread products	-	-
c) Total rate of return swap	-	1
d) Other	-	-
Total	**170**	**122**
2. Negative fair value		
a) Credit default products	190	134
b) Credit spread products	-	-
c) Total rate of return swap	15	153
d) Other	-	-
Total	**205**	**287**

This table presents distribution by product of the gross positive and negative credit derivatives' fair values according to classification within the accounting trading portfolio applied in the separate financial statements of the legal entities belonging to the Regulatory consolidation.

B.3 OTC trading credit derivatives: notional amounts, positive and negative gross fair value by counterparty

(€ million)

	AMOUNTS AS AT 31.12.2023			
	CENTRAL COUNTERPARTIES	BANKS	FINANCIAL COMPANIES	OTHER ENTITIES
Contracts not included in netting agreement				
1) Protection buyer's contracts				
- Notional amount	X	166	-	-
- Positive fair value	X	-	-	-
- Negative fair value	X	5	-	-
2) Protection seller's contracts				
- Notional amount	X	140	-	30
- Positive fair value	X	-	-	1
- Negative fair value	X	15	-	-
Contracts included in netting agreement				
1) Protection buyer's contracts				
- Notional amount	-	132	5,337	-
- Positive fair value	-	-	-	-
- Negative fair value	-	3	181	-
2) Protection seller's contracts				
- Notional amount	-	335	4,592	-
- Positive fair value	-	7	163	-
- Negative fair value	-	-	-	-

This table presents distribution by counterparty of the notional amount and gross positive and negative credit derivatives' fair values according to classification within the accounting trading portfolio applied in the separate financial statements of the legal entities belonging to the Regulatory consolidation.

Part E - Information on risks and related hedging policies

B.4 OTC trading credit derivatives - residual life: notional amounts

(€ million)

UNDERLYING/RESIDUAL MATURITY	UP TO 1 YEAR	OVER 1 YEAR UP TO 5 YEARS	OVER 5 YEARS	TOTAL
1. Protection buyer's contracts	411	4,617	69	5,097
2. Protection seller's contracts	223	5,246	166	5,635
Total 31.12.2023	**634**	**9,863**	**235**	**10,732**
Total 31.12.2022	**1,242**	**24,279**	**255**	**25,776**

This table refers to the notional values of credit derivatives according to classification within accounting trading portfolio applied in the separate financial statements of the legal entities belonging to Regulatory consolidation.

B.5 Credit derivatives linked to fair value option: annual changes

No data to be disclosed.

2.3.2 Hedging policies

Qualitative information

Hedging derivative transactions are used to manage the exposure to market risks and volatility of financial outcomes that arise as part of our normal business operations and are executed in accordance with internal policies.

Derivatives are mainly used to manage the banking book interest rate risk with the following goals:
- to reduce banking book interest rate risk profile according to *Risk Appetite Framework* approved by the Board of Directors and limits defined by relevant Committees or risk functions. Within *Risk Appetite Framework*, the banking book exposure to interest rate risk is defined either in terms of *Net Interest Income Sensitivity* or *Economic Value Sensitivity*;
- to optimise the natural hedge between the risk profile of assets and liabilities using derivatives to manage the mismatch, even temporary, between the volume and the rates of assets and liabilities with different repricing schedules;
- to minimise the net exposure of derivatives used as economic hedges of the most stable portion of either assets or liabilities subject to hedge accounting, thereby reducing the associated transaction cost.

A Fair value hedging activities

The objective of fair value hedge on assets/liabilities is to hedge the exposure to changes in fair value coming from the embedded risk factor subject to a hedging transaction.

The fair value hedge is applied both for identified financial instruments (securities, debt issues, loans, borrowings) and for portfolios of financial instruments (in particular, fixed rate loans/mortgages and non-maturity deposits or other fixed rate liabilities).

The hedging relationship is qualified at the inception of the hedge by identifying the portion and type of risk to be hedged (partial term hedge), the hedging strategy, the hedging instrument, and the methods used to assess the effectiveness of the hedging relationship.

The hedging strategy on identified financial instruments classified as *Held-to-Collect* (HTC) and *Held-to-Collect & Sell* (HTCS) considers the contractual features of each instrument and relevant risk-management & business intent.

The hedging strategy on portfolios of financial instruments refers to the amounts of money contained in the portfolio of interest rate exposures that are not already subject to "micro/specific" hedging and mirrors to the nominal amount and financial conditions of hedging derivatives.

The objective of fair value hedge on assets/liabilities denominated in foreign currency could refer to hedge the exposure to changes in fair value by converting to Euro denominated assets/liabilities.

The hedging instruments used mainly consist of interest-rate swaps, basis swaps, caps, floors, and cross-currencies swaps.

Part E - Information on risks and related hedging policies

B. Cash flow hedging activities
The objective of cash flow hedge on assets/liabilities is to hedge the exposure to changes in cash flows from borrowings/lending that bear a floating interest rate or provide for a variable FX countervalue amount.

The hedging relationship is qualified at the inception of the hedge by identifying the portion and type of risk to be hedged (partial term hedge), the hedging strategy, the hedging instrument, and the methods used to assess the effectiveness of the hedging relationship.

Cash flow hedges are particularly used to hedge interest rate risk on floating-rate assets and liabilities, including rollovers, and foreign exchange risks on highly probable forecast of foreign currency cost/revenue streams.

The hedging instruments used mainly consist of interest-rate swaps, caps, floors, cross-currency swaps with a maturity up to 20-30 years for some commercial hedged assets.

C. Foreign net investments hedge activities
The objective of net investment hedging on entities that have different functional currency from the Group is to reduce the impact of fluctuations in exchange rates on the Group's capital adequacy ratios.
The management of this risk embeds the annual definition of hedging strategies in compliance with the EBA guidelines on the treatment of Structural Foreign Exchange risk (EBA/GL/2020/09), and its continuous monitoring to remain within the relevant Risk Appetite Framework thresholds.

The hedging instruments used mainly consist of foreign exchange options. At consolidated level these derivatives qualify as Net Investment Hedge, in relationship with the investment. The effective component (*intrinsic value*) of the hedging instruments is deferred into Other Comprehensive Income - booked to sub-item "Foreign Investments Hedge" of Valuation Reserves, offsetting the "FX differences" of the related hedged item. However, at Bank level, a FVH relationship of the controlling stake is recognised.

Furthermore, the Group put in place some economic hedges on forecasted foreign currency revenues stemming from those entities. The objective of the economic hedge is to reduce the volatility on the Income statement coming from the foreign exchange risks. FX risk on forecasted foreign currency revenues is continuously monitored and hedging strategies are periodically assessed.

The derivatives used mainly consist of currency options. These derivatives may not or should not qualify for hedge accounting even though achieve substantially the same economic results. The impact of economic hedges is accounted in Item "80. Net gains (losses) on trading".

In general term, both the hedging strategies and the percentage to be hedged is defined considering, inter-alia, the diversification effect and taking into account the volatility and correlation in the FX rates.

D. Hedging instruments and E. Hedged elements
Prospective hedge effectiveness is established by the fact that all derivatives must, at inception, have the effect of reducing interest rate (or other identified) risk in term of *Economic Value Sensitivity* (Fair Value Hedge) or *Net Interest Income Sensitivity* (Cash Flow Hedge) in the specific/portfolio of hedged underlyings.

Retrospectively the hedge effectiveness is quarterly measured by referring to the most stable portion of assets/liabilities using a portfolio hedge approach or by referring to the portion of risk being hedged using a micro/specific approach.

Sources of ineffectiveness comes from (i) the Euribor vs Eonia/€STER basis for hedging derivatives transactions subject to a collateral agreement, (ii) Credit/Debit Value and Funding Value adjustment impacting derivative transactions fair values, (iii) shortfall arising in the underlying's specifically associated with that hedge in term of nominal or reverse sensitivity due to prepayment or default on commercial assets or withdrawals on liabilities included such as commercial non-maturity deposits and are presented in Item "90. Net gains (losses) on hedge accounting".

Part E - Information on risks and related hedging policies

Quantitative information

A. Hedging financial derivatives

A.1 Hedging financial derivatives: end-of-period notional amounts

(€ million)

UNDERLYING ACTIVITIES/TYPE OF DERIVATIVES	AMOUNTS AS AT 31.12.2023				AMOUNTS AS AT 31.12.2022			
	OVER THE COUNTER				OVER THE COUNTER			
		WITHOUT CENTRAL COUNTERPARTIES				WITHOUT CENTRAL COUNTERPARTIES		
	CENTRAL COUNTERPARTIES	WITH NETTING AGREEMENT	WITHOUT NETTING AGREEMENT	ORGANISED MARKETS	CENTRAL COUNTERPARTIES	WITH NETTING AGREEMENT	WITHOUT NETTING AGREEMENT	ORGANISED MARKETS
1. Debt securities and interest rate indexes	**351,666**	**10,606**	**89,472**	**-**	**293,904**	**10,493**	**96,563**	**264**
a) Options	-	837	4,000	-	-	1,141	17,500	-
b) Swap	342,666	9,769	479	-	292,904	9,352	3,985	-
c) Forward	9,000	-	-	-	1,000	-	-	-
d) Futures	-	-	84,993	-	-	-	75,078	264
e) Other	-	-	-	-	-	-	-	-
2. Equity instruments and stock indexes	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swap	-	-	-	-	-	-	-	-
c) Forward	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
3. Gold and currencies	**-**	**8,359**	**-**	**-**	**-**	**10,057**	**53**	**-**
a) Options	-	3,064	-	-	-	2,378	-	-
b) Swap	-	4,830	-	-	-	5,921	53	-
c) Forward	-	465	-	-	-	1,758	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
4. Commodities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
5. Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**351,666**	**18,965**	**89,472**	**-**	**293,904**	**20,550**	**96,616**	**264**

This table refers the notional value of hedging financial derivatives according to classification within the accounting hedging portfolio applied in the separate financial statements of the legal entities belonging to the Regulatory consolidation.

A.2 Hedging financial derivatives: positive and negative gross fair value - breakdown by product

(€ million)

TYPE OF DERIVATIVES	AMOUNT AS AT 31.12.2023				AMOUNT AS AT 31.12.2022				AMOUNT AS AT 31.12.2023	AMOUNT AS AT 31.12.2022
	POSITIVE AND NEGATIVE FAIR VALUE				POSITIVE AND NEGATIVE FAIR VALUE				CHANGES IN VALUE USED TO CALCULATE HEDGE INEFFECTIVENESS	
	OVER THE COUNTER				OVER THE COUNTER					
		WITHOUT CENTRAL COUNTERPARTIES				WITHOUT CENTRAL COUNTERPARTIES				
	CENTRAL COUNTERPARTIES	WITH NETTING AGREEMENT	WITHOUT NETTING AGREEMENT	ORGANISED MARKETS	CENTRAL COUNTERPARTIES	WITH NETTING AGREEMENT	WITHOUT NETTING AGREEMENT	ORGANISED MARKETS		
1. Positive fair value										
a) Options	-	7	1	-	-	42	4	-	-	-
b) Interest rate swap	5,933	411	2	-	6,899	481	120	-	-	-
c) Cross currency swap	-	315	-	-	-	325	2	-	-	-
d) Equity swap	-	-	-	-	-	-	-	-	-	-
e) Forward	-	4	-	-	-	12	-	-	-	-
f) Futures	-	-	80	-	-	-	173	3	-	-
g) Other	-	-	-	-	-	-	-	-	-	-
Total	**5,933**	**737**	**83**	**-**	**6,899**	**860**	**299**	**3**	**-**	**-**
2. Negative fair value										
a) Options	-	29	1	-	-	58	45	-	-	-
b) Interest rate swap	7,606	276	24	-	10,340	204	274	-	-	-
c) Cross currency swap	-	38	-	-	-	118	1	-	-	-
d) Equity swap	-	-	-	-	-	-	-	-	-	-
e) Forward	2	9	-	-	5	4	-	-	-	-
f) Futures	-	-	123	-	-	-	292	-	-	-
g) Other	-	-	-	-	-	-	-	-	-	-
Total	**7,608**	**352**	**148**	**-**	**10,345**	**384**	**612**	**-**	**-**	**-**

This table presents distribution by product of the gross positive and negative hedging financial derivatives' fair values according to classification within the accounting hedging portfolio applied in the separate financial statements of the legal entities belonging to the Regulatory consolidation.

Part E - Information on risks and related hedging policies

A.3 OTC hedging financial derivatives: notional amounts, positive and negative gross fair value by counterparty

(€ million)

UNDERLYING ACTIVITIES	AMOUNTS AS AT 31.12.2023			
	CENTRAL COUNTERPARTIES	BANKS	OTHER FINANCIAL COMPANIES	OTHER ENTITIES
Contracts not included in netting agreement				
1) Debt securities and interest rate indexes				
- Notional amount	X	89,022	-	450
- Positive fair value	X	81	-	2
- Negative fair value	X	127	-	21
2) Equity instruments and stock indexes				
- Notional amount	X	-	-	-
- Positive fair value	X	-	-	-
- Negative fair value	X	-	-	-
3) Gold and currencies				
- Notional amount	X	-	-	-
- Positive fair value	X	-	-	-
- Negative fair value	X	-	-	-
4) Commodities				
- Notional amount	X	-	-	-
- Positive fair value	X	-	-	-
- Negative fair value	X	-	-	-
5) Other				
- Notional amount	X	-	-	-
- Positive fair value	X	-	-	-
- Negative fair value	X	-	-	-
Contracts included in netting agreement				
1) Debt securities and interest rate indexes				
- Notional amount	351,666	8,446	2,149	11
- Positive fair value	5,933	331	84	-
- Negative fair value	7,609	195	105	2
2) Equity instruments and stock indexes				
- Notional amount	-	-	-	-
- Positive fair value	-	-	-	-
- Negative fair value	-	-	-	-
3) Gold and currencies				
- Notional amount	-	6,666	1,693	-
- Positive fair value	-	209	111	-
- Negative fair value	-	48	1	-
4) Commodities				
- Notional amount	-	-	-	-
- Positive fair value	-	-	-	-
- Negative fair value	-	-	-	-
5) Other				
- Notional amount	-	-	-	-
- Positive fair value	-	-	-	-
- Negative fair value	-	-	-	-

This table presents distribution by counterparty of the notional amount and the gross positive and negative hedging financial derivatives' fair values according to classification within the accounting hedging portfolio applied in the separate financial statements of the legal entities belonging to the Regulatory consolidation.

Part E - Information on risks and related hedging policies

A.4 OTC hedging financial derivatives - residual life: notional amounts

(€ million)

UNDERLYING/RESIDUAL MATURITY	UP TO 1 YEAR	OVER 1 YEAR UP TO 5 YEARS	OVER 5 YEARS	TOTAL
A.1 Financial derivative contracts on debt securities and interest rates	260,012	129,647	62,083	451,742
A.2 Financial derivative contracts on equity securities and stock indexes	-	-	-	-
A.3 Financial derivative contracts on exchange rates and gold	5,828	2,111	421	8,360
A.4 Financial derivative contracts on other values	-	-	-	-
A.5 Other financial derivatives	-	-	-	-
Total 31.12.2023	**265,840**	**131,758**	**62,504**	**460,102**
Total 31.12.2022	**236,828**	**114,896**	**59,346**	**411,070**

This table refers to the notional values of financial derivatives according to classification within accounting hedging portfolio applied in the separate financial statements of the legal entities belonging to Regulatory consolidation.

B. Hedging credit derivatives
No data to be disclosed.

C. Hedging instruments not derivatives
Note that, as provided by the Circular No.262 of 22 December 2005 of Banca d'Italia (and subsequent amendments), the present table is not disclosed as the Group has exercised the option to continue applying the existing IAS39 hedge accounting requirements for all its hedging relationships until the IASB completes the project on accounting for macro-hedging.

D. Hedges instruments
Note that the Group has exercised the option to continue applying the existing IAS39 hedge accounting requirements for all its hedging relationships until the IASB completes the project on accounting for macro-hedging.

D.1 Fair value hedges
No data to be disclosed.

Part E - Information on risks and related hedging policies

Micro hedging and macro hedging: breakdown by hedged item and risk type

(€ million)

	AMOUNT AS AT 31.12.2023	
	MICRO HEDGE: CARRYING AMOUNT	MACRO HEDGE: CARRYING AMOUNT
A) Fair value hedge		
1. Assets		
1.1 Financial assets measured at fair value through other comprehensive income	**43,270**	**-**
1.1.1 Interest rate	43,270	X
1.1.2 Equity	-	X
1.1.3 Foreign exchange and gold	-	X
1.1.4 Credit	-	X
1.1.5 Other	-	X
1.2 Financial assets measured at amortised cost	**39,800**	**(158)**
1.2.1 Interest rate	39,800	X
1.2.2 Equity	-	X
1.2.3 Foreign exchange and gold	-	X
1.2.4 Credit	-	X
1.2.5 Other	-	X
2. Liabilites		
2.1 Financial liabilities measured at amortised costs	**8,610**	**(1,283)**
2.1.1 Interest rate	8,610	X
2.1.2 Equity	-	X
2.1.3 Foreign exchange and gold	-	X
2.1.4 Credit	-	X
2.1.5 Other	-	X
B) Cash flow hedge		
1. Assets	**1,134**	**X**
1.1 Interest rate	1,134	X
1.2 Equity	-	X
1.3 Foreign exchange and gold	-	X
1.4 Credit	-	X
1.5 Other	-	X
2. Liabilites	**909**	**X**
2.1 Interest rate	909	X
2.2 Equity	-	X
2.3 Foreign exchange and gold	-	X
2.4 Credit	-	X
2.5 Other	-	X
C) Hedge of net investments in foreign operations	**953**	**X**
D) Porftolio - Assets	**X**	**(3,106)**
E) Porftolio - Liabilities	**X**	**(11,649)**

Note:
It should be noted that the column "Macro hedge: carrying amount" reports the revaluation recognised with reference to the hedged item.

E. Effects of hedging policy at equity

This table has to be filled in only by entities that apply IFRS9 hedge accounting rules.

Part E - Information on risks and related hedging policies

2.3.3 Other information on derivatives instruments (trading and hedging)

A. Financial and credit derivatives

A.1 OTC financial and credit derivatives: net fair value by counterparty

(€ million)

	AMOUNTS AS AT 31.12.2023			
	CENTRAL COUNTERPARTIES	BANKS	OTHER FINANCIAL COMPANIES	OTHER ENTITIES
A. Financial derivatives				
1) Debt securities and interest rates				
- Notional amount	6,586,583	-	-	-
- Positive net fair value	-	-	-	-
- Negative net fair value	1,896	-	-	-
2) Equity instruments and stock indexes				
- Notional amount	-	-	-	-
- Positive net fair value	-	-	-	-
- Negative net fair value	-	-	-	-
3) Gold and currencies				
- Notional amount	-	-	-	-
- Positive net fair value	-	-	-	-
- Negative net fair value	-	-	-	-
4) Commodities				
- Notional amount	-	-	-	-
- Positive net fair value	-	-	-	-
- Negative net fair value	-	-	-	-
5) Other				
- Notional amount	-	-	-	-
- Positive net fair value	-	-	-	-
- Negative net fair value	-	-	-	-
B. Credit derivatives				
1) Protection buyer's contracts				
- Notional amount	-	-	-	-
- Positive net fair value	-	-	-	-
- Negative net fair value	-	-	-	-
2) Protection seller's contracts				
- Notional amount	-	-	-	-
- Positive net fair value	-	-	-	-
- Negative net fair value	-	-	-	-

2.4 Liquidity risk

Qualitative information

A. General aspects, operational processes and methods for measuring liquidity risk
Liquidity risk is defined as the risk that the Group may find itself unable to fulfil its expected or unexpected payment obligations (by cash or delivery), current and future, without jeopardising its day-to day operations or its financial condition.

The key principles

The liquidity reference banks
The Group aims at maintaining liquidity at a level that enables to operate safely and to fund its operations at the best rate conditions under normal operating circumstances, and to remain always in a position to meet payment obligations.
To this end, the Group complies accurately with the legal and regulatory provisions imposed by the national Central Banks and by the national authorities of each country where it operates.

In addition to local legal and regulatory requirements, the Parent Company, under the responsibility of the Group Risk Management, defines policies and metrics to be applied at Group level, to ensure that liquidity position of any entity meets the requirements of the Group.

For these reasons, the Group is organised on a managerial perspective, according to the concept of the liquidity reference bank.
The liquidity reference banks are legal entities that act in their responsibility as liquidity hub. They are in charge:
- of the liquidity management and concentration process of liquidity flows of the legal entities falling within their perimeter of responsibility;
- of the funding optimisation carried out on the relevant local markets and are responsible to coordinate the access to short-term and medium long-term markets of the legal entities belonging to their perimeter;
- finally, of the implementation of the Group's liquidity rules at local level in line with Group's Governance Guideline and Policy and with local regulations.

A particularly important role is played by the Parent Company, in its role of supervisor and controller of the Group. With reference to liquidity this role consists of steering, coordinating, and controlling all the aspects regarding liquidity for the whole Group. The Parent Company has the responsibility to set the overall Group risk appetite and sub-allocate the limits in agreement with the liquidity reference banks and/or Legal Entities.
In particular, the Parent Company functions are responsible for the following:
- outlining Group overall liquidity risk management strategies;
- developing liquidity risk metrics and methodologies;
- setting specific limits for liquidity risk exposures, in line with the Group risk appetite;
- optimising liquidity allocation amongst Legal Entities, in compliance to the local regulations and transferability limitation;
- coordinating access to financial markets for liquidity management;
- outlining the yearly Group funding and contingency funding plan, coordinating and monitoring their execution;
- assessing the adequacy of the liquidity reserves buffers at Legal Entity and Group level;
- coordinating the refinancing transactions with the European Central Bank;
- defining, periodically reviewing the Group ILAAP and approving the Group ILAAP Report on yearly basis.

The Parent Company, moreover, acts as the liquidity reference bank for the Italian perimeter.

The principle of "self-sufficiency"
This organisational model allows self-sufficiency of the Group by accessing the local and global markets for liquidity in a controlled and coordinated way. According to Group Policies, structural liquidity surpluses can be up streamed to the Parent Company, unless legal requirements prevent it.
The liquidity available at country level could be subject to restrictions due to legal, regulatory and political constraints. The so called "Large Exposure Regime", applied throughout Europe, along with specific national laws like the "German Stock Corporation Act", are examples of legal constraints to the free circulation of funds within a cross-border banking Group[80].

As a general rule, the large exposure regime, which came into force on 31 December 2010, and following amended in 2021, limits interbank exposures to a maximum of 25% of Tier 1 Capital: this rule is also applicable to intra-group exposures. However, there are significant differences in the way in which this European regulation has been implemented in the various countries. In many CEE countries the limit of 25% of Tier 1 Capital is valid, with some countries showing even stricter rules; in Austria, according to the National law, the 25% of Tier 1 Capital limit is not applied to exposures towards the Parent Company, if located in the European Economic Area; finally, in Germany the national Regulator has set up a process to apply for a waiver, exempting intra-group exposures from the large exposure limitation.

80 Also Banca d'Italia Rules, Circular 285, foresees that the Group should ensure the maintenance through the time of adequate reserves in each legal entity, in order to take into account possible regulatory constraints (First Part, Title IV, Chapter 6, Section III, paragraph 7).

Part E - Information on risks and related hedging policies

In the absence of official limits valid at national level, Austrian and German Regulators reserve the right to judge the exposure level on a case-by-case basis.
In the current economic environment, in many of the territories in which the Group operates, Banking Regulatory Authorities are adopting measures aimed at reducing the exposure of their national banking system towards foreign jurisdictions with potential negative impacts on the ability of the Group to finance its activities.
For these reasons, the "Group Liquidity Management & Control Policy" provides for a further principle in order to enhance a sound and prudent liquidity risk management; each Legal Entity with market access has to increase its liquidity self-sufficiency, fostering in this way the exploitation of its strengths. In addition, the Group rule states that each LE (including the liquidity reference bank) should be self-sufficient in terms of liquidity in its local currency, either on its own or by leveraging on the relevant liquidity reference bank. This self-sufficiency principle is reflected in a specific "limit structure": limits are set both at Group and at individual level, with the purpose of avoiding/controlling significant imbalances among Legal Entities.

This type of organisation promotes the self-sufficiency of the Group Legal Entities, by allowing them to access the local and global markets for liquidity in a controlled and coordinated way, in order to optimise: i) the liquidity surpluses and deficits within the Group's Legal Entities ii) the overall costs of funding across the Group.

The adoption of the Single Point of Entry by the Group implies that the Holding provides internal MREL to all the other subsidiaries within Europe, representing the only exception to the self-sufficiency principle.

Roles and responsibilities
At Group level, three main functions are identified in the management of the liquidity: the Group Risk Management competence line, the Group Finance competence line, and the Group Treasury function, each with different roles and responsibilities. In particular, the operational responsibilities reside in the Finance and the Treasury functions, while the Risk Management function has responsibilities of independent controls and independent reporting compared to the operational functions (in line with the current requirements of Banca d'Italia).

Specifically, the Risk Management function is responsible for the independent control of liquidity risk and of Balance sheet interest rate and FX risk at Group level and for the internal and regulatory stress testing. In detail:
- defining policies and methodologies for measuring and controlling the liquidity risk and developing, updating and presenting the independent internal risk reports/assessments to internal competent functions (second level controls);
- putting in place a strong and comprehensive internal limit and control framework to mitigate or limit the liquidity risk in line with the risk tolerance in order to monitor the different material drivers of liquidity risk;
- contributing to the setting of the risk appetite framework;
- assessing and monitoring liquidity risk exposure trends at Group and Country level and confronting them with the respective limits and triggers;
- verifying the correct implementation of the agreed mapping rules;
- performing an independent assessment of the Funding Plan and of the Contingency Funding Plan as well as monitoring their execution;
- developing and performing the liquidity stress test at Group level, analysing the outcome, delineating new scenarios to be taken into account and centralising the action plan relating to the stress test results; moreover, periodically reviewing the liquidity stress test framework;
- monitoring the liquidity risk and producing regular risk reporting at Group level in alignment with Basel Committee's "Principles for effective risk data aggregation and risk reporting", setting common standards in terms of presentations and communications;
- performing internal validation activities at Group level on systems for measuring liquidity risks on related processes and data quality and IT components, as well as on models for pricing financial instruments in order to check that they are conform to regulatory requirements and in-house standards;
- developing and back testing the behavioural models for the measurement of the liquidity risk;
- validating, controlling the implementation and releases independent assessments on the models to map the liquidity profile of Balance sheet items (i.e., behavioral models on deposits stickiness, on loans prepayment, etc.).

Group Treasury acts as main coordinator in the management of infra-group flows, stemming from liquidity deficits or surplus of the various Group's Legal Entities, and applies the appropriate transfer prices to such funds' movements. By doing so, Group Treasury ensures a disciplined and efficient access to the markets.

Group Finance competence line is responsible for the coordination of the overall financial planning process at Group, liquidity reference banks and relevant LEs level, aiming to efficiently ensure the stability and the sustainability of the financial structure through time, addressing assets and liabilities composition and maturities, in compliance with the limits and triggers set for liquidity and Balance sheet metrics. It is also responsible for the execution of the medium long term Group's funding strategy (including securitisation operations), coordinating the access to national and international capital markets for all the liquidity reference banks and relevant LEs, exploiting local market opportunities in order to reduce the costs of funding and diversify the financing sources. In addition to this, the function performs first level controls on liquidity positions managed by Group Finance and Group Treasury aimed at ensuring the proper P&L and liquidity workflow of the operations and defines conditions and rules for transfer price application.

Part E - Information on risks and related hedging policies

All the relevant issues that concern the liquidity risk and management perspective of the Group are discussed in GFRC (Group Financial & Credit Risks committee - ALCO session).
The Committee is responsible for approving strategies, policies and methodologies for Financial Risks and for the monitoring of risks related to Fund Transfer Pricing, across Liquidity Reference Banks, Business Functions and Legal Entities, with the aim to optimize the usage of financial resources (e.g., liquidity and capital) in coherence with Risk Appetite and Business Strategies. It is also responsible for the approval of the Financial Plan Funding Plan, Ordinary Counterbalancing Capacity Plan and Contingency Funding Plan to be submitted to the Board by the CEO as well as for evaluating the impact of transactions significantly affecting the overall financial risk portfolio profile.

The optimisation of liquidity risks is pursued through the setting of specific limits on the standard banking activity of transforming short, medium and long-term maturities. This is implemented in accordance with legal and regulatory framework in each country and internal rules and policies of the Group companies through management models in place within the individual liquidity reference banks.

Such models are subject to analyses carried out by the local Risk Management or equivalent structure with the same responsibilities in coordination with the Group's Risk Management to ensure that they comply with the metrics and the objectives of the Group's liquidity framework.
In addition, the regional rules must comply with national laws and regulatory requirements.

Risk measurement and reporting systems

Techniques for risk measurement
The different types of liquidity risk managed by the bank are:
- short term liquidity risk refers to the risk of non-conformity between the amounts and/or the maturities of cash inflows and cash outflows in the short term (below one year);
- market liquidity risk is the risk that the bank may face a considerable (and unfavourable) price change generated by exogenous or endogenous factors and incur losses because of the sale of assets deemed to be liquid. In the worst case, the bank might not be able to liquidate such positions;
- intraday liquidity risk appears when a bank is not able to meet payment and settlement obligations on a timely manner basis under both normal and stressed conditions;
- structural liquidity risk is defined as the inability to raise the necessary funds to maintain an adequate ratio between medium to long-term (over one year) assets and liabilities at reasonable pricing level, in a stable and sustainable way, without affecting the daily operations or the financial condition of the Bank. It could have a potential impact on the cost of funding (own credit and market funding spreads), affecting future income of the institution;
- contingency risk, or stress liquidity relates to future and unexpected obligations (i. e. draw on committed facilities, deposits withdrawal, increase in collateral pledging) and could require the bank a greater amount of liquidity compared to what is considered the amount to run the ordinary business;
- intragroup liquidity risk, that might generate from an excessive exposure or dependency towards/from specific Group counterparts;
- funding concentration risk arises when the bank leverages on such a limited number of funding sources, that they become so significant that the withdrawal of one or few could trigger liquidity problems;
- foreign exchange liquidity risk, generated by the current and projected liquidity mismatch between cash inflows and cash outflows in foreign currencies (refinancing risk) or related with the maturity distribution of the assets and liabilities in foreign currencies (foreign currency structural mismatch risk).

The exposure of the Group and its Legal Entities to any of these risks is measured by associating to any of them a metric or a set of metrics. Every Legal Entity of the Group is exposed to the above-mentioned risks at a different extent: a materiality analysis is performed in order to define the perimeter of the liquidity risk management and control.

Liquidity risk, for its particular nature, is addressed by means of gap analyses, liquidity stress testing, and complementary measures (mainly through a set of indicators, among which: loans to deposits gap, liquidity coverage ratio). In particular, gap analyses are performed within two distinct time horizons:
- liquidity imbalance mismatch approach on a daily basis, which controls the short-term liquidity risk arising from the overnight up to 12 months maturity;
- gap ratios on a monthly basis, which control the medium to long-term risk (structural liquidity) from the 1-year maturity onwards.

Part E - Information on risks and related hedging policies

The management framework of the liquidity risk

The Group's liquidity framework is based upon the Liquidity Risk Mismatch Model which is characterised by the following fundamental principles:

- short-term liquidity risk management (operational liquidity), which considers the events that will impact upon the Group's liquidity position from 1 day up to one year. The primary objective is to maintain the Group's capacity to fulfil its ordinary and extraordinary payment obligations while minimising the relevant costs;
- structural liquidity risk management (structural risk) which considers the events that will impact upon the Group's liquidity position over one year. The primary objective is to maintain an adequate ratio between medium/long term liabilities and medium to long-term assets, with a view to avoid pressures on short-term funding sources (both current and future), while in the meantime optimising the cost of funding;
- stress test: Liquidity risk is a low probability, high impact event. Therefore, stress testing is an excellent tool to reveal potential vulnerabilities in the Balance sheet. The Bank uses several scenarios ranging from general market crisis to idiosyncratic crisis, and a combination hereof.

In this context, models to manage the liquidity take into account all assets, liabilities, off-Balance sheet positions and also both present and future events which generate certain or potential cash flows for the Group, thereby protecting the Group Banks/Companies from risks relating to the transformation of maturity.

In addition, the liquidity risk is included in the Group's risk appetite framework through some specific liquidity indicators.

Short-term liquidity management

Short-term liquidity management aims at ensuring that the Group remains in a position to fulfil its cash payment obligations, whether expected or unexpected, focused on the exposure for the first 12 months.

The standard measures taken for such purposes are the following:

- management of the access to payment systems (operational liquidity management);
- management of cash payments to be made and monitoring of the level of liquidity reserves and the extent of their utilisation (analysis and active management of the maturity ladder).

These principles are applicable at Group and single liquidity reference bank level.

The *operative maturity ladder* is composed by the net contractual cash flows (in/outflows) affecting the cash position at Central Banks or "Nostro Account". Therefore, these flows impact directly the "core liquidity" of the bank, over pre-defined time buckets.
The *operative maturity ladder* is composed of the following building-blocks:

- primary gap, which shows the net wholesale refinancing requirements over the various time-buckets of the horizon;
- counterbalancing capacity, which shows the amount of unencumbered securities that are accepted as collateral by Central Banks and/or market counterparties. The counterbalancing capacity is considered at its "liquidity value" (i.e., the market value minus the applicable haircut);
- cumulative gap, which is the sum of the previous components;
- reservation for unexpected flows, which consists of liquidity adjustment to the operative maturity ladder, to consider a buffer that can be used by the Treasury to refinance unexpected outflows impacting the Central Bank position (included in the short-term buckets). The reservation for unexpected flows takes into account the volatility of the funding needs of the commercial asset portfolio, the volatility of the commercial funding sources, including potential concentration effects, the change of liquidity value of the counterbalancing capacity due to observed market price changes.

The operative maturity ladder is included in the Group risk appetite framework, with a limit of 0 on the 3 months bucket.
The Group also adopts the cash horizon as a synthetic indicator of the short-term liquidity risk levels. The cash horizon identifies the number of days after which the relevant entity is no longer able to meet its liquidity obligations as expressed in the operative maturity ladder, after having exhausted the available counterbalancing capacity.

Structural liquidity management

The Group's structural liquidity management aims at limiting refinancing exposures above one year and thus reducing refinancing needs in the shorter term. The maintenance of an adequate ratio between medium to long-term liabilities and assets aims at avoiding pressures on short-term sources, whether present or future.

The standard measures taken for such purposes are the following:

- the spreading of the maturity of funding operations in order to reduce the usage of less stable funding sources, while in the meantime optimizing the cost of funding (integrated management of strategic liquidity and tactical liquidity);
- the financing of growth through strategic funding activities, setting the most appropriate maturities (yearly funding plan);
- the balancing of medium/to long-term wholesale funding requirements with the need to minimise costs, by diversifying sources, national markets, currencies of issuance and instruments used (realisation of the yearly funding plan).

Part E - Information on risks and related hedging policies

The main metric used to measure the medium/long-term position is the net stable funding ratio, as described by CRR2.

In general, the net stable funding ratio is calculated as the ratio between liabilities and assets. All the Balance sheet items are mapped according to their contractual maturity. In addition, they are assigned a weight that reflect, for the liabilities, their stability within the Balance sheet and, for the assets, the portion that is rolled over by the bank or that, more in general, cannot be traded on the market in exchange of liquidity that would generate relief to the institution. The internal limit set at 102.3% for 2023 means that stable liabilities have to fully cover the requirements of funding generated by the assets. In addition to the regulatory perspective offered by the net stable funding ratio, an internal metric, named structural liquidity ratio, is adopted for the steering of structural liquidity risk from an economic point of view, i.e., taking into account the liquidity risk stemming from different Balance sheet items under the perspective of internal models.
Another key structural metric, aimed at measuring the funding needs originated from the commercial activity of the Bank, is the loans to deposits ratio. It measures the need of funding that the bank has to finance on the wholesale market. The indicator is integrated in the risk appetite framework with the aim of monitoring and managing the level of funding coverage of net loans to customers, coming from funding sources not exclusively obtained through Treasury/Finance activity.

Liquidity under stress
Stress testing is a risk management technique used to evaluate the potential effects on an institution's financial condition of a specific event and/or movement in a set of financial variables. As a forward-looking tool, liquidity stress testing diagnostics the institution's liquidity risk. In particular, the results of the stress tests are used to:
- determine liquidity limits both in quantitative and qualitative terms;
- plan and carry out alternative funding transactions for purposes of off-setting liquidity outflows;
- structure/modify the liquidity profile of the Group's assets;
- provide support to the development of the liquidity contingency plan.

In order to execute stress tests that are consistent across the liquidity reference banks, the Group has a centralised approach, requiring each local liquidity reference bank to run the same scenario set under the coordination of the Group risk management. The Group runs liquidity scenarios and sensitivity analyses on a regular basis, the latter by assessing the impact on an institution's financial condition of a move in one particular risk factor, whereas scenario tests tend to consider the impact of simultaneous moves in a number of risk factors, based on a hypothetical, well defined and consistent stress scenario.

The Group identifies three different types of potential liquidity crisis:
- market (systemic, global or sector): market downturn scenario. This scenario consists of a sudden turmoil in a monetary and capital market, which may be caused by closure (or limited access) to market/settlement system, critical political events, country crisis, credit crunch, etc.;
- specific to the Group, or part of it (idiosyncratic): name crisis; the assumptions could be operational risk, events relating to the worsened perception of the Group reputational risk and a downgrade in UniCredit S.p.A. rating or another Group Legal Entities;
- a combination of market and specific crisis: combined scenario.

These scenarios are expected to cause a substantial reduction in the funding coming from rating-sensitive customers, CD/CPs' investors and inter-bank markets. In addition, a possible usage of the undrawn portion of the committed lines is considered.

The *combined scenario* is defined as a general negative development in the market environment and also as a factual or market-hypothesised problem specific to the Group.

In 2023 the Group liquidity stress test result on the combined scenario was always positive.

In addition to the internal stress test, the bank adopts and also monitors the liquidity coverage ratio (LCR), calculated in accordance with the provisions of Implementing Regulation (EU) 2016/322 in force from 1 October 2016 as amended by DR (EU) 2018/1620. It is the ratio between the high-quality liquid assets (HQLA) and the net cash outflows expected over the coming 30 days, under stress test conditions. The compliance with this regulatory requirement is constantly monitored by setting, in the risk appetite framework, internal limitations above the binding minimum level of 100%.

Among the liquidity outflows that occur in a stress scenario, the bank monitors on a monthly basis the impact in terms of additionally required collaterals that the bank may be required to provide given a downgrade of its own credit rating. For this purpose, all the relevant rating agencies are considered. The testing is carried out on a legal entity level, but consolidated reporting is available to analyse the impact on group wide basis. Specific attention is dedicated to exposures towards special purpose vehicles (SPV).

At Group level the amount of material outflows due to deterioration of own credit quality, included in the components of the Liquidity Coverage Ratio, amount to €1,480 million as at 31 December 2023.

Part E - Information on risks and related hedging policies

Risk mitigation

Monitoring and reporting

In the Group the governance and control of liquidity risk is mainly performed through the setting and monitoring of operating restrictions managerial and regulatory aimed at preventing potential vulnerabilities in the bank's ability to meet its cash flow obligations that are embedded in risk metrics limits or warning/trigger levels.

The short-term liquidity limits are monitored and reported daily. The structural liquidity ratios and their exposure against limits are monitored and reported monthly. The survival period and the result of the liquidity stress test are reported and monitored on a monthly basis.

In case of limit breach or warning level activation at Group level, the Group risk management function investigates the rationale of the events, triggering the proper escalation and reporting them to the relevant committees.

Mitigation factors

Liquidity risk is considered a relevant risk category for the risk appetite determination of the Group. The practices and processes are included in the "Group Liquidity Management & Control Policy", that defines the principles that the Parent Company and the Legal Entities have to apply for hedging and mitigating this risk and the roles to be interpreted by the different committees and functions.

In addition to an adequate liquidity buffer to face unexpected outflows and robust and regular up-to-date stress testing performed, the main liquidity mitigation factors for UniCredit group are:

- an accurate plan of short-term and medium to long-term liquidity needs, to be monitored on a monthly basis;
- an effective contingency liquidity policy with feasible and up-to-date contingency action plan to be executed in case of crisis;
- a system of early warning indicators such to anticipate any potential liquidity crisis and give enough time to the Group to restore its safe liquidity profile.

Funding plan

The funding plan plays a fundamental role in the overall liquidity management influencing both the short-term and the structural position. The funding plan, defined at each level (i.e., Group, liquidity reference bank and Legal Entity level), is developed consistently with a sustainable analysis of uses and sources, both on short-term and structural positions. One of the objectives of accessing the medium and long-term channels is to avoid the pressure on the short-term liquidity position. The funding plan is updated at least on a yearly basis and is approved by the Board of Directors. In addition, it is aligned with the budgeting process and the risk appetite framework.

The Parent Company accesses the market for Group capital instruments.

The Parent Company coordinates the market access of the liquidity reference banks and Legal Entities, while the liquidity reference banks coordinate the access of the Legal Entities falling within their perimeter.

Each Legal Entity or liquidity reference bank can access the markets for medium and long-term funding, in order to increase its self-sufficiency, exploit market opportunities and functional specialisation, safeguarding the optimisation of cost of funds of the Group.

Group Finance competence line is responsible for the elaboration of the funding plan. Risk management is responsible for providing an independent assessment of the funding plan.

Group contingency liquidity management

The liquidity crisis usually develops quickly, and the relevant signals may be either difficult to interpret or may even be lacking; it is, therefore, important to clearly identify players, powers, responsibilities, communication, and reporting criteria, in order to increase significantly the probability of overcoming the state of emergency successfully. A liquidity crisis could be classified as systemic (e.g., overall capital and money market disruption) or specific (e.g., specific to the bank), or a combination of both.

Part E - Information on risks and related hedging policies

The ability to act in time is essential to minimise the potentially disruptive consequences of a liquidity crisis. The analysis of the stress tests will form a valuable tool to identify the expected consequences and to define up front the most suitable actions in a certain crisis scenario. In combination with the early warning Indicators the Group may be able to reduce the negative liquidity effects in the initial stages of a crisis. Therefore, a crisis-mode operating model, that can be activated effectively in case of crisis according to an approved procedure, has been defined. In order to be able to proceed timely, a set of mitigating actions have been pre-defined. Depending on the situation some of these actions can then be approved for execution.

The *Group contingency liquidity management* rules have the objective of ensuring effective interventions starting from the very outset (initial hours) of the liquidity crisis, through the definition of specific guidelines on activation, meetings, decisions, actions, and communications.

This purpose is achieved through:

- a set of early warning indicators that may help to identify emerging vulnerabilities in the Group liquidity risk position;
- activation of extraordinary liquidity governance and operating model linked to indicators included in both the risk appetite and recovery and resolution plan framework;
- a set of available standby mitigating liquidity actions;
- consistent internal and external communication.

A relevant part of the contingency liquidity management is the contingency funding plan. This plan consists of a set of potential but concrete management actions to be performed in time of crisis. These actions are described in terms of size, instrument, and timing of execution aimed at improving the bank's liquidity position during time of crisis. The contingency funding plan is developed on the basis of the annual Funding Plan.

A specific early warning indicators dashboard is in place, both at Group and Legal Entities level, in order to continuously monitor situations of stress, which may, among others, be originated by market, sector or name specific events. They are based either on macroeconomic or market indicators that also reflect the monetary policy stance of the Central Banks variables, or on specific internal metrics. The system of early warning indicators helps to identify emerging vulnerabilities in the Group's liquidity risk position or potential funding needs, triggering a potential response by the Senior management.

A "traffic light approach" is adopted for each metric in order to have sufficient time to inform senior management of a deteriorating situation and allow to put in place adequate actions aimed at restoring the business-as-usual state.

Adequacy of the liquidity risk management

In the yearly process of the ILAAP, the Senior management is requested to give a judgement on the adequacy of the liquidity position and stability of funding, called Liquidity Adequacy Statement (LAS). This assessment aims at showing the main drivers that had modified the liquidity position throughout the year and provides comment also on the evolution of the main metrics that are used to steer the different aspects of the liquidity risk.

In 2023, the Group liquidity situation has been deemed adequate and the liquidity risk management arrangements of the institution ensure that the liquidity risk management systems put in place are adequate with regard to the institution's profile and strategy.

The framework of measurement systems and of limits in place aims to ensure that the Group has always an internal liquidity buffer/reserve that allows it to face expected and unexpected payments.

In the daily Treasury activity, the managerial liquidity reserve is represented by the Counterbalancing Capacity (CBC). Group Treasury, in its role of operational liquidity management function is entitled to monetise also the bonds belonging to the trading book, if this is necessary to restore the liquidity positions, prevailing on any existing business or risk management strategies.

From a regulatory perspective, the liquidity reserve is represented by the amount of high-quality liquid assets (HQLA). This is the numerator of the LCR and is made of assets, which can be easily and immediately converted into cash at little or no loss of value even in periods of severe idiosyncratic and market stress. These assets are unencumbered, which means free of legal, regulatory, contractual, or other restrictions on the ability of the bank to liquidate, sell, transfer, or assign them.

The adequacy of the liquidity reserve under both perspectives is monitored and controlled through the limitations set on the operative maturity ladder (managerial) and on the liquidity coverage ratio (regulatory), as described above.

In 2023, the operative maturity ladder of the Group, measured considering the impediments in the transfer of liquidity among legal entities, was constantly above the Risk Appetite Trigger, defined at a level that ensures that the Group would have enough liquidity to survive to a period of stress.

Similarly, the Group liquidity coverage ratio (LCR) was always well above the trigger (set above the minimum regulatory requirement of 100%), confirming that its liquidity reserve was large enough to cover one month of stress designed according to the regulatory hypothesis.

While the operative maturity ladder and the LCR restrictions ensure that the liquidity reserves are adequate, the respect of the funding gap and other structural liquidity metrics restrictions ensure that the bank maintains an appropriate balance between assets and liabilities in the medium-long term (beyond one year), preventing additional pressure on the short-term liquidity position.

In 2023, the funding gap, the net stable funding ratio and the structural liquidity ratio were above the limitations set in the risk appetite or in the granular limit framework, thus confirming the relative stability of the funding source of the Group.

Quantitative information

1. Time breakdown by contractual residual maturity of financial assets and liabilities

(€ million)

	AMOUNT AS AT 31.12.2023									
ITEMS/MATURITY	ON DEMAND	1 TO 7 DAYS	7 TO 15 DAYS	15 DAYS TO ONE MONTH	1 TO 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS	INDEFINITE MATURITY
A. On-balance sheet assets	**53,087**	**21,415**	**12,524**	**19,674**	**32,332**	**30,406**	**49,356**	**227,867**	**221,308**	**6,722**
A.1 Government securities	2,020	105	661	731	1,654	2,939	7,432	53,303	49,582	49
A.2 Other debt securities	70	603	92	574	609	1,363	2,418	19,192	29,057	24
A.3 Units in investment funds	2,209	-	-	-	-	-	-	-	-	1,677
A.4 Loans	48,788	20,707	11,771	18,369	30,069	26,104	39,506	155,372	142,669	4,972
- Banks	14,229	10,547	3,602	2,674	5,410	3,110	3,255	5,002	238	2,766
- Customers	34,559	10,160	8,169	15,695	24,659	22,994	36,251	150,370	142,431	2,206
B. On-balance sheet liabilities	**393,009**	**34,236**	**19,189**	**22,781**	**55,951**	**19,207**	**17,011**	**71,419**	**47,855**	**652**
B.1. Deposits and current accounts	380,464	14,461	13,582	18,289	37,860	15,401	11,686	16,016	9,251	1
- Banks	13,634	1,511	1,327	1,445	11,123	764	2,148	9,676	8,313	-
- Customers	366,830	12,950	12,255	16,844	26,737	14,637	9,538	6,340	938	1
B.2 Debt securities	33	112	211	2,479	6,721	2,922	4,676	52,388	36,706	538
B.3 Other liabilities	12,512	19,663	5,396	2,013	11,370	884	649	3,015	1,898	113
C. Off-balance sheet transactions										
C.1 Financial derivatives with capital swap										
- Long positions	12,283	40,626	32,198	73,010	430,218	454,584	641,879	1,277,141	1,078,076	-
- Short positions	1,494	49,800	35,540	89,500	365,155	375,940	525,282	1,228,907	1,111,906	-
C.2 Financial derivatives without capital swap										
- Long positions	5,948	754	424	1,774	2,719	1,528	2,222	13,998	4,987	-
- Short positions	6,334	763	420	1,903	2,719	1,469	2,235	13,617	5,081	-
C.3 Deposits and loans to be received										
- Long positions	-	23,482	-	-	-	391	2,004	2,754	-	-
- Short positions	-	10,677	8,817	2,327	1,076	585	2,296	2,853	-	-
C.4 Commitments to disburse funds										
- Long positions	86,099	7,967	346	1,521	4,389	2,560	6,652	15,986	6,135	2,802
- Short positions	98,726	261	288	656	3,877	2,503	6,162	14,447	4,733	2,802
C.5 Financial guarantees given	778	22	34	166	471	690	1,528	4,028	686	-
C.6 Financial guarantees received	27,521	6,929	6	409	2,668	1,974	1,820	15,009	10,775	11,786
C.7 Credit derivatives with capital swap										
- Long positions	-	-	-	67	10	230	259	5,063	211	-
- Short positions	-	-	-	6	15	44	270	5,404	21	-
C.8 Credit derivatives without capital swap										
- Long positions	-	-	-	-	-	-	-	-	166	-
- Short positions	-	-	-	-	-	-	-	-	166	-

Part E - Information on risks and related hedging policies

1. Time breakdown by contractual residual maturity of financial assets and liabilities - Currency: euro

(€ million)

	AMOUNT AS AT 31.12.2023									
ITEMS/MATURITY	ON DEMAND	1 TO 7 DAYS	7 TO 15 DAYS	15 DAYS TO ONE MONTH	1 TO 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS	INDEFINITE MATURITY
A. On-balance sheet assets	**45,310**	**14,581**	**8,844**	**18,035**	**27,484**	**27,504**	**42,376**	**202,163**	**195,869**	**6,651**
A.1 Government securities	19	105	637	659	1,386	2,737	5,374	44,206	38,546	-
A.2 Other debt securities	70	3	78	570	597	1,120	2,186	16,586	27,633	17
A.3 Units in investment funds	2,072	-	-	-	-	-	-	-	-	1,677
A.4 Loans	43,149	14,473	8,129	16,806	25,501	23,647	34,816	141,371	129,690	4,957
- Banks	11,481	5,213	427	2,425	2,988	3,097	2,560	4,962	207	2,766
- Customers	31,668	9,260	7,702	14,381	22,513	20,550	32,256	136,409	129,483	2,191
B. On-balance sheet liabilities	**349,932**	**26,838**	**15,391**	**20,509**	**51,186**	**17,516**	**15,531**	**66,371**	**43,165**	**632**
B.1. Deposits and current accounts	337,767	9,292	10,402	16,017	33,804	13,900	10,437	14,543	8,947	1
- Banks	11,240	994	1,200	1,317	10,796	736	1,958	8,543	8,157	-
- Customers	326,527	8,298	9,202	14,700	23,008	13,164	8,479	6,000	790	1
B.2 Debt securities	33	112	211	2,479	6,029	2,770	4,448	48,823	32,325	518
B.3 Other liabilities	12,132	17,434	4,778	2,013	11,353	846	646	3,005	1,893	113
C. Off-balance sheet transactions										
C.1 Financial derivatives with capital swap										
- Long positions	7,256	28,998	28,274	56,560	396,795	429,670	594,287	1,172,910	1,023,054	-
- Short positions	1,446	40,893	28,778	73,596	333,488	351,400	490,432	1,118,341	1,050,196	-
C.2 Financial derivatives without capital swap										
- Long positions	4,510	107	122	259	1,092	867	1,368	7,495	3,483	-
- Short positions	4,087	115	378	1,025	1,493	881	1,408	7,204	3,583	-
C.3 Deposits and loans to be received										
- Long positions	-	22,791	-	-	-	391	2,004	2,754	-	-
- Short positions	-	10,677	8,817	2,152	560	585	2,296	2,853	-	-
C.4 Commitments to disburse funds										
- Long positions	84,842	7,961	331	1,447	3,929	1,851	4,353	14,283	4,950	1,152
- Short positions	97,296	255	273	582	3,418	1,794	3,863	12,744	3,721	1,152
C.5 Financial guarantees given	766	14	17	53	212	262	643	1,538	323	-
C.6 Financial guarantees received	25,500	6,929	6	408	2,533	1,833	1,730	14,349	10,438	7,024
C.7 Credit derivatives with capital swap										
- Long positions	-	-	-	44	10	157	227	4,929	211	-
- Short positions	-	-	-	4	15	30	100	5,324	21	-
C.8 Credit derivatives without capital swap										
- Long positions	-	-	-	-	-	-	-	-	166	-
- Short positions	-	-	-	-	-	-	-	-	166	-

1. Time breakdown by contractual residual maturity of financial assets and liabilities - Currency: other currencies

(€ million)

	AMOUNT AS AT 31.12.2023									
ITEMS/MATURITY	ON DEMAND	1 TO 7 DAYS	7 TO 15 DAYS	15 DAYS TO ONE MONTH	1 TO 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS	INDEFINITE MATURITY
A. On-balance sheet assets	**7,777**	**6,834**	**3,680**	**1,639**	**4,848**	**2,902**	**6,980**	**25,704**	**25,439**	**71**
A.1 Government securities	2,001	-	24	72	268	202	2,058	9,097	11,036	49
A.2 Other debt securities	-	600	14	4	12	243	232	2,606	1,424	7
A.3 Units in investment funds	137	-	-	-	-	-	-	-	-	-
A.4 Loans	5,639	6,234	3,642	1,563	4,568	2,457	4,690	14,001	12,979	15
- Banks	2,748	5,334	3,175	249	2,422	13	695	40	31	-
- Customers	2,891	900	467	1,314	2,146	2,444	3,995	13,961	12,948	15
B. On-balance sheet liabilities	**43,077**	**7,398**	**3,798**	**2,272**	**4,765**	**1,691**	**1,480**	**5,048**	**4,690**	**20**
B.1. Deposits and current accounts	42,697	5,169	3,180	2,272	4,056	1,501	1,249	1,473	304	-
- Banks	2,394	517	127	128	327	28	190	1,133	156	-
- Customers	40,303	4,652	3,053	2,144	3,729	1,473	1,059	340	148	-
B.2 Debt securities	-	-	-	-	692	152	228	3,565	4,381	20
B.3 Other liabilities	380	2,229	618	-	17	38	3	10	5	-
C. Off-balance sheet transactions										
C.1 Financial derivatives with capital swap										
- Long positions	5,027	11,628	3,924	16,450	33,423	24,914	47,592	104,231	55,022	-
- Short positions	48	8,907	6,762	15,904	31,667	24,540	34,850	110,566	61,710	-
C.2 Financial derivatives without capital swap										
- Long positions	1,438	647	302	1,515	1,627	661	854	6,503	1,504	-
- Short positions	2,247	648	42	878	1,226	588	827	6,413	1,498	-
C.3 Deposits and loans to be received										
- Long positions	-	691	-	-	-	-	-	-	-	-
- Short positions	-	-	-	175	516	-	-	-	-	-
C.4 Commitments to disburse funds										
- Long positions	1,257	6	15	74	460	709	2,299	1,703	1,185	1,650
- Short positions	1,430	6	15	74	459	709	2,299	1,703	1,012	1,650
C.5 Financial guarantees given	12	8	17	113	259	428	885	2,490	363	-
C.6 Financial guarantees received	2,021	-	-	1	135	141	90	660	337	4,762
C.7 Credit derivatives with capital swap										
- Long positions	-	-	-	23	-	73	32	134	-	-
- Short positions	-	-	-	2	-	14	170	80	-	-
C.8 Credit derivatives without capital swap										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-

Part E - Information on risks and related hedging policies

2.5 Operational risks

Qualitative information

A. General aspects, operational processes and methods for measuring operational risk

Operational risk definition

Operational risk is the risk of loss due to errors, infringements, interruptions, damages caused by internal processes or personnel systems or caused by external events. This definition includes legal and compliance risks but excludes strategic and reputational risk.
For example, losses arising from the following can be defined as operational internal or external fraud, employment practices and workplace safety, client claims, products distribution, fines and penalties due to regulation breaches, damages to the company's physical assets, business disruption and system failures, process management.

Group operational risk framework

UniCredit group sets the operational risk management framework as a combination of policies and procedures for the identification, the assessment and measurement, the addressing and mitigation, the monitoring and reporting of the operational risk of the Group and of the controlled entities.
The operational risk policies, applying to all Group Legal Entities, are common principles defining the roles of the company bodies, the operational risk management function, as well as the relationship with other functions involved in operational risk monitoring and management.
The Parent Company coordinates the Group Legal Entities according to the internal regulation and the Group operational risk control rulebook. A specific Risks Committee Group Non-Financial Risks and Controls Committee (GNFRC) is set up to monitor risk exposure, mitigating actions, measurement, and control methods within the Group. With particular reference to UniCredit S.p.A. the Italy Non-Financial Risks and Controls Committee (INFRCC) supports the Head of Italy in the role of steering and monitoring of the Non-Financial Risks (NFRs) at Italy level, also overseeing the related internal control system (ICS). The methodologies for data classification and completeness verification, scenario analysis, risk indicators, monitoring and reporting, capital at risk measurement, Risk and Control Self Assessments and Operational Risks Mitigation Strategies are set by the Group Non-Financial Risks (GNFR) structure and applied by all Legal Entities. A pivot element of the risk control framework is the operational risk management application, allowing the collection of the data required for operational risk control and capital measurement.

The compliance of the Group Operational risk control and measurement system with external regulations and Group standards is assessed through an internal validation process, which is under the responsibility of the Group Internal Validation department of the Parent Company and is independent from the Group Non-Financial Risks structure.

Since March 2008 the UniCredit group applies the AMA model (Advanced Measurement Approach) for calculating operational risk capital. The use of this method has been rolled out to the main Legal Entities of the Group.

Organisational structure

Senior Management is responsible for approving all aspects related to the Group operational risk framework and verifying the adequacy of the measurement and control system; it is regularly updated on changes to the risk profile and operational risk exposure, with the support of the appropriate risk committees if required.

The Group Non-Financial Risks and Controls Committee (GNFRC) supports the CEO in the role of steering and monitoring the Non-Financial Risks (NFRs) at Group level, also overseeing the related internal control system (ICS).
The GNFRC enables the coordination among the "three lines of defence" with the aim to identify and share Group priorities concerning Non-Financial Risks (e.g., events, regulations or emerging risks), assessing and monitoring the effectiveness of initiatives put in place in order to address them.

Part E - Information on risks and related hedging policies

Without prejudice to the role reserved to the Board of Directors by the provisions in being at the time, the GNFRC, in order to support the CEO in implementing the strategic guidelines and the Group general Risk Management policies is responsible for:
- defining and approving policies, operational limits and methodologies for the measurement, management and control of Non-Financial Risks, as well as for the definition of the methodologies for the measurement, management, and control of Non-Financial Risks (Operational and reputational Risk) internal capital;
- promoting the annual managerial self-assessment processes and evaluating its results, in order to ensure a systematic approach to operational risk assessment and to the supervision of the Internal Control System;
- overseeing Group Non-Financial Risks profile, emerging threats as well as the internal control system robustness at Group level, through the monitoring of most relevant events and incidents, weaknesses and shortcomings, also addressing and prioritising, when needed, potential corrective actions;
- evaluating and providing guidelines for the management of risk relevant (e.g., reputational, security, data protection) single customer transactions or third party contracts, and for definition and implementation of business continuity plans.

With particular reference to the operational risk, GNFRC committee meets with approval, consulting and information functions for:
1) Approve:
- general governance policies for the different types of NFRs;
- Group policies and methodologies for the measurement, management and control of the NFRs as well as for the measurement and control of the related internal capital;
- Group insurance strategies proposed by the competent functions.

2) Consulting and information concerning:
- the main NFRs, for the industry and for the Group, and overall strategies for their optimisation;
- the relevant Group and local Legal Entities issues (also emerging by the activities carried out by local GNFRC Committees) concerning NFR and ICS, evaluating weaknesses and shortcomings and, if needed, recommending and prioritising corrective actions, as well as monitoring main implementation plans milestones;
- external events having potential impact on Group NFRs profile, and best practices and/or lessons learned deriving from events, assessments and action plans defined by the Group Legal Entities;
- the periodical reporting provided by Risk Management on operational losses (with particular focus on events having relevant financial impacts), near misses, Risk Weighted Exposure Amounts, Indicators and Scenario Analysis;
- the Compliance and Risk Management evidences on second level controls carried out, as well as on current and expected impacts of regulations monitored;
- the Group relevant risks/criticalities highlighted by Internal Audit function, for specific cases and in relation to specific areas or geographies;
- the strategic guidelines on Group Risk Appetite proposals including capitalisation targets and capital allocation criteria for Group Non-Financial Risks;
- the monitoring the information flows on the exercise of the powers sub-delegated by the CEO according to the current Delegation of Powers by the Board of Directors and on the new sub delegation granted;
- the Internal Validation annual Regulatory Report on operational risk.

In order to evaluate the strength or the potential criticalities related to the ICS, the GNFRC evaluates the significant or critical elements emerging from reports produced by External Regulators (i.e., ECB, SSM, Bank of Italy, Consob, etc.), from other Group Functions with control duties or operating within the ICS (e.g., ICT, Security, Operations, Procurement and Cost Management) and External Auditors.

Group Non-Financial Risks structure (GNFR) is responsible for the governance and control of operational and reputational risks (including operational risks bordering on credit risk, alias Cross Credit risks) of the Group and for evaluating its exposure to operational and reputational risks, providing frameworks, methodologies and coordination of risk assessment activities, and guaranteeing their continual and independent monitoring. The structure is furthermore responsible for defining strategies to mitigate such risks and containing the related losses and Risk Weighted Exposure Amount. The structure is responsible for ensuring integrated analysis and reporting, involving and in alignment with the other control functions (i.e. Compliance, Audit) on the main operational and reputational risks of the Group. The structure is also responsible for the governance and control of IT and of Digital Security risks, through the definition of the framework for the management of IT and of Digital Security risks, the coordination and monitoring of the Group Entities in its implementation, the measurement, assessment and control of IT and of Digital Security risks for UniCredit S.p.A. as well as for the cooperation with “Group Digital Security” structure in the reduction of the attack surface of the information system, evaluating the correctness of the counter measures and of the related monitoring.

Part E - Information on risks and related hedging policies

The structure is organised as follow:
- Operational Risks Analytics and Oversight is responsible to define principles and rules at Group level for identification, assessment, control and reporting of operational risk, monitoring their correct application by Legal Entities. The structure is also responsible for defining operational and reputational risk capital measurement methodologies, conducting analysis of the Group's exposure to operational risk also based on operational risks analytics models. The structure is furthermore responsible for the definition of Risk Appetite Framework/RAF metrics of competence as well as for the related periodical monitoring.
- Reputational & Operational Risks Strategies & Mitigation is responsible to define the priority operational risk strategic areas, coordinating and monitoring the definition and planning of related relevant risks mitigation actions by the Legal Entities of the Group. The structure defines and provides methodologies for the evaluation of operational risks and controls (i.e., Risk and Control Self-Assessments -RCSA) on processes, products and projects performed by the Legal Entities of the Group. The structure is also responsible to define the methodologies for assessing the reputational risk related to activities performed by the Group, providing reputational risk assessments for UniCredit S.p.A. and Non-Binding opinions for the other Legal Entities of the Group.
- Operational Risk Processes Assessment is responsible to oversee the operational risks for the Holding and Global functions perimeter, supporting the identification, management and monitoring of operational risks, also through the coordination of specific risk assessment activities on processes, products, and projects. The structure is also responsible for the governance, identification and monitoring of the operational related credit risk for the Group (“cross credit risk”), coordinating and supporting dedicated risk assessments on business and governance processes and the related communication within Group and Local committees.
- Digital Risk is responsible to define the most relevant areas within the Operational Risk Framework which regard Digital & Information perimeter of activity, in coherence with the Risk Appetite Framework and Group strategic objectives; as well as define the guidelines for the control of the IT and Digital Security risks performed by the Group Legal Entities and monitoring their execution. The structure is also responsible to identify, evaluate and control IT and Digital Security risks within the definition of the processes belonging to Digital & Information Division as well as within the implementation of the same.

Internal validation process

In compliance with regulations, an internal validation process for the operational risk control and measurement system has been set up for the Group and for the relevant Legal Entities to verify the compliance with regulations and Group standards. This process is under the responsibility of Group Internal Validation department. Group methodologies for measuring and allocating the capital at risk and the IT system are validated at Group level by the above-mentioned department, as well as the implementation of the operational risk control and management system within the relevant Entities, which is firstly analysed through a self-assessment performed by local Non-Financial Risk Management functions, following the technical instructions and policies issued by Group Internal Validation. The results of the local self-assessments are annually verified by Group Internal Validation, which also performs additional analysis on data and documentation. Such evidence is the basis for the release of specific Validation Reports to the relevant subsidiaries. The local self-assessment, together with the opinion of Group Internal Validation and Internal Audit report are submitted to the Legal Entities’ competent governing bodies.
The validation outcomes on the operational risk control and measurement system, both at Group and controlled Entities level, are annually consolidated with the annual validation report which, with the annual Internal Audit report, is presented to the UniCredit S.p.A. Board of Directors.

Reporting

A reporting system has been developed by the Parent Company to keep senior management and the Management Body regularly informed on the Group operational risk exposure and the risk mitigation actions.
In particular, weekly reports are provided on operational losses trend, the main initiatives undertaken to prevent or mitigate operational risk in the various business areas and main operational risk events. Quarterly updates are provided on capital-at-risk estimations and RAF metric monitoring. Operational loss reports, submitted to Group Non-Financial Risks and Controls Committee are periodically provided to Regulators.

Risk addressing and mitigation

The goal of reducing and controlling the operational and reputational risks is pursued by GNFR and the local Non-Financial Risk (NFR) management functions, as well as by the other relevant and involved functions (e.g., business/support functions, competence lines), through the definition of the risk priorities and the identification of related actions to mitigate them.
The identification of the Group and Legal Entity Operational & Reputational Risk Mitigation Strategies (Group and Legal Entity ORRMS) is performed by GNFR and the local NFR management functions through a set of recurring yearly activities at Group and Legal Entities level to define the most appropriate mitigation actions in their scope in order to address and reduce the identified operational and reputational risk priorities.
Group ORRMS are submitted for approval to the Group competent Committee. The approved Group ORRMS are then sent to the Les for information and sharing.

Part E - Information on risks and related hedging policies

The Group and local ORRMS are defined through:
- the definition of Group Operational and Reputational Risk Priorities, which are based upon an integrated analysis performed by GNFR and constitute the list of priority risk areas to be managed for the upcoming year;
- the Local Operational and Reputational Risk Priorities definition and the related Local ORMMS, set through the analysis of the relevance of each priority supplied by GNFR, according to the provided methodology. Additionally, the local NFR management functions should identify and evaluate additional priorities affecting their own Legal Entity, considered relevant on the basis of the local market trends, the business evidence of the previous year and the specificities of the Legal Entity, and address them through defined second level control action which represent the local ORRMS;
- the identification of Group ORRMS, which aim at assuring the mitigation of the operational and reputational risk priorities through the adoption of second level structured actions. The list of actions includes the measures, designed to reduce, prevent, avoid, or transfer the risk exposure, thus avoiding a potential loss or decreasing its impact.

During the year, the status of the mitigation actions plan related to Group and Local ORRMS, is monitored on a regular basis, following a risk-based approach. In particular, the monitoring is performed through:
- the second Level Controls, aimed at verifying that the actions defined within ORRMS are effectively and timely carried out and in case of significative changes concerning the implementation timeline, mitigation action effectiveness or risk exposure, the local NFR management function must engage the main risk owner to implement an adequate recovery plan and timely informs GNFR;
- the oversight, during which GNFR checks the planned actions and discusses the potential criticalities detected during the monitoring phase of Local and Group ORRMS, with the goal of defining (if any) recovery actions and/or (if any) escalations to local or Group competent Risk Committees.

Operational Risk Permanent WorkGroup (PWG)
The “Global Operational Regulation Group Operational & Reputational Risk Mitigation Strategies” rules the PWG, an inter-functional working group established in the Legal Entities, which aims at identifying the root causes of Operational Risks and reduce the Operational Risk exposure of the Legal Entity, leveraging mainly on the expertise of the NFR management function and the other competent functions (e.g., Compliance, Security, Business functions, etc.) involved time by time.
The meetings, called at least quarterly, contribute to identify the risks, propose the mitigation actions, and monitor their implementation status.

Insurance as risk mitigation
GNFR/local NFR management function, respectively at Group/Local level, is involved in the decision process related to insurance coverage with analyses regarding the exposure to operational risks, effectiveness of deductibles and of policy limits. Such functions regularly inform management on insurance related matters connected to operational risks. The role of GNFR and the local NFR management function in insurance management is defined in in the “Global Operational Regulation Group Operational & Reputational Risk Mitigation Strategies”.
Any proposal of relevant change in the risk transfer strategy through insurance is submitted to the competent functions/Bodies for approval.
The operational risks commonly insured in the Group are damages to physical assets, frauds, and liability toward third parties.

On the basis of a risk classification, the Group has insurance policies according to the following forms:
- internal fraud: “Bankers Blanket Bond” (BBB) policy, according to Employee Dishonesty insuring clause;
- external fraud: BBB policy, according to the following insuring clauses: On Premises and In Transit (including loss of property resulting directly from theft & robbery), Forgery or Alteration, Computer Manipulation, included the cases of “fraudulent impersonation of counterparty” aimed at the execution of fraudulent transactions (e.g., “CEO frauds”);
- ICT and cyber breach: Cyber policy, coverage for liability claims (including legal expenses and customer notification costs) and business interruption costs (included also damages to UniCredit group caused by the system failure of the external IT providers). The coverage is extended also to group multimedia liability (i.e., infringement of the copyright, defamation and general negligence in the course of publication);
- protection for the personal liabilities of the management including legal expenses: Directors and Officers Liability (D&O) policy;
- employer’s liability (E.L.): protection for the Bank’s liability against claims for damages suffered by employees (compared to third-parties);
- third Party Liability policy (TPL): protection for the Bank’s general liability against claims for damages suffered by third parties;
- external occurrences: Property ALL RISKS policy as well as EDP ALL RISKS policy are provided in respect of buildings and other assets, extended to natural events, catastrophic losses, vandalism and terrorism, Fine Art policy to cover entrusted or owned works of art.

Part E - Information on risks and related hedging policies

AMA includes the effect of the BBB coverage on ET1 (“Event Type 1”) “Internal Frauds”. In particular, its impact is recognised by applying the following haircuts (aimed at considering uncertainty and mismatching elements theoretically linked to an insurance), which are updated on annual basis:

- residual Term of Policy - longer than 1 year aims to keep coverage stability;
- cancellation Terms - longer than 1 year aim to keep coverage stability (as well as for residual term);
- probability of Insurance Recovery (PoIR) - its calculation addresses uncertainties and responsiveness of insurance policies related to “mismatches in coverage”;
- recovery Rate - it considers the split of fines and penalties in internal losses (other deviations from full recovery already included in PoIR);
- probability of Default of Insurers - it contributes to estimate the ability of insurer to pay in a timely manner, considering the potential credit risk associated with the insurance asset and the related time delay;
- discount factor - applied to the recoveries, considers that the final payment is expected with a delay defined by the time delay.

Non-Financial Risks Appetite (NFRs Appetite)
Non-Financial Risks Appetite metrics (Key Performance Indicators - KPIs) are reviewed annually and quarterly monitored; KPIs are cascaded to Legal Entities (in line with the perimeter defined by Group Risk Appetite Framework - RAF).
ELOR (Expected Losses on Revenues) is an overarching NFRs metrics within Risk Appetite framework; in addition, Cyber Risk, ICT Risk, Financial Crime, Outsourcing & Third Parties Risks and Reputational Risk are monitored through dedicated KPIs and/or qualitative statements covering the main identified risk factors.
ELOR is a ratio estimated with a statistical model, based on the historical losses time series and forward-looking factors, as numerator, and the budget revenues, as denominator.
ELOR is monitored using the actual losses on actual revenues booked until end of quarters. The comparison between the thresholds estimated at the beginning of the year and the actual calculated on each quarter allows a close monitoring by the Parent Company of changes or reactions put in place by the Legal Entities to reduce and prevent risks. These analyses are also used to evaluate the impact of mitigation actions implemented in the past and as a base for future strategies and mitigation activities, as well as the improvement of existing ones.
A disciplined approach in monitoring expected losses and implementing remedial actions will ensure consistency with best practice standards, increasing accountability and alignment between business and risk control functions.

Stress test
Since 2017, the Group has carried out regular stress analyses for operational risks. These include the stress test exercise for the Group, aimed at verifying, through the use of a statistical-econometric model, the impact in terms of operating losses, as well as the consequent repercussions on capital at risk, of the changes in the underlying macro-economic factors, using articulated economic scenarios discussed and defined by the Group Stress Test Council on the proposal of the Research Department. This exercise is carried out twice a year, or on request, whenever an analysis of this type is required, to assess the risks deriving from possible worsening of the macro-economic context.

Risk capital measurement and allocation mechanism
UniCredit group developed an internal model for measuring the capital requirements. It is based on internal loss data, external loss data (collected from the international consortium ORX - Operational Riskdata eXchange Association), scenario loss data and risk indicators. Capital requirement is calculated at Group level, considering the risk classes. For each risk class, severity and frequency of loss data are separately estimated to obtain the annual loss distribution.

The severity distribution is estimated on internal, external and scenario data, while the frequency distribution is determined using only the internal data. The severity distribution is selected among a portfolio of parametric distributions (truncated lognormal, truncated Weibull, truncated loglogistic, generalised Pareto, shifted lognormal) applying a decision tree on internal data to identify the set of distribution/threshold best describing the tail severity data for each risk class.

Frequency of loss data is modelled by a Poisson distribution. For each risk class, the annual loss distribution is obtained from severity and frequency through Monte Carlo simulation. An adjustment for key operational risk indicators is applied to the annual loss distribution estimated for each risk class.

Part E - Information on risks and related hedging policies

Annual loss distributions of risk classes are aggregated considering correlation among monthly loss data of risk classes. Correlation is estimated through a Student-t copula function and the overall annual loss distribution is obtained though Monte Carlo simulation, considering also insurance coverage. Group AMA capital requirement is calculated at a confidence level of 99.9% on the overall loss distribution for regulatory purposes and for economic capital purposes. Expected loss, for each risk class, is calculated as the minimum between median of loss distribution and available specific provisions related to ordinary internal loss data. Deduction for expected loss is calculated summing up the expected losses of the risk classes without exceeding the median of overall distribution.

Through an allocation mechanism, the individual Legal Entities' capital requirements are identified, reflecting the Entities exposure to operational risk.
The allocation mechanism is based on two steps:
- the Group capital requirement is allocated to model Hubs (sets of similar Legal Entities, in terms of geographical area or business type) proportionally to their relative Standardised Approach (TSA), Operational losses and stand-alone capital at risk figure;
- the Hub capital at risk is then allocated to individual Legal Entities on the basis of their TSA, historical loss profile and scenarios.

The Advanced Measurement Approach (AMA) approved by the Supervisory Authority in 2008 has been upgraded and deeply revised (starting from 30 June 2014 reporting leading to a second-generation model newly approved by competent authorities in 2014. The findings resolution on second generation model led to the last model version, starting from 31 December 2015 reporting. Key operational risk indicators adjustment has been fine-tuned, from 31 December 2017 reporting, to incorporate some observations included in the letter by ECB "follow-up review of AMA 2 findings" submitted in July 2016. A model change has been applied from 31 December 2018 reporting date, in order to improve the accuracy and the risk sensitivity of the Operational Risk capital requirement calculation, including an add-on, while the Supervisory Authority was completing the investigation. This model change has been finalised from the 30 June 2019 reporting, in order to address the Supervisory Authority findings, remove the add-on, and make the model compliant with the EU Regulatory Technical Standards (EU Regulation 2018/959 of 14 March 2018).
The Legal Entities not yet authorised to use the advanced methods contribute to the consolidated capital requirement on the basis of the Standardised Approach (TSA) or Basic Indicator Approach (BIA) model.

Part E - Information on risks and related hedging policies

B. Legal risks

The parent company UniCredit S.p.A. and other UniCredit group companies are named as defendants in several legal proceedings. In particular, as at 31 December 2023, the parent company UniCredit S.p.A. and other UniCredit group companies were named as defendants in 47,560 legal proceedings, of which 6,815 involving the parent company UniCredit S.p.A. (excluding labour law cases, tax cases and credit recovery actions in which counterclaims were asserted or objections raised with regard to the credit claims of Group companies). In addition, from time to time, past and present directors, officers and employees may be involved in civil and/or criminal proceedings, the details of which UniCredit group may not lawfully know about or communicate.

The Group is also required to fulfil appropriately various legal and regulatory requirements in relation to certain aspects of its activity, such as conflicts of interest, ethical issues, anti-money laundering laws, EU, US and international sanctions, client assets, competition law, privacy and information security rules and others. Actual or alleged failure to do so may lead to additional litigation and investigations and subject the Group to damages claims, regulatory fines, other penalties and/or reputational damages. In addition, one or more Group companies and/or their current and/or former directors are subject or may in the future be subject to investigations by the relevant supervisory or prosecutorial authority in a number of countries in which the Group operates. These include investigations and/or proceedings relating, inter alia, to aspects of systems and controls and instances of actual and potential regulatory infringement by the relevant Group companies and/or its clients.

Given the nature of UniCredit group's business and its reorganisation over time, there is a risk that claims or matters that initially involve one Group company may affect or involve other Group entities.

In many cases, there is substantial uncertainty regarding the outcomes of the proceedings and the amount of possible losses. Where it is possible to estimate reliably the amount of possible losses and the loss is considered as more likely than not, provisions have been made in the financial statements to the extent the parent company UniCredit S.p.A., or any of the Group companies involved, deemed appropriate based on the circumstances of the case and in compliance with the International Accounting Standards (IAS).

To provide for possible liabilities and costs that may result from pending legal proceedings (excluding labour law and tax cases), as at 31 December 2023, UniCredit group set aside a provision for risks and charges of €576.46 million, of which €252.6 million for the parent company UniCredit S.p.A.

As at 31 December 2023, the total amount of claimed damages relating to judicial proceedings other than labour, tax and debt collections proceedings amounted to approximately €7.9 billion, of which approximately €5.4 billion for the proceedings involving the parent company UniCredit S.p.A.

This figure is affected by both the heterogeneous nature of the pending proceedings and the number of involved jurisdictions and their corresponding characteristics in which UniCredit group companies are named as defendants.

The estimate for reasonably possible liabilities and the provisions are based upon the available information, however, given the many uncertainties inherent in legal proceedings, they involve significant elements of judgment.

Therefore, any provision may not be sufficient to meet entirely the legal costs and the fines and penalties that may result from pending legal actions.

Set out below is a summary of information, including, if material and/or indicated, the single requests of the plaintiffs, relating to matters involving UniCredit group which are not considered groundless or in the ordinary course of the Group companies' business.

This section also describes pending proceedings against the parent company UniCredit S.p.A. and/or other UniCredit group companies and/or employees (even former employees) that the parent company UniCredit S.p.A. considers relevant and which, at present, are not characterized by a defined claim or for which the respective claim cannot be quantified.

Unless expressly mentioned below, labour law and tax claims or debt collections proceedings are excluded from this section and are described elsewhere in the notes of this section. In accordance with IAS37, information that would seriously prejudice the relevant company's position in the dispute may be omitted.

Part E - Information on risks and related hedging policies

Proceedings which involve the parent company UniCredit S.p.A.

Madoff

The parent company UniCredit S.p.A. and several of its direct and indirect subsidiaries (the “Companies”) have been sued in the wake of a Ponzi scheme perpetrated by Bernard L. Madoff through his company Bernard L. Madoff Investments Securities LLC (“BLMIS”), which was exposed in December 2008. The Companies were principally connected with Madoff as investment manager and/or investment adviser for the Primeo Fund Ltd (now in liquidation) and other non-US funds of funds that had invested in other non-US funds with accounts at BLMIS.
Specifically, the Companies (together with a variety of other entities) were named as defendants in a variety of proceedings (both in the US and in non-US jurisdictions), for a total damage compensation claims of over $6 billion (to be later determined over the course of the proceedings).
At present, most of the claims brought before US Courts and referring to the Companies have been rejected without any possibility of appeal or dismissal. However, the bankruptcy administrator of BLMIS (the “SIPA Trustee”) responsible for the Madoff’s company liquidation continues to pursue claims related to transfers of money made by BLMIS pre-bankruptcy to an affiliated company, BA Worldwide Fund Management Ltd (“BAWFM”), and other similarly situated parties. The potential claim for damages against BAWFM is non-material and, therefore, there are no specific risk profiles for the Companies.
In addition, certain current or formerly affiliated persons named as defendants in a proceeding in the United States may seek indemnification from the Companies and its affiliated entities.
As at 31 December 2023, there were several pending civil proceedings against UniCredit Bank Austria AG (“UCB Austria”) for the total claimed damages amount of €4.8 million. While a large majority of the judgments have been favourable to UCB Austria, the impact of the remaining cases cannot be predicted with certainty, as the related future rulings may be adverse to UCB Austria. UCB Austria has made adequate provisions related to the Madoff’s matter.

Proceedings arising out of the purchase of UniCredit Bank GmbH (formerly UniCredit Bank AG, "UCB") by the parent company UniCredit S.p.A. and the related Group reorganization

Squeeze-out of UCB minority shareholders (Appraisal Proceeding)

In 2008, approximately 300 former minority shareholders of UCB filed a request before the District Court of Munich to have a review of the price paid to them by the parent company UniCredit S.p.A., equal to €38.26 per share, in the context of the squeeze out of minority shareholders (Appraisal Proceeding). The dispute mainly concerns the valuation of UCB, which is the basis for the calculation of the price to be paid to the former minority shareholders. On 22 June 2022, the competent court in Munich rejected all applications for a higher compensation than that which the parent company UniCredit S.p.A. paid to the former minority shareholders of UCB hence dismissing all claims. Certain claimants have filed appeals.

Squeeze-out of UniCredit Bank Austria AG’s minority shareholders (Appraisal Proceeding)

In 2008, approximately 70 former minority shareholders of UCB Austria commenced proceedings before the Commercial Court of Vienna claiming that the squeeze-out price paid to them, equal to €129.4 per share, was inadequate, and asking the court to review the adequacy of the amount paid (Appraisal Proceeding). At present the proceeding is pending in the first instance. In parallel, one contentious proceeding in which the plaintiff claims damages is still pending, involving however only insignificant amounts in dispute.

Fino 1 Arbitration

In July 2022 Fino 1 Securitization S.r.l. (“Fino 1”) commenced an ICC arbitration seeking damages in relation to, inter alia, the alleged breach of certain representations and warranties included in a transfer agreement for the sale of receivables entered into in 2017. The proceedings are ongoing.
In March 2023, Fino 2 Securitization S.r.l. (“Fino 2”) also commenced an ICC arbitration seeking damages in relation to another transfer agreement for the sale of receivables also entered into in 2017. The proceedings are ongoing.

Euro-denominated bonds issued by EU countries

On 31 January 2019, the parent company UniCredit S.p.A. and UCB received a Statement of Objections from the European Commission referring to the investigation by the European Commission of a suspected violation of antitrust rules in relation to European government bonds. The subject matter of the investigation extended to certain periods from 2007 to 2011 and included activities by UCB between September and November 2011. The European Commission concluded its investigation by issuance of its decision on 20 May 2021. The decision provides for the imposition of a fine of €69.4 million on the parent company UniCredit S.p.A. and UCB. The parent company UniCredit S.p.A. and UCB contest the European Commission's findings and brought an action for the annulment of its decision before the General Court of the European Union on 30 July 2021.

Part E - Information on risks and related hedging policies

On 11 June 2019, UCB and UniCredit Capital Markets LLC were named, among other financial institutions, as defendants in a putative class action already pending in the United States District Court for the Southern District of New York. The third amended class action complaint, filed on 3 December 2019, alleges a conspiracy among dealers of Euro-denominated bonds issued by European central banks to fix and manipulate the prices of those bonds, among other things by widening the bid-ask spreads they quoted to customers. The putative class consists of those who purchased or sold Euro-denominated bonds issued by European central banks in the US between 2007 and 2012. On 23 July 2020, the court granted motions to dismiss the third amended complaint by certain defendants, including UCB and UniCredit Capital Markets LLC, without prejudice. Plaintiffs filed their fourth amended class action complaint on 9 February 2021, repleading their claim against UCB and UniCredit Capital Markets LLC and other financial institutions. Like earlier pleadings, the fourth amended class action complaint does not include a quantification of damages claimed. On 14 March 2022, the court granted UC Capital Markets LLC motion to dismiss while denying UCB's motion to dismiss. The court has since denied UCB's motion for reconsideration, UCB has answered the operative complaint and discovery has commenced. On 25 September 2023, the court granted plaintiffs leave to file a fifth amended class action complaint, which plaintiffs did on 16 October 2023 and continued to name UCB among others (but not UniCredit Capital Markets LLC) as a defendant. UCB reached a settlement with the plaintiffs and the putative class in May 2023, and the court preliminarily approved that settlement on 16 May 2023. The court will consider final approval of the settlement at a hearing scheduled for late March 2024.

Proceeding relating to certain forms of banking operations

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

In this regard, as at 31 December 2023 (i) proceedings against the parent company UniCredit S.p.A. pertaining to compound interest, typical of the Italian market, had a total claimed amount of €924 million, mediations included; (ii) proceedings pertaining to derivative products, mainly affecting the Italian market (for which the claimed amount against the parent company UniCredit S.p.A. was €340 million, mediations included) and the German market (for which the claimed amount against UCB was €12 million); and (iii) proceedings relating to foreign currency loans, mainly affecting the CE&EE countries (for which the claimed amount was around €236 million).

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

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

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

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

In 2019, the Supreme Court of the Republic of Croatia ruled that the CHF currency clause contained in certain loan and mortgage documentation was invalid (standing confirmed by the Constitutional Court in March 2021). In March 2020, the Supreme Court ruled that agreements entered into following the Conversion Amendments whereby customers converted their CHF mortgages and/or loans into EUR are valid and accordingly no additional payments are due. In May 2022, the ECJ rendered a preliminary ruling in the court case against Zagrebacka banka d.d. ("Zaba") taking the stand that the Directive on unfair terms in consumer contracts is not applicable in cases in which the conversion was based on national law (as it was in Croatia). The ECJ also referred to the local Croatian courts to decide on the conversion agreements and their effects. In December 2022, the Supreme Court ruled that customers who converted under the Conversion Amendments are entitled to the penalty interest on their overpayments before the conversion. Due to the court practice related to FX matters, since 2019, there was a significant increase in the number of new lawsuits against Zaba. Statute of limitation for filing individual lawsuits in respect of the invalidity of the Swiss franc currency clause expired on 14 June 2023. Considering all the above, provisions have been booked which are deemed appropriate.

Part E - Information on risks and related hedging policies

Lawsuit brought by "Paolo Bolici"

In May 2014, the company wholly owned by Paolo Bolici sued the parent company UniCredit S.p.A. in the Court of Rome asking for the return of approximately €12 million for compound interest (including alleged usury component) and €400 million for damages. The company then went bankrupt. The parent company UniCredit S.p.A. won the case in the first instance and, in the course of the appeal, the parties reached a settlement, following which the case was definitively discontinued, also after the intervention by Mrs Beatrice Libernini, Mr Bolici's business partner, was declared inadmissible.

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

In February 2023, Mr Bolici and Mrs Libernini commenced new proceedings before the Court of Rome, in which, recalling most of the claims already put forward by both of them and identifying the Bank as the main architect of the Group's financial collapse, they claim further damages for various reasons, invoking new allegations whose merits are currently being assessed. In January 2023 the Court of Rome ruled in favour of the Bank, fully dismissing the claims by the plaintiffs, who may now appeal.

Giovanni Lombardi Stronati

In June 2023 Mr Giovanni Lombardi Stronati commenced proceedings before the Court of Rome seeking a declaration that the Bank is contractually liable for having ordered the sale of securities in his name, which had been seized in the context of criminal proceedings in which he was charged and then acquitted for embezzlement and fraudulent bankruptcy. The claim amounts to €420 million and is based on allegations whose merits are currently being assessed. Following the first hearing of September 2023, the Court is due to decide on the alleged liability of the Bank in the second quarter of 2024, leaving the issue of the calculation of the alleged damages for a potential further phase of the case.

Mazza

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

The Court of Appeal of Rome reversed this decision and found all the defendants guilty. Following a further appeal, while stating that some accusations were time-barred, the Supreme Court confirmed the decisions of the Court of Appeal in respect of the damages sought by the Bank. In May 2022, the insurance company indemnified the parent company UniCredit S.p.A. under the applicable policy, paying an amount of €33.5 million in relation to the losses suffered by the bank.

Following the acquittal in the first-instance criminal proceedings, Mr. Mazza and other persons involved in the criminal proceedings filed two lawsuits for compensation claims against the parent company UniCredit S.p.A.: (i) the first (commenced by Mr. Mazza with a claimed amount of approximately €15 million) was won by the Bank at first-instance and the judgment is now final; (ii) in the second (commenced by Como S.r.l. and Mr. Colella with a claimed amount of approximately €379 million) case the Court of Rome ruled in favour of the parent company UniCredit S.p.A. Plaintiffs have appealed and reduced the claimed amount to €100 million.

Criminal proceedings

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

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

In relation to the criminal proceedings pertaining to the Diamonds offer topic reference is made to the paragraph "E. Other claims by customers - Diamond offer" of the Company financial statements of UniCredit S.p.A., Notes to the accounts, Part E - Information on risks and related hedging policies, Section - 5 Operational risks, Qualitative information.

Part E - Information on risks and related hedging policies

Other proceedings

Claims in relation to guarantee payments and sanctions
In August 2023, UCB was named as a defendant in a lawsuit pertaining to guarantee claims totaling approx. €444 million commenced by a Russian energy company before a court in Saint Petersburg, Russia. UCB had issued part of a guarantee package in favour of the Russian company on behalf of a German guarantee client. The Russian company had drawn down the guarantees by making payment claims to UCB, which UCB could not fulfil under the applicable EU sanctions. The guarantees are governed by English law and contain an arbitration agreement providing for ICC arbitration seated in Paris. On 29 January 2024, the English Court of Appeal reversed an earlier decision denying a permanent anti-suit injunction (ASI) and granted a final ASI requiring the Russian company to immediately take all steps necessary to withdraw the Russian proceedings. On 12 February 2024, the UK Supreme Court granted the Russian company permission to appeal staying the effects of the permanent ASI, but continuing the prohibitory injunction preventing the Russian company from taking any steps to progress the Russian proceedings. A hearing before the Supreme Court is expected to take place in April. The Russian court has rejected UCB's jurisdictional defenses and scheduled the next hearing for the second quarter of 2024.

Proceedings related to claims for withholding tax credits
On 31 July 2014 the Supervisory Board of UCB concluded its internal investigations into the so-called "cum-ex" transactions (the short selling of equities around dividend dates and claims for withholding tax credits on German share dividends) at UCB. In this context, criminal investigations have been conducted against current or former employees of UCB and UCB itself as an ancillary party by the Prosecutors in Frankfurt/Main, Cologne and Munich. With respect to UCB, all proceedings originally initiated by the aforesaid prosecution offices were finally closed with payment of a fine or the payment of a forfeiture.
In December 2018, in connection with an ongoing investigation against other financial institutions and former Bank employees, UCB was informed by the Cologne Prosecutor of the initiation of a new investigation in connection with an administrative offence regarding "cum-ex" transactions involving Exchange Traded Funds ("ETF"). In April 2019 these investigations were extended to so called ex/ex-transactions, in which an involvement of the Bank in the sourcing of cum/ex transactions of other market participants on the ex-day is suspected. The facts are being examined internally. UCB is cooperating with the authorities.
On 28 July 2021, the Federal Criminal Court (BGH) rendered a decision through which the principle criminal liability of cum/ex structures was determined the first time. With its decisions of 6 April 2022,17 November 2022 and 20 September 2023, the BGH confirmed three criminal judgements in other cum/ex cases of the Regional Court of Bonn, thus further solidifying its case law. UCB is monitoring the development.
In June 2023, the Munich tax authorities completed a regular field audit of UCB for the years 2013 to 2016 which includes, among other things, a review of transactions in equities around the dividend record date (so called cum/cum transactions). During these years UCB performed, among other things, securities-lending transactions with different domestic counterparties which include, but are not limited to, different types of cum/cum transactions. It still remains to be clarified whether, and under which circumstances, tax credits can be obtained or taxes refunded with regard to different types of cum/cum transactions. Some of the taxes credited from the cum/cum transactions are currently not recognised for tax purposes by the tax audit. UCB appealed against the tax assessments for 2013 to 2015, which were amended based on the findings of the tax audit regarding cum/cum transactions. Moreover, with respect to cum/cum transactions in which the counterparty of UCB claimed tax credits in the past, it cannot be ruled out that UCB might be exposed to third party claims under civil law.

Claims in relation to a syndicated loan
UCB, together with several other financial institutions, has been named as a defendant in complaints filed by the judicial administrator and foreign representative of a Brazilian oil and gas conglomerate in July 2021 in the United States before the Southern District of New York court claiming damages in connection with the repayment of a syndicated loan for two oil drilling rigs in which UCB participated that defendants are alleged to have unlawfully obtained.

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

Part E - Information on risks and related hedging policies

Alpine Holding GmbH

Legal proceedings against UCB Austria arose from bondholders' claims commenced in June/July 2013. The claims stemmed from the insolvency of Alpine Holding GmbH, as UCB Austria acted as joint lead manager, together with another bank, for the undertaking of Alpine Holding GmbH bond issues in 2010 and 2011. Bondholders' claims are mainly referred to prospectus liability of the joint lead manager, whereas a minority of the cases is based on misselling due to allegedly unlawful investment advice. The damage claims amount to €18.7 million in total. These proceedings are mainly pending in the first instance and may be adverse to UCB Austria.

Meanwhile, the expert appointed by the Court in the majority of the civil proceedings had issued a report largely in favour of UCB Austria and the other issuing banks. Based on this report, in December 2023 the Court rendered a first partial judgement on the investors' prospectus liability claims, in which it confirmed the legal position of UCB Austria and the other issuing banks that the prospectuses were correct and complete, thus fully rejecting the investors' claims based on prospectus liability. The investors can appeal against this decision. An appeal is very likely. Therefore, the final outcome of the lawsuits cannot be assessed as of yet.

In addition to the ongoing proceedings against UCB Austria stemming from the Alpine insolvency, further Alpine-related actions have been threatened and may be filed in the future. The pending or future actions may have negative consequences for UCB Austria. Despite the favourable developments mentioned above, at the moment it is impossible to estimate reliably the timing and results of the various lawsuits, nor determine the level of liability, if any.

Bitminer Litigation in the Republic of Srpska, Bosnia and Herzegovina

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

On 30 December 2021, the first instance court adopted most of Bitminer's claims and ordered UCBL to pay damages in the amount of BAM 256,326,152 (approx. €131.2 million) (the "Judgment"). The appeal was filed in January 2022. On 18 April 2023, the High Commercial Court reversed the Judgment in its entirety, and issued a final, binding, and enforceable second instance judgement (the "Second-Instance Judgment"). The second instance court established that Bitminer's claim is unfounded and that UCBL is not liable for any damages. Bitminer duly filed a revision, an extraordinary legal remedy, to the Supreme Court of the Republic of Srpska. The revision proceedings do not suspend or otherwise affect the finality and enforceability of the Second-Instance Judgement.

C. Risks arising from employment law cases

UniCredit is involved in employment law disputes. In general, all employment law disputes are supported by provisions made to meet any disbursements incurred and anyway UniCredit does not believe that any liabilities relating to the outcome of the pending proceedings could have a significant impact on its economic and/or financial standing.

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

Lawsuits brought against UniCredit S.p.A. aimed to reconstitute the patrimony of the fund, ascertain and quantify social security individual position of each member, are pending before the Supreme Court following previous degree decisions favourable towards the Bank. Claims' value is about €384 million. No disbursement and no provisions have been made as these claims are considered groundless.

Part E - Information on risks and related hedging policies

D. Risks arising from tax disputes

The following disclosure concerns the most significant disputes that arose in 2023 as well as those that were already outstanding at the beginning of the fiscal year for which decisions or other definitions have been reached. For what is not mentioned here, please refer to previous financial statements.

Pending cases arising during the period

During the second half of 2023, there are no outstanding contingencies of a significant amount.
For the events of the first half of the year, reference is made to paragraph “Risks arising from tax disputes” of the Consolidated First Half Financial Report as at 30 June 2023.

Updates on pending disputes and tax audits

The litigation initiated by the Bank as the incorporator of Pioneer Global Asset Management S.p.A. before the Tax Court of First Instance of Milan following the tacit denial opposed to the application for refund of IRAP on dividends in relation to the 2014 tax year, litigation value €2.6 million. The CGT of I° of Milan, in a ruling filed on 14 September 2023, rejected the Bank's appeal with an order to pay the costs of litigation. The Bank will appeal the judgment within the terms of the law.

The lawsuit instituted by UniCredit following the partial denial opposed to the IRES refund application in relation to tax years 2007, 2008 and 2009, total value €1,9 million, was concluded unfavorable at first instance. The Bank appealed against the first instance ruling. On 19 December 2023, the discussion hearing before the CGT of 2nd instance of Lombardia was held. To date, we are awaiting the filing of the relevant judgment.

In relation to the judgments introduced by the former "Cassa di Risparmio di Torino" (later UniCredit) against the silence-refusal formed on the application for reimbursement of the IRPEG credit and ILOR credit for the year 1984, total value €3.4 million, the Supreme Court, by order filed on 5 November 2021, upheld the appeals of the State Attorney's Office, ordering the referral to the Turin CTR; the Bank resumed the judgment. On 11 July 2023, the hearing was held before the CGT II° degree of Piedmont. As of today, we are awaiting the filing of the judgment.

For the disputes instituted in 2008 by UniCredit S.p.A., as the incorporating company of Banca Popolare del Molise, for the recovery of IRPEG-ILOR tax credits for the years 1983,1985 and 1986, litigation value 1.66 million, the Agenzia delle Entrate, on 12 December 2023, notified the appeal for Cassation against the judgment of the CGT II° degree of Molise filed on 6 December 2022, invoking Art.327 c.p.c, in the version applicable ratione temporis before the reform referred to in article 46, Paragraph 17, of Law No.69 of 18 June 2009, that is, applying for the appeal the annual long term instead of the six-month term introduced by the aforementioned law. The Bank will constitute itself in court.

In connection with the litigation introduced by Unicredit S.p.A., as the incorporating of Banco di Sicilia S.p.A., against the judgment, in which the Sicily CTR ruled on the legitimacy of the refusal opposed by the Agenzia delle Entrate - Palermo 2 Office to the request for reimbursement of the 1984 IRPEG credit, total value €56.7million, the Supreme Court, by Order No.29114/2023 of 19 October 2023, referred the case to the public hearing on 8 March 2024.

The lawsuit instituted by the Bank following the denial of reimbursement of IRAP credits for the year 2001 and IRPEG credits for the years 2000 and 2001, total value €13.1 million, in an appeal for revocation brought by the Agenzia delle Entrate before the CGT of II° of Liguria ended with a judgment unfavorable to the Bank filed on 30 November 2023. The Bank will challenge the afore mentioned judgment within the terms of the law by appeal to the Supreme Court.

As part of the group of active cases in charge of UniCredit S.p.A. following the retrocession, on 29 June 2020, of the receivables assigned at the time to the company Banca Farmafactoring. S.p.A., with regard to:

- denial of reimbursement of 1989 IRPEG credit of the former Cassa di Risparmio Reggio Emilia, value €1.89 million for IRPEG and €1,82 million for interest: the Emilia Romagna CTR, in a ruling filed on 3 January 2022, rejected the Office's appeal, confirming the Bank's right to reimbursement of €1.9 million. The Office appealed to the Supreme Court and the Bank filed a counter-appeal with cross-appeal. Awaiting scheduling of hearing;
- denial of reimbursement of 1997 IRPEG credit of the former Banca di Roma S.p.A. total amount €43,5 million: the CGT of 2nd instance of Lazio dismissed the appeal of the Bank, which challenged this ruling both in the Supreme Court and by appeal for revision before the same Court of Justice of 2nd instance of Lazio. Pending the scheduling of the respective hearings for processing.
- denial of refund of IRPEG credit years 1994-1997 and ILOR 1996, value €31 million of the former Banca Mediterranea S.p.A.: at the hearing of 22 October 2021, the Basilicata CTR ordered the Agenzia delle Entrate to file the Trial Proceedings that gave rise to the notices of assessment indicated in the court documents and relating to the tax periods in which the credits at issue were allegedly realized and indicated in the tax returns. The hearing of the case was held on 24 June 2022. The judgment has not yet been filed.

In relation to the settled litigations, it should be noted that the litigation brought by UniCredit S.p.A. against the express refusal of the repayment of the IRES paid in excess for the year 2007, litigation value €4.97 million, ended with a judgment of the Supreme Court filed on 7 November 2023, which definitively dismissed the Bank's appeal.
In relation to the litigation brought by UniCredit S.p.A. as acquirer of Banco di Sicilia S.p.A., adverse notice of assessment IRPEG/IRAP year 2002, value of litigation €5.28 million, the Supreme Court, with judgment filed on 26 September 2023, accepted the appeal brought by the Office and referred the judgement to the CGT of II° Sicily. The Bank is considering whether to resume the judgment within the time limits required by law.

With regard to the judgments brought by UniCredit, as the assignee of Palmaria s.c.r.l., against the silent refusal of the applications for repayment of the IRPEG credit for various tax years, the total value of the litigation was €8.59 million, the Cassation, by several judgments filed during the year, finally dismissed the Office's appeals and established the Bank's right to repayment of the disputed claims.

In relation to the application for compliance with the judgment n.178/7/2012 by which the Provincial Tax Commission of Palermo had recognised the right of the Bank to the refund of the additional interest accrued and accruing on the IRPEG credit tax year 1995 repaid in 2009, value of litigation €1.9 million, the Office granted the refund on 31 July 2023 and at the hearing of the dispute pending before the CGT of first degree of Palermo held on 29 September 2023 declared the discontinuance of the matter in dispute with compensation for the litigation expenses.

In relation to the litigation concerning the role and collection notice concerning IRAP Regione Veneto e Toscana tax year 2003, value of litigation €3.56 million, on 18 December 2023, following the judgment n.1063/2023 of the CGT of II° Instance of Emilia-Romagna, which upheld the appeal of the Bank, the Agenzia delle Entrate reimbursed the amount of €3.567.579,00.

There are currently no ongoing tax audits.

As at 31 December 2022, the total amount set aside by UniCredit S.p.A. to cover tax risks for litigation and tax audits amounted to €178.77 million, of which €2.56 million was for legal expenses. On 31 December 2023, the fund for risks and charges amounted to €146.89 million, of which €2.23 million for legal expenses.

Tax proceedings in Germany
No updates on disputes relating to UniCredit Bank GmbH.
It should be noted that following the tax audit for fiscal years 2009-2012, some findings were made to the Bank for which the pre-litigation administrative phase is ongoing.
In a nutshell, the payments made concerning the tax proceedings are: (i) Corporate Income Tax/Trade Tax: allocation of costs for cum/ex-investigations and "Roth case" related to London branch €14.8 million (ii) further three topics with small amounts in dispute €0.5 million (iii) VAT: not accepted adjustment of the pro-rata rate €22.2 million.
For the sake of completeness and even though this does not refer to a tax proceeding, it should be noted that in the first half of 2023 the tax audit of UniCredit Bank GmbH for the period 2013-2016 was finalised too with the issuance of certain findings by the tax authority. This resulted in the release to Profit and Loss of the existing provision exceeding the amount to be settled.

E. Other claims by customers
Reference is made to the paragraph "E. Other claims by customers" of the Company financial statements of UniCredit S.p.A., Notes to the accounts Part E - Information on risks and related hedging policies, Section 5 - Operational risk, Qualitative information, which is herewith quoted entirely.

Diamond offer
Reference is made to the paragraph "E.Other claims by customers - Diamond offer" of the Company financial statements of UniCredit S.p.A., Notes to the accounts Part E - Information on risks and related hedging policies, Section 5 - Operational risk, Qualitative information, which is herewith quoted entirely.

Quantitative information
UniCredit group mainly uses the advanced method (AMA) for calculating the capital against operational risks. Companies not yet authorised to use the advanced method contribute to the consolidated capital requirement on the basis of the Standardised Approach (TSA) or Basic Indicator Approach (BIA) method.

The weight of the different methods, expressed in terms of contribution to the total relevant indicator of the Group, is as follows: AMA 88.83%, TSA 8.22%, BIA 2.95%.

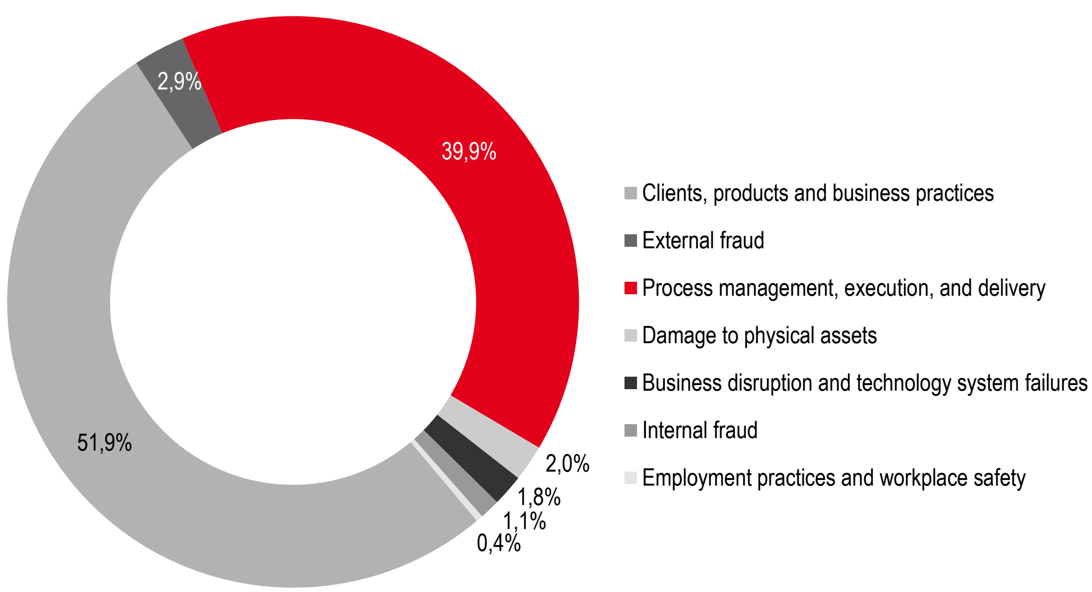
The AMA perimeter embeds Group main legal entities in Italy, Germany, Austria. AMA is also applied to main legal entities of CEE countries including Slovenia, Czech Republic, Slovakia, Romania, Croatia, Bulgaria and Hungary.
Main TSA and BIA legal entities are AO UniCredit Bank (Russia) and UniCredit Factoring S.p.A.

Part E - Information on risks and related hedging policies

Detailed below is the percentage composition at Group Level, by type of event, of operational risk sources as defined by the New Basel Capital Accord and acknowledged by the Regulations for the Prudential Supervision of Banks issued by Banca d'Italia in December 2013 (Circular No.285/2013 and following updates).

The risk categories for event type are the following:
- internal fraud: losses owing to unauthorised activity, fraud, embezzlement or violation of laws, regulations or business directives that involve at least one internal member of the bank;
- external fraud: losses owing to fraud, embezzlement or violation of laws by subjects external to the bank;
- employment practices and workplace safety: losses arising from actions in breach of employment, health and workplace safety laws or agreements, from personal injury compensation payments or from cases of discrimination or failure to apply equal treatment;
- clients, products and business practices: losses arising from non-fulfilment of professional obligations towards clients or from the nature or characteristics of the products or services provided;
- damage to physical assets: losses arising from external events, including natural disasters, acts of terrorism and vandalism;
- business disruption and system failures: losses owing to business disruption and system failures or interruptions;
- process management, execution, and delivery: losses owing to operational or process management shortfalls, as well as losses arising from transactions with commercial counterparties, sellers and suppliers.

Operational losses 2023 divided by risk category



In 2023, the main source of operational risk is "clients, products and business practices", which includes losses arising from the non-fulfilment of professional obligations towards clients or from the nature or characteristics of the products or services provided.
The second largest contribution is the category "process management, execution, and delivery" due to operational or process management shortfalls.

There were also, in decreasing order, losses stemming from "external fraud", "damage to physical assets", "business disruption and technology system failures", "internal fraud" and "employment practices and workplace safety".

Information on Operational risk are reported in paragraph 2.5 "Operational risks", Part B "Legal risks", Part C "Risks arising from employment law cases" and Part D "Risks arising from tax disputes", Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 "Risks of the prudential consolidated perimeter".

Part E - Information on risks and related hedging policies

2.6 Other risks

Other risks included in Economic Capital

As reported in the paragraph "Introduction", Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, among the Group's risks there are other risks relating to Pillar II that are Business Risk, Real Estate Risk, Financial Investment Risk and Reputational Risk (the latter is described in the paragraph Reputational Risk, Notes to the consolidated accounts, Part E - Information on risks and related hedging policies 2.6 Other risks). For each risk, the Economic Capital calculation is performed adopting a confidence level equal to the regulatory level (99.90%) and a one-year time horizon.

1. Business risk

Business Risk is defined as adverse, unexpected changes in business volumes and/or margins on a one-year time horizon; in this context the margin is defined as the difference between earnings and costs not explained by risk factors already included, e.g., in credit, market, operational risk. Business risk can result, above all, from changes in the competitive situation or customer behaviour, but may also result from changes in the reference regulatory framework.

The exposure data used to calculate Business risk are taken from the Income statements of each Entity of the Group for which the risk is significant. Volatility and correlations are estimated from the time series of the relevant items of the Income statement reports.

The Business Risk calculation is performed on a quarterly basis for monitoring and for planning purposes according to the relevant time schedule.

2. Real estate risk

Real Estate Risk is defined as the potential loss resulting from market value fluctuations of the Group's real estate portfolio, including real estate Special purpose vehicles. It does not take into consideration properties held as collateral which are evaluated inside credit risk.

The relevant data for the Real Estate Risk calculation includes general information relating to properties and area or regional rental price indexes for each property to enable calculation of volatility and correlation in the model.

The Real Estate Risk calculation is performed on a quarterly basis for monitoring purposes with a portfolio updated semi-annually and for planning purposes according to the relevant time schedule.

3. Financial investments risk

Financial investments risk stems from the equity investments held in companies not included in the Group consolidation perimeter and not encompassed in the Market Risk managerial framework.

The relevant portfolio mainly includes listed and unlisted shares, private equity, units of mutual, hedge and private equity funds. For all the Group equity positions, capital charges may be calculated using either a PD/LGD-based approach or a market-based one. Listed equity holdings and funds, which are a subset of Financial Investment risk are treated relying on the Market Risk Internal Model infrastructure.

The unlisted component is evaluated into the Group Credit Portfolio Model (GCPM). The calculation of the risk is based on a Value at Risk (VaR) model calculated at 99.90% confidence level and is executed inside credit and market risk models according to the nature of the underlying portfolio.

The Financial Investments Risk is calculated on a quarterly basis for monitoring and for planning purposes according to the relevant time schedule.

Risk measurement methods

1.Economic Capital

As described in the paragraph Introduction, Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, within the Internal Capital Adequacy Assessment Process (ICAAP) and in line with the proportionality principle defined in Pillar II of Basel II, the risk profile of the Group and the main Group legal entities is assessed for all the Pillar II risk types (Credit, Market, Operational, Reputational, Business, Financial Investments and Real Estate risks).

The Economic Capital represents the capital needed to face the potential losses inherent in the Group's business activities and takes into consideration all the Pillar II risk types reported above that are quantifiable in terms of Economic Capital. The effect of the diversification among risk types ("inter-risk diversification") and of the diversification at portfolio level ("intra-risk diversification") is also considered. In addition, a Capital add-on is calculated as prudential cushion in order to account for Model Risk uncertainty.

As for its components, the Economic Capital is calculated on a one-year time horizon and adopting a confidence level equal to the regulatory level (99.90%). For monitoring purposes, the Economic Capital is calculated quarterly and disclosed to Senior Management quarterly through RAF Monitoring & Integrated Risk reporting; it is also calculated for planning purposes according to the relevant time schedule.

Consistently with the corporate governance system, the function Strategic & Integrated Risks of UniCredit S.p.A. is responsible for the Group Economic methodology development and its measurement, as well as for the setting and implementation of the Group related processes.

The "Group Rules", after the approval, are submitted to relevant Legal Entities for local approval and implementation.

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2. Stress Testing
The multidimensional nature of risk requires to supplement the measurement of economic capital with stress testing, not only in order to estimate losses in certain scenarios, but also to assess their impacts in terms of capital requirements. Stress testing is a key risk management tool for the management of the relevant risks in order to assess the bank's vulnerability with respect to exceptional but plausible events, providing additional information to the monitoring activities.
Stress testing activities, in compliance with regulatory requirements, are performed on the basis of a set of internally defined stress scenarios, that include the Group main geographies where the Group is active and are carried out at least twice a year.

In the context of the activities of risk measurement prescribed by Pillar II, the Group stress test methodology considers the impacts on the various risks generated from the materialization of the macroeconomic adverse scenarios. These scenarios are drawn analysing both current macroeconomic events and plausible future events that could take place and that are considered penalizing for the Group.

The stress test exercise is performed both with reference to single risk types and as an overall considering possible interactions. The results of the exercise are represented by the additional expected losses and by the stressed Economic Capital. The overall results consider both the single risk variations as well as any possible benefit of diversification.

Since 2017, two complementary approaches are considered in stress testing activities: the so-called “Normative Perspective” focuses on the impacts of stressed scenarios on regulatory capital metrics while the “Economic Perspective” quantifies impacts of scenarios on the Economic Capital.

The Group Senior Management is involved in the Group-wide stress test in the following phases:
- macro-economic stressed scenarios approval used to estimate the impacts on regulatory and economic capital;
- after the exercise is finalised, with the approval of the results and impacts and a potential discussion of actions to return into the predetermined limits of capital.

The adequacy of the risk measurement methodologies supporting the ICAAP, including stress testing and risk aggregation, is checked by internal validation functions.

Reputational risk
Reputational risk is defined as the current or prospective risk to earnings or capital decrease arising from the adverse perception of the image of the financial institution on the part of customers, counterparties (also including debtholders, market analysts, other relevant parties, such as civil society, NGOs, media, etc.), shareholders/investors, regulators, or employees (stakeholders).
Reputational risk is a secondary risk generated as a "knock-on effect" from risk categories, such as credit, market, operational and liquidity risks, and all others risks types (e.g., business risk, strategy risk, ESG risk which considers the environmental, social and governance aspects of responsible investments). Reputational risk could also be generated from material events.

Since 2010 UniCredit group has ruled the reputational risk and the policy currently in place is the Group Reputational Risk management policy which aims at defining a general set of principles and rules for assessing and controlling reputational risk. On top of the Global Policy Regulation, a set of sensible sectors policies has been issued during the years, in order to mitigate specific reputational risks that arise from having relationships with counterparties operating in these sectors. The current policies are “Defense Industry”, “Nuclear Energy”, “Mining”, “Water Infrastructure (dam)”, “Thermal Coal” and “Oil &Gas”. In 2022, the “Defence Industry” policy has been reviewed, the main improvements refer to the introduction of client’s classification based on their activity, the explicit inclusion of key components and key infrastructures in the scope of the regulation as well as the update of the forbidden countries, refining the guideline that deals are not supported if addressed to countries involved in an active conflict or internal repression against civil population or subject to embargo, and the update of controversial weapons (e.g. depleted uranium). Also, it has been refreshed the approach of the “Mining” policy, in order to introduce the client’s classification as the other sensitive sectors policies, to assess its adequacy to the current context and climate requirements and to better clarify the overall set of principles referring to prohibited extraction activities, sites and behaviors, considering both the best practices (i.e., prohibition on asbestos) and the principles stated in other UCG Policies (i.e., prohibition on Arctic extractions). Also, in first half 2022 a new Tobacco Commitment with the guidelines to exit the tobacco industry by the end of 2025 has been issued.

In 2023, the analysis for harmonization of the structure for the "Water Infrastructure (dams)" and "Nuclear" policies started and will be set up in line with the new classification of counterparts during 2024.

The reputational risk management is in charge to the Group Non-Financial Risks Department of UniCredit S.p.A. and to dedicated functions within the Group legal entities.

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Since 2021 the Group Non-Financial Risks and Controls Committee (GNFRC) - Reputational Risk dedicated session has been established.
The Committee meets with approval functions, according to the regulations in place, for the following topics:
- Governance policies and guidelines for the management of the reputational risk on sensitive sectors and customer relationships;
- Binding Opinions, whenever a relevant reputational risk is present on specific single transactions/relationships, as foreseen by the Internal Regulations, to be provided to UniCredit S.p.A. functions;
- Non-Binding Opinions, whenever a relevant reputational risk is present on specific single transactions/relationships, as foreseen by the Internal Regulations, on cases submitted by Local NFRC, to be provided to other Group Legal Entities.

The Committee meets with consulting and information functions for the following topics, evaluating and providing guidelines with reference to:
- Reputational risk relevant emerging trends or material events, for their implications on Group and Local strategies, initiatives, transactions, projects, customers or other business activities, leveraging on evidence and assessments provided by Risk Management, Compliance, Legal, Group ESG Strategy & Impact Banking, Group Institutional Affairs and Group Identity and Communication;
- Group relevant risks/criticalities highlighted by Internal Audit function, for specific cases and in relation to specific areas or geographies;
- Periodical reporting provided by Group competent structures on the business activities and decisions taken in relation to the defined sensitive sectors.

In addition, UniCredit group developed a proprietary methodology for the quantification of reputational risk and the consequent calculation of the Value-at-Risk (VaR) for such a risk.
The methodology estimates the semi-elasticity between the “media sentiment” referred to UniCredit (summarized into the Media Tonality Index, provided by an external company, CISION Ltd, qualified in Reputation Intelligence and Media Monitoring) and the market expectations regarding the Group expected future profits, which are derived from equity prices via the reverse engineering of a dividend discount model, once sterilized from the effects affecting the whole European banking sector.
The Reputational VaR represents the maximum (at 99.9% confidence level) potential reduction of future earnings as derived from the estimated model parameters and the distribution of the Media Tonality Index.

Top and emerging risks

In UniCredit, the management and monitoring of risks is based on a dynamic approach; Top Management is promptly informed on top risks and/or emerging risks through a strict monitoring process embedded in the risk assessment process.
The Risk Management identifies and estimates these risks and submits them regularly to senior/top management and Board of Directors which take the appropriate actions to manage and mitigate risks.
The following top and/or emerging risks have been considered relevant during 2023:
1. Russia-Ukraine conflict;
2. Macroeconomic and (geo-)political challenges;
3. Cyber security risks;
4. Risks stemming from the current Regulatory developments.

1. Russia-Ukraine conflict

One of the most relevant risks emerged during 2022 and is still persisting in 2023 regards the Russia-Ukraine conflict, which was reflected in the imposition of severe sanctions to Russia by the United States and Western countries.
The conflict had negative consequences on inflation, market volatility, energy cost, particularly relevant for European countries.
Furthermore, the following effects need to be considered: 1) energy policy rotation towards secure access and source diversification; 2) intensified competition for critical materials, equipment, and commodities. High level of the uncertainty about the evolution and outcome of the conflict persists, along with the risk of escalation with potentially larger humanitarian, political and economic impacts hindering global post-pandemic recovery.
Over the years, Europe has come to depend heavily on Russian energy sources: coal, crude oil, fuel oil, and, especially, natural gas.
European countries are taking actions to lower further their demand, increasing gas supplies from countries other than Russia, importing more Liquefied Natural Gas (LNG) and generating more biofuel.
For additional information about the update of macro-economic scenarios and its effects on valuation of Group’s asset refer to “Section 2 - General preparation criteria”, Notes to the consolidated accounts, Part A - Accounting policies.
Cyber-attacks remain an important risk factor. Since the beginning of the conflict, several cyber-attacks took place also at banking industry level. Depending on the evolution of the conflict, cyber threat is expected to continue be relevant.

2. Macroeconomic and (geo-)political challenges

Macroeconomic environment continues to exhibit signs of deterioration amid Russia-Ukraine conflict, with Middle East conflict adding to geopolitical tensions in the second half 2023, as business sentiment and consumer confidence declined. Protracted conflicts and escalation risk, low growth and high inflation environment, markets volatility and monetary policy tightening, are among main drawbacks to economic recovery. Corporate and households’ vulnerabilities have increased as financial conditions have tightened and economic outlook weakened. Households’ savings buffer has been largely reduced; disposable income is negatively affected by higher inflation.

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Financial institutions are proceeding with the phasing out of central banks facilities put in place in 2020 in mitigation of Covid-19 crisis. Further potential drawbacks include the following: 1) Non-Bank Financial Intermediation (NBFI) sector structural vulnerabilities' in the form of liquidity mismatch and leverage, considering the strict interconnection with the banking system; 2) technological advances in artificial intelligence (AI) that could erode social trust and disrupt businesses and markets; 3) impact of rate hikes on both residential and commercial housing markets, particularly in countries with high debt and overvalued property values;4) impacts from climate change as further detailed within "The Climate-related and environmental risks" section, Notes to the consolidated accounts, Part E - Information on risks and related hedging policies.
In addition to the above-mentioned factors, the following trends and challenges on the geopolitical arena are relevant:
- US-China tensions over Taiwan;
- concerns regarding potential restoring Iran nuclear deal;
- significant wave of elections across the globe in 2024, including presidential elections in the United States set to impact the geo-economic landscape amid increasing geopolitical tensions.

3. Cyber security risk
In an era where banking services are increasingly digitized, the increasing relevance of cyber threats and the dynamic regulatory environment continue to place digital risks at the forefront-spanning cybercrime, the integration of emergent technologies, and the fortification of IT resilience and disaster recovery protocols. Cyber threats have not only grown more sophisticated, leveraging artificial intelligence and exploiting third-party and internal vulnerabilities, but the ongoing Russia-Ukraine conflict also amplifies concerns over service disruptions. The role of third-party entities as providers of critical business services has emerged sharply within our risk perimeter, in continuity necessitating a comprehensive supplier risk management approach in line with regulatory recommendations. Additionally, the landscape of new regulations across countries and the complexity of regulatory divergence poses significant challenges for compliance, especially for firms operating internationally. This complex regulatory scenario mandates a resilient infrastructure capable of rapidly adapting systems and processes to new regulations, ensuring continuous compliance and the safeguarding of data integrity and service continuity. While the pervasive nature of cyber risks remained the primary threat, with significant potential impact to overall financial stability, regulatory compliance, and reputation, and despite UniCredit group facing challenges throughout 2023, such as DDoS (Distributed Denial of Service) attempts, UniCredit group successfully mitigated any cyber-attacks from impacting our operations.

4. Developments in the regulatory framework
Over the last few years, the regulatory framework in which financial institutions act has become increasingly complex and strict. This complexity has further increased following the introduction of new financial regulations, some of which being still under discussion, and by the ECB central role in the supervision of a large portion of the European banking system.
All these changes might significantly affect UniCredit and introduce additional challenges for the general banking sector profitability and capital requirements.

The most relevant changes are the following:
- on 27 March 2020, the Basel Committee's oversight body, the group of central bank Governors and Heads of Supervision (GHOS) changed the implementation timeline of the outstanding Basel 3 standards. In particular the implementation date of the Basel 3 standards finalised in December 2017 and January 2019 (credit risk, operational risk, output floor and market risk) has been deferred by one year to 1 January 2023;
- the EU Commission, published on 27 October 2021 the Banking Package 2021, which includes the proposals for the final implementation of Basel 3 in the European Union through a legislative package introducing amendments to Capital Requirements Regulation 2013/575/EU (CRR), to the Directive 2013/36/UE (Capital Requirements Directive), and also a proposal to amend the Capital Requirements Regulation in the area of resolution (the so-called "daisy chain" proposal). In June 2023, the EU Council and the European Parliament found a provisional agreement on the revisions to the Commission proposal. In line with the Basel standards, the EU Co-legislators agreed in restricting the usage of internal models for measuring credit risk on some specific portfolios and to return to a more stringent standardised approach as well as to eliminate internal models for operational risks. They also agreed to introduce the output floor, applied at "solo" level.
  Differently from the Basel Committee, most of the CRR3 provisions will be applied starting from 1 January 2025. The agreement shows that the Co-Legislators have taken into account some important European specificities that could mitigate the impact on the sector. In addition to the implementation of the Basel standards, part of the legislative package also aims to strengthen the resilience of the banking sector to environmental, social and governance (ESG) risks and to improve the Fit and Proper assessment framework. The Co-Legislators found in autumn an agreement on the technical aspects as well. Legal and linguistic checks are ongoing. The package is expected to be published (entry into force 20 days after the publication in the Official Journal) in the first quarter 2024;
- in May 2020 the European Banking Authority (EBA) published its Guidelines on loan origination and monitoring that require institutions to develop robust and prudent standards to ensure newly originated loans are assessed properly. The Guidelines also aim to ensure that the institutions' practices are aligned with consumer protection rules and respect fair treatment of consumers. The Guidelines apply from 30 June 2021. But positively, institutions may benefit from a series of transitional arrangements: (1) the application to the already existing loans and advances that require renegotiation applies from 30 June 2022, and (2) institutions are allowed to address possible data gaps and adjust their monitoring frameworks and infrastructure until 30 June 2024;

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- on 1 July 2020 the European Banking Authority (EBA) published its final Guidelines on the treatment of structural FX positions, applicable from 1 January 2022. The aim of these Guidelines is to establish a harmonized framework for the application of the structural FX waiver and identify objective criteria to assist Competent Authorities in their assessment of the structural nature of a foreign-exchange position and to understand whether such position has been deliberately taken for hedging the capital ratio;
- entry into force of the liquidity requirements envisaged in Basel 3: a short-term indicator (Liquidity Coverage Ratio - LCR), with the goal to have banks maintain a liquidity buffer to survive a 30-days period of stress, and a structural liquidity indicator (the Net Stable Funding Ratio - NSFR) referring to a time horizon over one year, introduced to ensure that assets and liabilities have a sustainable structure in terms of maturity. While the LCR has been in force for some time now, the NSFR has been introduced as a requirement in the CRR2 published in June 2019 and applied since June 2021;
- MREL: "Pillar 2" MREL is bank-specific and was introduced by the BRRD in 2014 and later amended in June 2019 (BRRD2). MREL is defined annually by the EU Resolution Authorities, also in its subordinated component, i.e., to be met with subordinated instruments;
- discussion on the preferential treatment of sovereign exposure in banks' banking book: banks' exposures to the home sovereign currently benefit of a zero-risk weight. There is no concrete proposal under consultation yet, but policy makers and regulators are discussing which approach to adopt, if any, to remove this preferential treatment (e.g., the Revision of the Treatment of Sovereign Exposure - RTSE, might foresee an application of concentration charges);
- as announced in July 2022, in January 2023 the EBA kicked-off a new stress test exercise aiming to assess the resilience of EU banks to a common set of negative economic shocks. The results were published at the end of July 2023;
- climate risk and environmental risk regulation updates:
  - ECB issued in November 2020 a Guide with supervisory expectations, based on current regulations, on how banks should incorporate climate-related and environmental risks into business strategy, governance, credit-granting process, Risk Appetite Frameworks, risk management framework, liquidity and capital adequacy processes, through dedicated stress testing scenarios;
  - the ECB conducted the Stress Test exercise in 2022 exclusively regarding Climate Risks, with the aim of evaluating the exposure of the Euro Area financial sector to natural disasters (floods or episodes of intense drought and heat) and to a faster-than-expected ecological transition (e.g., rapid increase in the price of CO2 from 2022). The results of the Stress Test have been integrated into the 2022 Supervisory Review and Evaluation Process (SREP) letter as a qualitative evaluation and have no quantitative impact on the P2R;
  - based on the final agreement between the Council and the European Parliament on the revisions to the European Commission proposal on the Regulation on Capital Requirements 2013/575//EU (CRR) and on the Capital Requirements Directive 2013/36/EU (CRD) published in the Banking Package 2021, additional measures are foreseen to deal with climate-related environmental risks. Accordingly, banks are required to fully include, for the obsolescence of physical collateral, the climate related valuation considerations and take into consideration the long-term impact of climate related risks when defining their business strategy and processes. Additionally, several mandates were assigned to EBA to: i) issue guidelines for credit risks stress testing to include climate-related environmental factors by 2025 (potential Pillar 2 impact) ii) define minimum standards for banks for the assessment of these risks in their portfolios, iii) propose targeted enhancements that could be considered within the current prudential framework to integrate climate risks (Pillar 1 impact) and iv) assess the effective riskiness of exposures impacted by environmental factors and a dedicated prudential treatment associated to these exposures by end of 2027 (Pillar 1 impact);
  - on 30 November 2022, the EU Commission adopted the implementing technical standards on Pillar 3 which requires large credit institutions to disclose information on Environmental, Social and Governance (ESG) risks. The new rules aim to ensure comparable quantitative disclosures on climate change risks, including transition and physical risks, as well as qualitative disclosure regarding the inclusion of ESG factors into banks' governance and business strategies and foreseen a phase-in period for disclosing information as follows: i) from January 2023, banks must disclose qualitative info on ESG risks and information related with the credit quality of their exposures; ii) from January 2024 the exposures towards EU counterparties and households on Taxonomy-aligned activities that are contributing to environmental objectives (Green Asset Ratio), while from January 2025, on a voluntary basis, the exposures towards non-EU counterparties and SMEs (Banking Book Taxonomy Alignment Ratio); and iii) Scope 3 emissions (financed greenhouse gas emissions associated with banks' investment and lending activities to counterparties) from June 2024;
- payments and Digital Finance regulation updates:
  - in June 2023, the European Commission published a legislative proposal on the establishment of a digital euro (d€). Under the proposal, i) banks will be obliged to provide free of charge basic digital euro payments services upon request of their clients, but they will be compensated for the costs incurred; ii) the ECB should develop instruments to limit the use of the d€ as a store of value, including holding limits, in order to address financial stability risks. In October 2021, the Governing Council of the ECB launched an investigation phase, aimed at exploring the opportunity to issue this currency. From November 2023, the ECB has launched a preparation phase of the project in which different technical solutions will be developed and tested. Only after these steps, and only after the European Parliament and the Council have adopted the Commission's legislative proposal, the ECB will take the final decision on whether to issue or not a digital euro;
  - in October 2022, the European Commission adopted a legislative proposal to make instant payments in euro available to all citizens and businesses holding a bank account in the EU and in EEA countries. The EU Council and the European Parliament found a provisional agreement in September 2023. It foresees that all credit institutions should offer (and receive) instant payments to all their customers through all channels (digital and traditional), already offered for SEPA Credit Transfer (SCT). Moreover, the price of an instant payment transaction should

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be aligned to the one of a regular credit transfer. All Payment Service Providers (PSPs) offering the service of sending euro IPs (Instant Payments) are required to check that the payee's IBAN matches the payee's name (so called IBAN-name check) and must notify the customer of any detected discrepancy. Legal and linguistic checks are ongoing. Entry into force is expected in the first quarter 2024. Application is foreseen after several months, depending on the single provision;

- in April 2021, the European Commission presented a proposal for a 'Regulation laying down harmonised rules on Artificial Intelligence' (the Artificial Intelligence Act), which will create a comprehensive, harmonised, regulatory framework for Artificial Intelligence (AI) in the EU, but will also impact use and development of AI systems globally, including within the financial services sector. The regulation, if introduced in its current form, would introduce a strict regime and mandatory requirements for 'high risk' AI systems, such as those used to evaluate creditworthiness of natural persons. The EU Council and the European Parliament reached a political provisional agreement in December 2023. Technical negotiations are ongoing with the aim to finalize the legislative text by the end of January/beginning of February 2024. The regulation is likely to become applicable starting from 2026, with the exception of the provisions on prohibited and high-risk systems, which are expected to become applicable at the end of 2024 and mid-2025 respectively;

• Capital Markets Union regulation updates:

- in May 2023, the European Commission published its Retail Investment Strategy (RIS) legislative package with the aim of ensuring that the legal framework for retail investments sufficiently empowers consumers, encourages improved and fairer market outcomes and ultimately creates the necessary conditions to grow retail investor participation in capital markets. The Package consists of: i) an Omnibus Directive amending the Directive on markets in financial instruments (MiFID II), Directive on Insurance Distribution (IDD), Solvency II Directive, Directive on Undertakings for collective investment in transferable securities (UCITS), Directive on Alternative Investment Fund Managers (AIFMD); ii) a Regulation amending PRIIPs (Regulation on key information documents for packaged retail and insurance-based investment products). In particular the package i) introduces a partial ban on inducements paid from manufacturers to distributors in relation to the reception and transmission of orders, or the execution of orders to or on behalf of retail clients (where no advice relationship exists between the investment firm and the client); ii) Value for Money (VfM): amends product oversight and governance rules to ensure that undue costs are not charged and that products deliver Value for Money to retail investors, with specific comparability tools (benchmarks); iii) obliges firms, to act in accordance with the best interest of their clients and customers, by introducing a new test with clear criteria which will be applied both in MiFID and IDD; iv) introduces revisions to the suitability and appropriateness assessment v) foresees the standardization of information on costs and charges, with a greater degree of detail. The legislative process is ongoing. Both EU Council and Parliament haven't finalized their own position yet.

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The climate-related and environmental risks

Embedding sustainability is one of the five strategic imperatives of UniCredit. To this respect, ESG Strategy is built on strong fundamentals and interconnected elements to deliver value[81].

**OUR ESG STRATEGY:
BUILDING ON STRONG FUNDAMENTALS TO DELIVER VALUE**

The ESG Strategy is embodied in the Group ESG Roadmap which focuses on ESG priorities across the organization and ensures a common direction, with several workstreams reflecting the key elements described above.

The Group's approach is based on the double materiality concept which considers both an inside-out and an outside-in perspective.
With inside-out perspective, it is recognised that activities can have both positive and negative impacts on natural resources and on the environment. By taking this into account, it is possible to manage the risk related to negative impacts that can harm the planet and communities while also influencing the market towards the necessary transition to more sustainable practices.

The Group commits to manage the impacts that its operations, investments and lending have on the environment:

Direct impacts

- Reduce environmental footprint by:
  - steering Group's behavior towards Net Zero on own emissions;
  - procuring electricity from renewable sources;
  - improving energy and space efficiency;
  - fostering circular economy.

Indirect Impacts

- Accompany clients in their green transition path by:
  - assessing and monitoring portfolio exposure towards more nature-related sectors;
  - identifying and evaluating the impacts on nature;
  - adopting a sector policy framework;
  - defining the journey towards Net Zero on portfolio emissions.

81 For further information please refer to 2023 Integrated Report, available in the ESG and Sustainability section of UniCredit website (https://www.unicreditgroup.eu/en.html).

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On the other hand, the outside-in perspective requires preparing to measure the business consequences of ecological stress and the associated socio-economic transition and take advantage of emerging opportunities by:
- executing the Group strategy;
- correctly managing climate and environmental risks, in line with the agreed Risk Appetite Framework (RAF) and the ECB climate stress test requirement.

Consequently, several actions have been put in place to comply with ESG goals, as described in the following paragraphs, specifically on climate and environmental risk.
UniCredit group's climate risk strategy is based on the identification and awareness of all the climate-related risks and opportunities that the Group may encounter. Regarding climate-related risk, including both transition and physical, the Group continuously identifies, analyses, and assesses them aiming at their comprehensive incorporation within the Group's risk management framework.

In this regard the table below provides an overview of each identified climate-related risk, its potential impacts, the corresponding time horizons (short, medium and long-term) and the actions undertaken to monitor and mitigate these risks.

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POTENTIAL CLIMATE-RELATED RISKS	TIME HORIZON	MAIN POTENTIAL IMPACTS	SPECIFIC ACTIONS	OVERARCHING ACTIONS
Transition risks Changes in or introduction of public policies and/or environmental regulations	Short and medium/long-term	• Reduction of business for corporate clients with potential drawbacks on creditworthiness/ solvency • Financial implications arising from environmental/ESG regulations and GHG emission limits and/or taxes applied to clients operating in specific economic sectors • Reduction of Group profits deriving from concentration on sectors more sensitive to climate-related risks	• Inclusion of ESG risks considering both counterparty scoring (including the use of an internally developed questionnaire) and energy performance certificates (EPC) when assessing credit applications • Enhancement of Market and Liquidity risk framework to incorporate the assessment, monitoring and control of ESG risks • Integration of industry steering signals within the Credit Risk Strategies framework, based on relevant Climate & Environmental (C&E) factors	• Definition of data governance processes and related IT investments to integrate ESG risks into the risk management framework • Participation in international working groups and commitments related to climate, such as the Net Zero Banking Alliance, stakeholder engagement initiatives and active collaboration with policy makers • Risk identification process and materiality assessment, including stress tests, to evaluate the significance of climate-related risks in the short, medium and long-term horizons • Inclusion of specific KPIs related to transition and physical risks within the Risk Appetite Framework. The risk appetite is then cascaded to more granular levels via risk strategies and policies • Promoting a sustainable culture within the organisation by developing ESG training courses and workshops
Transition risks Technological changes	Short and medium/long-term	• Increase in costs for corporate clients with potential drawbacks on creditworthiness/ solvency		
Transition risks Changes in customer/ consumer preferences	Short and medium/long-term	• Reduction of business for corporate clients with potential drawbacks on creditworthiness/ solvency • Potential changes to the offering of products and services to clients		
Transition risks Changes in customer or community perceptions	Short and medium/long-term	• Reputational impacts or negative perceptions from the community or Stakeholders due to inadequate management of climate-related risks	• Environmental sector policies and their subsequent implementation • Reputational Risk assessment to evaluate the positioning of clients and specific projects in relation to climate-related topics	

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POTENTIAL CLIMATE-RELATED RISKS	TIME HORIZON	MAIN POTENTIAL IMPACTS	SPECIFIC ACTIONS	OVERARCHING ACTIONS
Physical risks **Acute** Extreme weather events such as floods, droughts, heavy rainfalls, heatwaves, fires and hail **Chronic** Chronic weather events such as variations in average temperatures and sea level rise	Short and medium/long-term	• Financial implications resulting from corporate /retail clients being damaged by extreme weather events, potentially impacting their creditworthiness/ solvency • Potential damage to the Group's infrastructure and the potential disruption of activities • Increase in energy supply costs due to higher heat/electricity demand • Potential fires, driven by rising temperatures, affecting areas in proximity to the Group's buildings • Potential impact of sea level rise on buildings located near the sea • Reduced productivity due to higher temperatures	• Inclusion of ESG risks considering counterparty scoring • Monitoring of physical risks both on counterparties within portfolio and individual collaterals	• Definition of data governance processes and related IT investments to integrate ESG risk into the risk management framework • Participation in international working groups and commitments related to climate, such as the Net Zero Banking Alliance, stakeholder engagement initiatives and active collaboration with policy makers • Risk identification process and materiality assessment, including stress tests, to evaluate the significance of climate- related risks in the short, medium and long-term horizons • Inclusion of specific KPIs related to transition and physical risks within the Risk Appetite framework. The risk appetite is then cascaded to more granular levels via risk strategies and policies • Promoting a sustainable culture within the organisation by developing ESG training courses and workshops • Signing (2022) of the Finance for Biodiversity Pledge (FfB) and participation as member to the working table on Biodiversity of the UNEP FI (United Nations Environment Programme Finance Initiative)

Part E - Information on risks and related hedging policies

UniCredit group has identified several potential opportunities arising from the transition to a low-carbon economy that impact on both on Group business and operations. These opportunities are described in the table below:

SEGMENT	OPPORTUNITY	TIME HORIZON
Business - Individual Solutions	Enlarge environmental retail product offering in the areas of renewable energy lending and energy efficiency lending, in alignment with the most recent European regulations	Medium-term
	Keep investment product strategy aligned with the latest regulations so to meet customers' sustainability appetite	Medium-term
Business - Corporate Solutions	Develop adequate tools to identify the ESG profile of corporate clients and provide them with the best solutions for a just and fair green transition	Short-term
	Advise clients to take advantage of strategic initiatives and subsidised finance options to facilitate the achievement of their decarbonisation goals	Short-term
	Further expand products and services offering to support clients in improving their sustainability profile	Medium-term
	Continue to focus on providing advisory and debt arranging in the main energy perimeters transition sectors to support clients' energy transition journey	Medium-term
Operations	Reduce the environmental impact of buildings and IT assets (offices, branches, data centres) by leveraging electricity from renewable sources and optimising energy and space efficiency	Short-term

Part E - Information on risks and related hedging policies

UniCredit ESG Governance
The sustainability governance has been significantly strengthened in recent years at both steering and execution levels, underpinning the drive to further integrate ESG criteria into the Group's overall business strategy.

Corporate Bodies Oversight
The UniCredit Board of Directors defines the overall strategy, which incorporates the Group's ESG strategy, overseeing its implementation over time. The Board of Directors approves the Risk Appetite Framework (RAF) which establishes the desired risk profile vis-à-vis its short and long-term strategic objectives and business plan. For monitoring purposes, dedicated Climate Risk KPIs have been included in the Risk Appetite Framework, enabling the Group to oversee the evolution of transition and physical risks it is exposed to.
The Internal Controls & Risks Committee (IC&RC) supports the Board of Directors in risk management and control-related issues: in defining and approving strategic guidelines and risk management policies with specific reference to risk appetite and risk tolerance, as well as in verifying that risk strategies, management policies and the Risk Appetite Framework are correctly implemented.
Its work also encompasses Climate and Environmental risks which are addressed jointly with the ESG Committee and on which it is regularly kept updated by Group Risk Management.
The ESG Committee (ESGC) supports the Board of Directors in fulfilling its responsibilities with respect to the ESG components integral to the Group's business strategy and sustainability over time.
The ESG Committee provides opinions and supports the other Board Committees to ensure the alignment of the Group's policies to UniCredit's ESG principles and objectives.
Moreover, the Committee oversees the ESG and sustainability related developments also considering international guidelines and principles and market developments, monitoring the positioning of the Group with respect to national and international best practices in the ESG field.
The Board of Statutory Auditors exercises oversight of ESG governance and related topics.

Management role
At management level, dedicated committees and functions ensure the implementation of the Group's strategy while effectively managing climate related risks in accordance with the RAF agreed upon. They also capitalize on the business opportunities that emerge from the transition to a low-carbon economy.
he Group Executive Committee (GEC) is the Group's most senior executive committee and is chaired by the CEO. Within its mission it defines the overall ESG strategy.
It also ensures the effective steering, coordination and control of the Group business, as well as the alignment of the Parent Company with the different businesses and geographies regarding strategic topics such as ESG issues. Moreover, in dedicated Risk sessions, the GEC supports the CEO in coordinating and monitoring all categories of risks and in steering ESG-related matters, thus granting a dedicated focus on Climate and Environmental risks among others.
The Group Strategy & ESG and the Group Stakeholder Engagement functions work together as a CEO Office, handling all important initiatives for the CEO. These initiatives include strategy development, M&A, the integration of ESG criteria into our business operations, stakeholder management and dealing with regulatory affairs.
The Group ESG function, part of Group Strategy & ESG, steers the definition and implementation of the Group's ESG strategy. It ensures the ESG framework is consistent with the Group's principles and Purpose and with relevant international standards and practices. The function's activities are divided into three offices: ESG Strategy and Implementation; ESG Service Excellence; ESG Metrics, Policies and Disclosure. The last of these is responsible for preparing the Group's Integrated Report and ensuring coordination in the implementation of the Principles for Responsible Banking - UNEP FI. Group ESG, in collaboration with all relevant functions, is involved in the Net Zero Governance and is in charge of the production of UniCredit's climate-related financial reporting in accordance with the TCFD Recommendations. Moreover, the function is tasked with, inter alia, developing the social agenda and related proposition.
On the opportunity side, the ESG Advisory Team (part of Group Client Solutions) is a multi-disciplinary solutions team focused on enabling clients to create long-term stakeholder value by integrating sustainability into their strategic decisions by:
- providing independent first-class advisory services aimed at building resilience and adaptability to climate change while exploiting transition opportunities;
- assessing the impact of applicable regulations, sustainable finance market principles and practices, market trends and stakeholders' expectations on clients' business models;
- steering the communication on strategy between the company and the investors, advising on ESG Ratings and reporting;
- identifying the most suitable solutions based on the defined strategic positioning.

To support customers in seizing opportunities arising from the ecological transition, dedicated teams have been established in all major countries where the Group operates. These teams are responsible for developing and offering new ESG-related products and services for both corporate and individual clients, in line with the Group's targets and ambitions.

Part E - Information on risks and related hedging policies

Within UniCredit's Risk Management function, the management of Climate and Environmental (C&E) Risk has become increasingly significant and strategically important, undergoing a substantial transformation in recent years. It is embedded across the three main risk management pillars, credit, financial and non-financial risks, with the aim of identifying, measuring, monitoring, and managing C&E risk impacts at central and local levels.
The following are the main structures directly involved in Climate Risk management:
- the Group Executive Committee (GEC), in addition to its role in steering the overall Group's business, in the dedicated Risk Sessions, the Committee supports the CEO in coordinating and monitoring all categories of risks and approves strategic risk topics including ESG-related matters, thus granting a dedicated focus on Climate and Environmental risks;
- the Group Non-Financial Risks and Controls Committee (GNFRC) supports the CEO in steering and monitoring non-financial risks. For example, it approves governance policies and guidelines for the management of reputational risk regarding sensitive sectors;
- the Group Financial and Credit Risk Committee defines strategies, policies, operational limits and methodologies for Credit risk, Market risks and Financial risks.

The Group Risk Management function supports the CEO in defining the Group Risk Appetite proposal, to be shared with the Group Executive Committee and Internal Controls & Risks Committee and submitted for approval to the Board of Directors.
This process occurs in coordination and in alignment with the yearly budget plan. The function ensures the overall climate risk framework definition at Group level and supports local implementation. Within the various risk areas, dedicated employees and functions have been devoted to the integration of climate topics within risk management activities and the effective dissemination of the relative knowledge. Such functions include Climate Risk and Risk Governance which oversees climate-related and environmental risks, and Climate & Environmental Credit Analysis which manages the integration of climate and environmental factors within the credit risk cycle. Furthermore, the Group Risk Management functions issue, for relevant ESG topics, credit risk opinions to support the Group Transactional Committee sessions in the discussion and approval (based on the delegated powers) of credit transactions.

Climate Risk Management

UniCredit recognises Climate & Environmental Risk factors as crucial elements in safeguarding its clients' portfolios and assets from climate-related risks. To achieve this goal, UniCredit is integrating climate and environmental factors into its risk management processes and procedures. Climate Risk management encompasses the identification, measurement, and monitoring of these risks as well as the implementation of mitigation measures. The Group actively engages and supports corporate clients in transitioning to a lower carbon business model, fully exploiting green business opportunities. Furthermore, the Group aims to assist own clients in achieving a just transition, ensuring fairness throughout the process.

Risk Identification

UniCredit conducts an annual risk identification process which is a comprehensive framework to proactively identify all potential risks the Group may encounter. The primary outcome of this activity is UniCredit's risk inventory, which comprises a comprehensive list of the quantitative and qualitative risks to which the Group is or may be exposed. The risk identification process enables UniCredit to assess which risks are, or are likely to be, material considering their exposures. Material risks are determined annually using a quantitative approach that involves assessing the risk level against the materiality threshold.
In line with the European Banking Authority's (EBA) and the European Central Bank's (ECB) expectations, UniCredit's risk identification process covers ESG risks dimensions, assessed through the lenses of physical and transition risk drivers, considering that these could positively or negatively affect the risk types already incorporated in UniCredit's risk management framework.
Environmental, Social & Governance (ESG) risks pertain to any adverse financial consequences that may arise for the Group due to the existing or prospective impacts of ESG factors on its counterparties or invested assets:
- Climate and Environmental (C&E) factors are related to the quality and functioning of the natural environment and its systems and include factors such as climate change, biodiversity, energy consumption, pollution and waste management.
- Social and Governance factors, for which the Group assigned an impact on reputational risk, revolve around the rights, well-being and interests of individuals and communities and include governance arrangements for the environmental and social factors in the policies and procedures of counterparties.

In coherence with the "Recommendations of the Task Force on Climate-related Financial Disclosures" (2017), climate related risks can be divided into two major categories: (i) risks related to the transition to a lower-carbon economy and (ii) risks related to the physical impacts of climate change, described in detail below.

Part E - Information on risks and related hedging policies

Transition risks refer to the risks arising from the transition to a lower-carbon economy, which may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change. Depending on the nature, pace, and focus of these changes, transition risks can pose different levels of financial and reputational risk for organisations.
- policy and legal risks stemming from continuously evolving policy actions, attempting to either constrain actions that contribute to the adverse effects of climate change or seeking to promote adaptation to climate change, and from litigation or legal risks;
- technology risk stemming from technological improvements or innovations that support the transition to a lower-carbon, energy-efficient economic system and that can have a significant impact on organisations to the extent that new technology replaces old systems and disrupts some parts of the existing economic system;
- market risk stemming from the potential shifts in supply and demand for certain commodities, products and services;
- reputational risks stemming from changing client or community perceptions of the organisation's contribution to or detraction from the transition to a lower-carbon economy.

Physical risks refer to the risks related to the physical impact of climate change. These types of risk can be event driven (acute) or long-term shifts (chronic) in climate patterns and, as such, their effects can be felt both in the short and medium/long-term horizon.
- acute physical risks are event-driven, including increased severity of extreme weather events (e.g., droughts, floods, etc.);
- chronic risks refer to longer-term shifts in climate patterns (e.g., sustained higher temperatures).

The connections between climate risk drivers and the risks faced by banks are referred to as transmission channels. The likelihood and magnitude of the impact of climate risk drivers can be affected by a number of additional variables. These include: the geographic location of the bank, the assets or exposures involved, the interactions and interdependencies between transmission channels and climate risk drivers that can amplify impacts and mitigating measures that can reduce or offset impacts.
Understanding these transmission channels is crucial for assessing the impact of climate risk drivers in UniCredit's risk management framework. The figure below illustrates the climate-related risk drivers, relevant transmission channels and risk types that may be affected.

CLIMATE-RELATED RISK DRIVERS

Physical risk drivers
- Acute
- Chronic

Transition to low carbon Economy risk drivers
- Policy changes
- Technological changes
- Behavioural/consumer preferences changes
- Client or community perception changes

TRANSMISSION CHANNELS

- Carbon price/carbon tax
- New climate-related regulations
- Stranded assets
- Damages to property
- Shifts in prices and asset values
- Increased volatility of asset prices
- Lower asset performance
- Operational disruption
- Productivity changes
- Losses of business opportunity
- Dispute, claims
- Interest rates level
- Changes in individuals' habits
- Changes in clients' expectations
- Political decisions
- Energy Performance Certificates
- Insurance availability/affordability/pricing

RISK TYPES POTENTIALLY IMPACTED

- Credit Risk
- Market Risk
- Liquidity Risk
- Operational Risk
- Reputational Risk
- Business Risk
- Real Estate Risk
- Inter-risk diversification

Part E - Information on risks and related hedging policies

Integration of climate risk into risk framework - short/medium/long term impacts
With particular reference to the identification and monitoring of climate-related risks, an annual materiality analysis aimed at assessing the relevance of climate related risk drivers with respect to the various risk families considered and their potential impact for the Group is carried out under the normative and economic perspectives for both the short-term and medium/long- term horizons. This exercise, performed through scenario analysis, envisages the full coverage of risk types and the integration of forward-looking elements and is used to identify how the risk types (e.g., credit risk, market risk, etc.) are impacted by transition and physical risks for the considered time horizons, as well as an assessment of the capital adequacy to check the Group resilience for the medium/long-term horizon. The result of the short-term assessment over the twelve-month time horizon is also adopted in the context of the materiality assessment process prescribed by the internal risk identification process.
From a methodological perspective, the estimate of the climate risk impact on each risk is performed considering the existing total amount of bank's loans and assuming over the time horizon an exposure reallocation in terms of industry/sector and EPC according to credit risk strategies (in line with ECB Climate Stress Test) on credit risk side. No profit generation is considered.
The set of climate scenarios considered for the analysis is provided by a qualified external provider and is meant to assess and quantify potential vulnerabilities through analyses in stressed conditions for the short and medium/long-term horizons. The main climate assumptions embedded in the scenarios in terms of transition policies and level of emissions/temperature are consistent with the NGFS/IEA[82]'s ones to ensure consistency with scientific climate change pathways to properly assess the impact of physical and transition risk drivers. The scenarios are extended with a more comprehensive set of variables (climate and macro-economic related) disaggregated at higher level of granularity, which is better fitting our stress testing models framework.

In particular, a central scenario (namely, Baseline), which considers the current political context, the central macro-economic outlook and climate assumptions similar to the International Energy Agency (IEA) STEPS scenario incorporating policies deemed sufficiently credible to materialize into action, as well as two polarized stressed scenarios with very low probability of occurrence are considered.

The ongoing 2023 climate-risk scenario analysis preserves the methodological approach applied in 2022 climate-risk scenario analysis and considers updated climate scenarios.
The scenarios' narratives for 2022 climate-risk scenario analysis are described below.

BASELINE

Central scenario.

Narrative: Projection of commitment and measures currently adopted by different countries. Climate assumptions aligned with the IEA's Stated Policies Scenario

DELAYED TRANSITION

Transition risk stressed scenario.

Narrative: Governments are not ramping up efforts to limit global warming by 2030. Therefore, a more stringent policy is required to achieve similar climate outcomes by 2050, resulting in greater economic impacts. Aggressive and uncertain carbon taxation policies cause substantial inflationary pressures, stranded assets and financial instability. Government carbon tax revenues are sufficient to cover the fiscal costs of the transition.

NO FURTHER ACTION

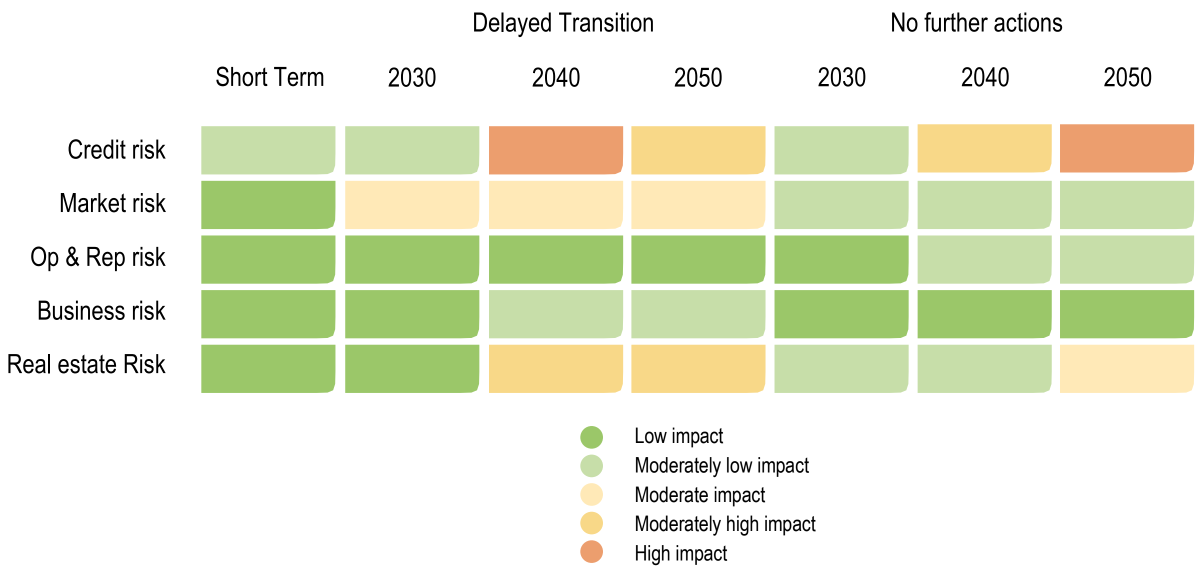
Physical risk stressed scenario.

Narrative: Expanding fossil fuel demand and government failure to meet stated Nationally Determined Contribution (NDC) commitments lead to higher emissions than in the baseline.

The polarized stressed scenarios are modelled as deviations from the Baseline scenario's macroeconomic outlook and, as such, are meant to capture climate risk driven outcomes, with varying mixes of physical (main driver of No Further Action scenario) and transition risk (main driver of Delayed Transition scenario). The following heatmap depicts the results of the 2022 climate-risk scenario analysis for the short and medium/long-term horizons, in terms of the impacts on the components of the capital adequacy ratio under the economic perspective.

82 Network for Greening the Financial System/International Energy Agency.

Part E - Information on risks and related hedging policies



The short-term column refers to the impact for each risk type considering the maximum impact of the two stressed climate scenarios. The same exercise is carried out in the medium/long-term horizon (i.e., 2030, 2040 and 2050) to isolate transition and physical risk drivers. Credit Risk is the most affected component and reaches its peak in 2050 in the scenario with no climate policies ("No Further Action"), which embeds a lower economic growth and rise in the frequency of extreme natural events with consequent increase of default rate and depreciation of real estate collateral. Moderate/moderately high impacts are estimated for Credit Risk, Real Estate Risk and Market Risk under the Delayed Transition scenario driven by a disorderly transition, reaching their peak in 2040.

In terms of expected credit losses, the impacts due to climate risk are mitigated thanks to:
- low amount of exposure in vulnerable sectors at stage 2 (at 2022 year-end c.a. 1.8% of Total Gross Loans);
- short average maturity for loans in stage 2, 4 years on average for vulnerable sectors;
- limited amount of exposures collateralized by properties located in geographic areas subjected to moderately high physical risk (e.g. flood, wildfire), 2.1% of the real estate exposure with an average LTV of 37%.

The outcomes of the 2022 short-term materiality assessment performed within the standard Internal Capital Adequacy Assessment Process (ICAAP) framework, complemented by further concentration analyses and stress scenarios, suggest a limited impact of climate-related risk drivers. Similarly, the first outcome of the liquidity impact of climate-related risks reveals a limited materiality of the exposures to these risks also in Internal Liquidity Adequacy Assessment Process (ILAAP). According to the long-term assessment, the capital position of the Group is adequate considering the potential impact of climate-related risks also on a longer time horizon.

Part E - Information on risks and related hedging policies

Integration of climate risk into RAF
UniCredit's Risk Appetite provides an integrated view of business and risk strategy ensuring strategic plan execution within the risk capacity a bank is willing to assume. It establishes the Group's desired risk profile, driving short-term and long-term strategic objectives, and is supervised by the UniCredit Board of Directors.

The Risk Appetite Framework (RAF) is composed of three key elements:
- Risk Appetite Statement (RAS) - provides a strategic view of and guidance on the target risk profile and is expressed via qualitative statements;
- Risk Appetite Dashboard - quantitative KPIs with related targets and risk tolerance thresholds for proactive risk steering;
- Risk Strategies - ensure the cascading of the Risk Appetite to more granular levels via operative indicators, limits and controls.

Since 2020, dedicated Risk Appetite Statements are drawn up regarding Climate & Environmental (C&E) risks, including the definition of UniCredit's commitment to assist its clients in a just and fair transition and the continuous integration of C&E risks within the Risk Management framework. Dedicated quantitative C&E risk related KPIs have been included in the Risk Appetite Dashboard since 2022, addressing both transitional and physical C&E risks. These KPIs are regularly monitored and reported in the RAF reports. After one full year of monitoring, as of 2023, these KPIs were also equipped with risk tolerance thresholds. In particular:
- High Transition risk exposure KPI - aimed at measuring the Group's exposure against largest counterparties that appear more vulnerable along the transition path towards a lower-carbon economy, based on information retrieved through Climate and Environmental Questionnaire during credit application.
- Fossil fuel-related exposure KPI - focused on a perimeter comprising counterparties in certain classes as set out in UniCredit's Oil & Gas and Coal policies.
- Physical risk KPI - designed to measure potential damages that extreme climate-related acute physical risks events could cause to the Group's collateral portfolio. The KPI is monitored at Group Level and as of 2023 is applied to certain significant Legal Entities.

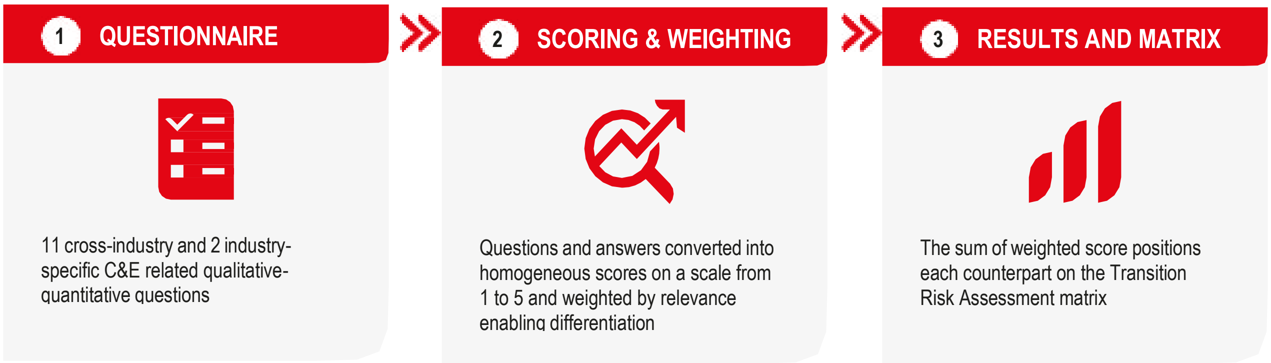
Being an integral part of the Group Risk Appetite monitoring process, C&E KPIs are subject to an escalation process (in the case of risk tolerance threshold breaches) with related corrective/mitigation actions to be defined, when needed. The Group Board of Directors is informed of the breach and remedy actions (if any) on a quarterly basis in the periodical information sharing process.
As of today, no breach in any of the defined thresholds happened.

Integration of transition risk into credit portfolio – Credit Risk Strategy and Counterparty level
UniCredit has been working on the identification, measurement, monitoring and mitigation of transition risk. The transition risk of the portfolio is measured with different metrics, also including the distribution of the credit portfolio by industry.
A comprehensive approach has been developed to assess and manage transition risk; the Risk Management framework defined is fully consistent with the RAF and is based on 3 pillars:
- specific reputation risk policies set-up (refer to subparagraph "*Non-Financial Risks*" below);
- dedicated Industry steering signals, based on relevant C&E factors included in the Credit Risk Strategies framework;
- assessment at single client level, leveraging a dedicated C&E questionnaire.

In particular, the Credit Risk Strategies, reviewed at least once a year, are an important tool for ensuring inclusion of the relevant C&E factors in the overall credit risk strategy. Industry steering signals (underweight, neutral, overweight) and related industry limits embed all relevant C&E factors, leveraging a heatmap based on harmonized transition risk scores (integrating C&E questionnaire where available) by economic activity.
Further principles are also integrated within qualitative guidelines (including Net zero indication) for the business to assess and mitigate the risks for each specific industry. The cascading to the legal entities of the Group, together with the monitoring and escalation processes at local and Parent company level, steer different credit portfolios in alignment with the RAF.
To determine the extent to which the Bank's credit counterparties are exposed to Climate and Environmental risks, the C&E questionnaire is based on a set of both cross-industry questions (in total 11 considering the different sections) and industry-specific questions (an additional 2 for specific sectors), measuring qualitative and quantitative current and forward-looking key indicators across the following three main drivers.
The three main drivers of the C&E questionnaire are:
- C&E exposure - the 5 questions allow an analysis of the current level of exposure of the Economic Group under assessment: (i) level of Greenhouse Gas (GHG) emission (Scope 1, 2 and 3); (ii) Water consumption, (iii) Energy consumption; (iv) Waste production and recycling;
- C&E vulnerability - the 4 questions allow an analysis of the climate change management maturity level on a forward-looking basis, covering: (i) Company's investment plan to shift to lower emission level business model, (ii) GHG emissions reduction target;
- Economic Impact - the 2 questions allow an analysis of the potential impacts on corporate clients' financial and industrial performance in terms of cost and revenues.

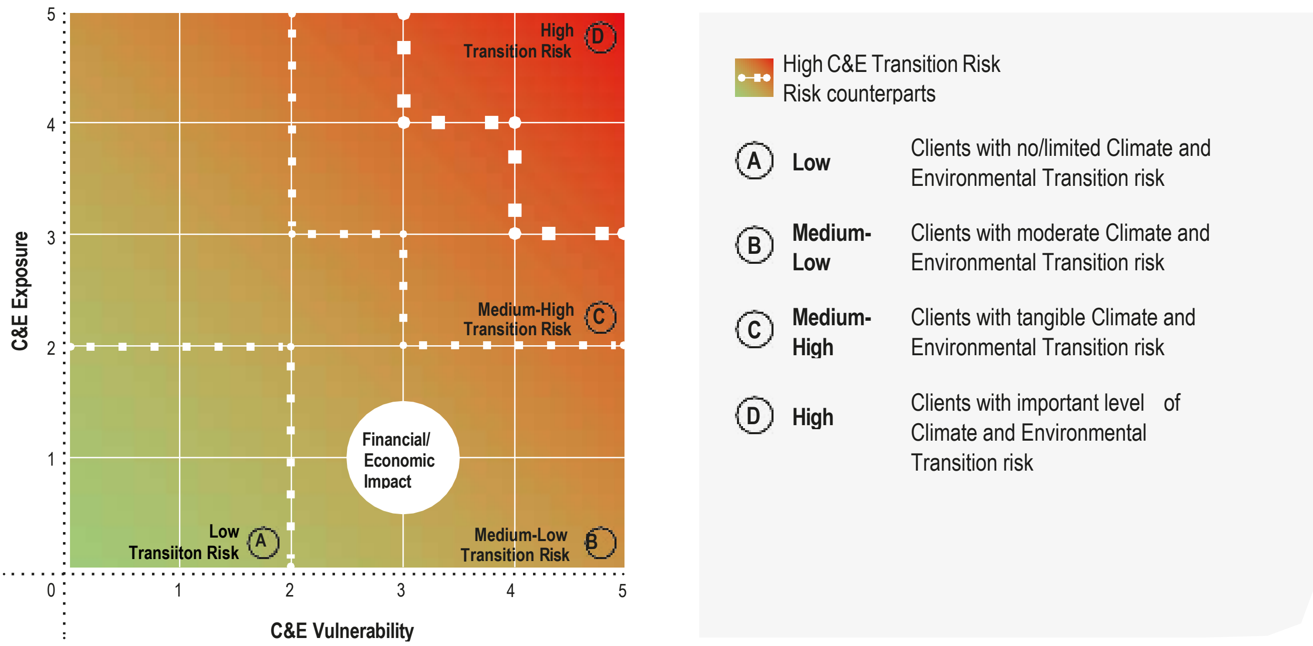
Part E - Information on risks and related hedging policies

Three steps are applied in order to determine the questionnaire result as shown in the following figure:



In detail:
- calculation of question-specific indicators based on the answers provided (a penalty system is in place and applied when information could not be retrieved);
- conversion of indicators, related to single questions, to standardize the scores of different responses and guarantee comparability of results;
- weighting of question-specific scores according to a pre-defined table (that takes into account the relevance of the questions) and calculation of the summary score for the different dimensions:
  - sum of question-specific scores (and penalties if necessary) for each question in the Exposure cluster; the result is plotted on the vertical axis of the matrix;
  - sum of question-specific scores (and penalties if necessary) for each question in the Vulnerability cluster; the result is plotted on the horizontal axis of the matrix;
- determination of C&E score ratings (1-Low; 2-Medium- Low; 3-Medium-High; 4-High Risk), as shown in the matrix below.

Scoring methodology matrix



Part E - Information on risks and related hedging policies

The results of the climate and environmental assessment are integrated in the credit application, thus in the files submitted to credit committees, allowing the decision maker to effectively take climate and environmental factors into account during the credit decision phase.
A specific process, factoring in transition risk and physical risk evaluation (together with reputational risk and Net Zero whenever relevant), has been designed and cascaded to the Group Legal entities in order to address the inclusion of Climate and Environmental considerations into the overall evaluation of the client. Leveraging on transition risk score, the process application results in specific strategies (in terms of eligible products) to steer the corporate portfolio's exposure fostering the clients' green transition and reducing at the same time UniCredit's exposure to C&E Risks. More in details, in case the client is subject to high transition risk, the strategy foresees prevalence or exclusivity of ESG products. Outcome of physical risk assessment at counterparty level is meant to complement the strategy with the request of physical risk mitigation action whenever deemed necessary.
The adoption of the foreseen process in the various Group Legal entities rule is progressing, also according to the availability of ESG Group's infrastructure in the different Group LEs.

Investments - enablers for implementation

The Group designed a global framework for ESG related information supported by a central IT architecture that represents a key enabler for compliance to regulatory disclosure requirements needs as well as to enhance Risk Management processes, Business steering, monitoring and reporting framework.
All the ESG data collected have been integrated into the ESG Global IT infrastructure: a single data framework that will allow ESG data to be integrated with other risk information, ensuring the uniqueness of the information and its use for different purposes.
To implement this idea, the Group has created a new integrated ESG ecosystem that involves the development of 3 main new assets:

- Survey/Front-End, which has a dual function, allowing on the one hand the submission of customers surveys, to retrieve ESG KPIs in the origination phase (as described above), and on the other hand to make key ESG information available to the Network, through the ESG KPIs cockpit (relevant tool for the steering of Business and Credit Strategies);
- Calculation Engine, to identify the green loans;
- Sustainability data Repository, to collect information, manage reporting and data exploration activities.

Regarding the architecture, a phased roll-out plan is planned for all countries of the Group.

Data strategy

A comprehensive data strategy, integrating internal data with data from external providers, has been defined and implemented. The strategy strikes a balance between the punctual recovery of KPIs and the impact on business, leveraging both external providers and internal customer surveys; the scores available have been used according to a prioritization strategy, which will naturally favor the use of punctual data, collected through customer surveys, over proxies.
The data strategy has been designed to take into consideration the regulatory framework and Group experience.
The consideration of C&E factors for the Corporate portfolio followed a clear road map.
The Group began in January 2021 with the submission of the C&E questionnaire to all files discussed in the Parent Company Credit Committees, with a coverage, in terms of EAD, of about 35% and with the extension, the following year, to the local Credit Committees, the Group reached a coverage of about 40%, and through the acquisition of data from the external provider covered more than 90% of the Corporate portfolio, for the different geographies of the Group.
The collection of data acquired from the external provider has enabled the Group also to broaden the spectrum of available indicators, KPIs functional to both regulatory disclosure and managerial activities (e.g., Transition and Physical counterparty risk, The ESG score, with its components, GHG emissions, Top 20 polluters information).

Transition risk at collateral level

With the aim to measure transition risk associated with assets accepted as collateral to fulfill regulatory obligations (Pillar 3, EU Taxonomy, Stress Tests) and meet managerial needs, a collection of Energy Performance Certification (EPC) data has been conducted in the various Group Legal Entities:

- for the stock, whereas the data couldn't be punctually retrieved, the Group leveraged on external specialised providers, which developed an estimation model.
- for the new flows, the following transition risk KPIs are collected and properly taken in consideration during origination phase:
  - Energy Performance Certification label (EPC) with flag indicating estimated/reported;
  - Primary Energy Demand (PED) measured as kWh/sqm;
  - CO_2 emissions;
  - Energy Performance Certification label issuance year.

Such information has been integrated into the ESG Global IT Infrastructure and is available on the local mortgage platforms at the origination stage.

Part E - Information on risks and related hedging policies

Physical risk in the credit portfolio

Physical risk is carefully monitored for both counterparties within Group's portfolio and individual collateral assets. This involves the assessment of a wide range of hazard events, with particular attention given to the following:

- material hazard events related to physical risk at counterparty level; and
- material hazard events related to physical risk at collateral level.

Material hazard events related to physical risk at counterparty level:

TYPE OF PHYSICAL RISK (ACUTE/ CHRONIC)	MATERIAL PHYSICAL RISK HAZARD EVENT	DESCRIPTION OF THE PHYSICAL RISK HAZARD EVENT	METRIC/APPROACH	SPATIAL RESOLUTION	SOURCE
Acute	Landslides	Risk of landslide events, long historical data	Annual probability of event with high severity	grid 200 metres/census cell	Third party Data & Bundesanstalt für Geowissenschaften und Rohstoffe & Istituto di Ricerca per la Protezione Idrogeologica
Acute	Floods	Risk of flood events, related to waterways and heavy rain events, predictive model	Annual probability of event with high severity, return period 50y	grid 100 metres/census cell	Third party Data & Istituto Superiore per la Protezione e la Ricerca Ambientale (ISPRA)
Acute	Wind (Extreme wind-related events)	Probability of extreme wind events based on storm footprint, measured on Beaufort scale, return period 50y	Annual probability of extreme events (11-12 Beaufort scale)	grid H3	Third party Data
Acute	Wildfire	Risk classes depending on days with high fire risk subject to the type of environment in which the company is located, Representative Concentration Pathways (RCP) 4.5 scenario	Average days/year with high fire risk, subject to type of environment	grid 4 kilometres	Third party Data & European Space Agency (ESA) Data & Copernicus Data
Acute	Extreme waves (extreme waves, storm surges)	Probability of having storm surges and high energy waves	Wave height in RCP 8.5 with a return period of 50y	grid 25 kilometres	Third party Data
Acute	Frost occurrence	Probability of cold events (frost, even of short duration), predictive model	Average number of events by years	grid 10 kilometres	Third party Data
Acute	Heat occurrence	Probability of hot events (even of short duration), predictive model	Average number of events by years	grid 10 kilometres	Third party Data

Part E - Information on risks and related hedging policies

TYPE OF PHYSICAL RISK (ACUTE/ CHRONIC)	MATERIAL PHYSICAL RISK HAZARD EVENT	DESCRIPTION OF THE PHYSICAL RISK HAZARD EVENT	METRIC/APPROACH	SPATIAL RESOLUTION	SOURCE
Acute	Heat waves	Probability of heat waves (extreme hot event > 3 days), historical data	Number of events (> 3 days) observed in a 60y period	grid 10 kilometres	Third party Data
Acute	Aridity	Probability of aridity phenomena (ratio precipitation/ evaporation), predictive model	Mean annual precipitation (P)/mean annual evapotranspiration (ETP)	grid 500 metres	Third party Data
Chronic	Rainfall soil erosion	Severity of soil erosion due to rainfall, scenario RCP 4.5	R factor	grid H3	Third party Data
Chronic	Shoreline erosion	Score representing the erosion compared to the present, RCP 4.5	Meter of erosion, scenario RCP4.5 in 2050	grid 200 metres	Third party Data
Chronic	Sea level rise	Estimates the sea level with various meteorological models	Max wave height in 2050, return period in 50y	grid 25 kilometres	Third party Data

Part E - Information on risks and related hedging policies

Material hazard events related to physical risk at collateral level:

TYPE OF PHYSICAL RISK (ACUTE/ CHRONIC)	MATERIAL PHYSICAL RISK HAZARD EVENT	DESCRIPTION OF THE PHYSICAL RISK HAZARD EVENT	METRIC/APPROACH	SPATIAL RESOLUTION	SOURCE
Chronic	Sea level rise	Estimates the sea level with various meteorological models	Sea level rise hazard zones defined on Elevation Index (driven by coastal topography) and sea level rise Index (driven by sea level rise). The sea level rise hazard information is available for different scenarios	30 metres resolution for flooding hazard by sea level rise globally	Third party data: Sea level rise zones were modelled based on high- resolution elevation data from elevation model and sea level rise projections from climate models
Acute	Flood: • River Floods • Flash Floods	• River floods: Risk of river flood events, related to waterways and heavy rain events • Flash floods are short-term events which can be produced by multiple thunderstorms with heavy rain over one area	• River floods: global climate model and global land surface models estimate changes in peak water runoff at hydrological basin resolution. These changes in peak runoff are then used to scale current river flood maps. The projections are available in different scenarios • Flash floods: the flash flood map is based on meteorological data, as well as soil, terrain and hydrographic data (slope and flow accumulation). The meteorological data includes the amount, variability, and extreme behaviour of rainfall	• River floods: 30 metres • Flash floods: approximately 250 metres	Third party data: • River floods: Geoweb natural hazard maps • Flash floods: soil-sealing maps (detected by looking at impervious surfaces), curvature (from global multi-resolution terrain elevation data), slope and flow accumulation (from conditioned terrain data) as modifiers to generate the final flash flood map

Part E - Information on risks and related hedging policies

TYPE OF PHYSICAL RISK (ACUTE/ CHRONIC)	MATERIAL PHYSICAL RISK HAZARD EVENT	DESCRIPTION OF THE PHYSICAL RISK HAZARD EVENT	METRIC/APPROACH	SPATIAL RESOLUTION	SOURCE
Acute	Storms	Storms (including blizzards, dust and sandstorms): extratropical storms and storm surges	• Extratropical storms: The main variables of the exposure analysis are forward wind, maximum wind speed, minimum central pressure, radius of maximum wind speeds, track of the centre (eye) in 3 to 6 hourly intervals • Storm surges: multiple wave heights are simulated for each coast and the maximum expansion calculated. Wind speeds and bathymetry data were also taken into account	• Extratropical storms: approximately 5 kilometres • Storm surges: approximately 30 metres	Third party data
Acute	WildFire	Risk classes depending on days with high fire risk subject to the type of environment in which the company is located, RCP 4.5 scenario	Fire Weather Index (FWI) combining the probability of ignition, the speed and likelihood of fire spread and the availability of fuel.	Approximately 1 kilometre	Third party data: modelled according to daily information on temperature, precipitation, humidity and wind

Group guidelines in order to integrate physical risk and transition risk KPIs into collateral evaluation have been issued in 2023. According to the guidelines, the appraiser is delegated to evaluate, based on own independent assessment, the extent of transition risk (leveraging on EPC) and physical risk (through a homogeneous set of hazards to be assessed and evaluated with a dedicated taxonomy provided by the guidelines) and to embed also these components in the overall assessment and final value assigned to the collateral.

Part E - Information on risks and related hedging policies

Financial Risk

With regards to financial risks (market risk, liquidity risk and counterparty credit risk), several concrete initiatives have been implemented to further integrate C&E risk into the financial risk management framework. The key pillars of the approach followed include:

- an overall methodological approach for incorporating C&E drivers within the Financial Risk framework has been further refined, leveraging a combination of assessment methodologies already employed by the Group. The methodological framework measures transition and physical risks within the Financial Risk relevant perimeter. For this purpose, both internal (transition) risk scores as well as externally sourced scores are applied. For the purpose of transition risk these scores are further complemented by industry scores to further increase the data coverage. For the relevant market risk perimeter (Corporates&Financials single names) in the trading book a coverage of around 80% (generally higher for transition than for physical risk) can be accomplished while for the investment portfolio relevant perimeter (Corporates&Financials) for transition risk a very high coverage (>90%) and for physical risk about 50% coverage can be obtained, similarly also for the purpose of counterparty credit risk and liquidity risk (Counterbalancing Capacity - CBC);
- C&E KPIs are included within market risk strategy in line with Group ESG strategy; a dedicated limits and warning levels are applied. Specifically:
  - Granular Market Limits (GMLs) for equities and credit exposure vs high transition and physical risk score in the trading-book;
  - Granular Market Limits (GMLs) for non-sovereign debt securities exposure vs high transition and physical risk score in the investment portfolio, i.e., in the banking book;
  - Early Warning for sovereign debt securities exposure vs high transition and physical risk score in the investment portfolio, i.e., in the banking book;
  - Stress Test Warning Levels (STWL) on dedicated climate scenarios;
- the assessment of C&E drivers is incorporated into the process for evaluating new financial products within the Group. When assessing new products, LEs are responsible for verifying whether any C&E risk is embedded in the product's payoff/structure and for ensuring consistency with Group's ESG strategy by involving the local competent function if needed;
- specific inclusion and exclusion criteria for investment process and transaction due diligence in coherence with Coal and Oil & Gas sector policies.

Concerning Monitoring and Reporting, the Financial Risk function monitors and reports monthly to competent corporate governing bodies the concentration towards climate risk with reference to equity risk and corporate and financial bonds in the trading book, corporate and financial bonds in the investment portfolio, counterparty credit risk exposures and counterbalancing capacity. The monitoring framework includes physical and transition risks within the Financial Risk relevant perimeter complemented also by an analysis with respect to physical risk hazards. Additionally, also a Carbon Foot printing analysis for the corporates and financial bonds in the investment portfolio is included.
In April 2022, the market risk stress testing program was enhanced with a dedicated climate risk scenario which extends the ECB short-term disorderly transition scenario. Moreover, since October 2022, the monthly reporting and monitoring framework has been enhanced by incorporating transition and physical risks and in December 2022 the Climate risk stress test scenarios were further increased. In September 2023 scenarios were further updated, including scenarios mainly focusing on transition risk as well as on physical risk.

The materiality for financial risk is assessed via the standard ICAAP framework as described earlier and is complemented by further concentration analyses and stress scenarios. Based on these assessments, combined also with qualitative considerations on UniCredit's trading business model, appears to be no materiality of climate & environmental drivers on market risk exposures.
Similarly, the first outcome of the liquidity impact of climate risks reveals a limited materiality of the exposures to these risks also in ILAAP.

Part E - Information on risks and related hedging policies

Climate risk could cause material net cash outflows or depletion of liquidity buffers, mainly stemming from the financial impact on the held assets of a changing climate (i.e., physical risk) or the institution's financial loss that can result, directly or indirectly, from the process of adjustment towards a lower-carbon and more environmentally sustainable economy (i.e., transition risk). According to the definition of physical and transitional risk, the transmission of climate risk to liquidity comes through the following channels:

- Counterbalancing Capacity (CBC): risk premia on securities of carbon-intensive issuers (transitional risk) or issuers particularly exposed to extreme climate events (physical risk) could increase, deteriorating the market value of the liquidity buffer;
- Deposits: withdrawals of deposits mainly due to high liquidity needs and credit losses that could stem from corporate clients with high CO2 emissions, which could have to adapt their technologies and production plants to more carbon-neutral economies (transitional risk) or from customers hit by severe weather events (physical risk), which reduce profitability and potentially increase credit risk and liquidity needs;
- Undrawn credit and liquidity facilities, whose usage might increase for the same reasons listed for deposits;
- Market valuation changes on derivatives transactions climate related price shocks and increased market volatility may result in increased derivative exposures and related margin-calls.

Additionally, the transition risk might appear if UniCredit itself fails in adapting its practices to the new climate regulations, thus leading to reputational impacts. Such a risk is regularly monitored through the name crisis scenario of the liquidity stress test.

In order to assess the materiality of the liquidity risk arising from climate factors related with deposits and committed lines, UniCredit's customers are classified according to a climate risk score defined through an internal questionnaire or acquired by external information providers. A stressed liquidity outflow ratio is applied on those customers labelled with high or medium high risk.
The potential deterioration or the value of the counterbalancing capacity or the change in the value of derivatives (generating margin calls) is estimated by applying specific climate scenarios to the most relevant market variables.

The above-described effects are applied to the short-term and structural liquidity risk metrics. The resulting impact is compared with the internal inherent risk severity thresholds.
In general, longer-term effects (on the balance sheet structre) are minor both for transitional and physical risk, as the liquidity structure of the Group balance sheet is sound and ensures enough time to absorb potential climate related changes.
As far as the short-term effects (direct impacts on liquidity) is concerned, the exposure to physical risk is negligible.
On transition risk, the potential adverse liquidity impacts for the Group are classified as medium low according to the internal scale.

Non-financial risk

Non-financial risks can be influenced by environmental factors in general and by the climate change in two different ways:

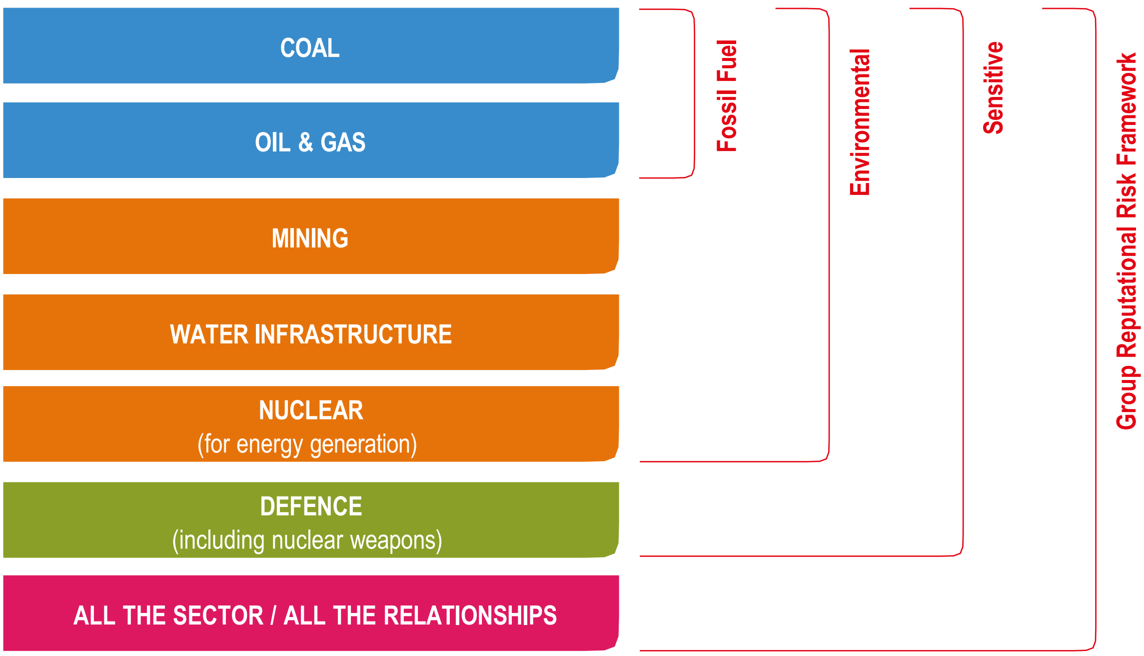
- Reputational risk - Risk for the Group of being perceived and criticised for supporting activities and projects through its financial products and services that harm the environment and contribute to worsening the climate change scenario;
- Operational risk - Risk for the Group of facing temporary disruption or unavailability of key premises (e.g., data centres, operational centres, headquarters) or for the discontinuity of services suffered by some of its third-party service providers due to adverse extreme climate conditions.

The Group has implemented adequate processes to mitigate the above-mentioned risks.
With regards to **reputational risk**, the Group defines Reputational Risk as the current or prospective risk to earnings and capital resulting from the negative perception of the Financial Institution's image by various stakeholders including clients, shareholders/investors, regulators, employees, debtholders, market analysts, civil society, NGOs, media and other relevant parties.

Part E - Information on risks and related hedging policies

The management of reputational risk relies on:
- setting clear general rules and guidelines for:
  - defining the profile of relationships (with clients as well as with other relevant counterparties such as suppliers) and operations (mainly financial support, but also investments and other financial products and services offered) that the Group is available to manage and develop;
  - defining the profile of what the Group does not consider to be in line with its foundation principles and reputational standards. These rules and guidelines are designed to ensure alignment with laws, internal and external regulations, best practices within the sector and reflect the risk appetite and the sensitivity of the Group;
- setting additional specific rules and guidelines for sectors considered sensitive (Coal, Oil & Gas, Defence, Nuclear, Mining, Water Infrastructures) and contributing to the Group commitments for specific topics (Rainforest, Tobacco, Human Rights, Natural Capital/Biodiversity);
- requiring for each relationship the evaluation of the conformity to the rules and guidelines mentioned above;
- ensuring respect of the rules mentioned above for each operation, performing a specific Reputational Risk Assessment involving the dedicated Reputational Risk function and other specialist/competent functions (e.g., ESG, Compliance, Legal) in cases of potential deviation and rejecting operations in breach of such rules;
- setting conditions, controls or limitations, where deemed necessary, in order to reduce the material residual Reputational Risk for Group, regardless of the sector connected to the case;
- independently from the sector, evaluation of the liability/litigation risk that can derive from supporting a deal which could produce a negative environmental or social impact, when the deal is under the Equator Principles (EP);
- taking the right decisions at the right level of authorisation in cases of potential reputational risk, involving the Group Non-Financial Risks Committee (GNFRC) for the highest risk cases.

As of end of 2023, the Group, in its continuous monitoring of the market and stakeholder's expectations, has identified six «sensitive sectors» for which it has adopted a dedicated additional set of provisions and rules described in specific internal regulations listed below:



In addition, UniCredit group has signed specific commitments regarding the exit from Tobacco industry and from activities that favor deforestation or forest degradation.
The inclusion of a sector among the sensitive ones and the provisions of the existing ones are renewed on a continuous basis, taking into account the evolution of the market and the sensitivity of the Group towards these sectors.

Part E - Information on risks and related hedging policies

For each sensitive sector, the policy covers the following aspects:
- the scope of the sector (type of subjects and activities);
- the forbidden activities (activities that the Group is not available to support with its financial products and services, e.g., controversial weapons, nuclear weapons, coal-related activities, oil & gas activities in the Arctic region);
- the classification of clients:
  - Class A - clients completely in line with the provisions and for which the Group is available to provide full financial support;
  - Class B - clients partially in line with positive transitions and moving in the right direction. The Group is available to support these clients with its financial products and services, refraining from providing other types of financial products and services that do not align with the transition towards more sustainable practices;
  - Class C - clients not aligned with the provisions of the Group or moving in a different direction and for which the Group is not available to provide any kind of financial support. In these cases, a phase-out of the relationship may be considered.

UniCredit group has defined a process for assessing Reputational Risk, identifying cases where a dedicated assessment is necessary.

The decision-making bodies responsible for assessing cases of reputational risk can vary according to the relevance of the case and alignment with the policy provisions.
Cases that envisage a potential high relevance in terms of Reputational Risk are brought to the attention and decision of the Group Non-Financial Risks Committee (GNFRC) chaired by the Group CEO.
Similar structures have been established at local level within each Legal Entity of the Group. At local level, RRO[83] and GNFRC are collapsed in the LNFRC (Local Non-Financial Risk Committee), chaired by the local CEO.
Cases where reputational risks are deemed to be of significant relevance within a specific Legal Entity are submitted to the Holding company for further validation (Non Binding Opinion - NBO).

A Reputational Risk decision taken at local level also requires an NBO by the Parent Company in two specific situations:
- when the case, authorised by the Local NFR Committee, presents a High Reputational Risk and has to be submitted to a Group Credit Committee (GCC or GTCC);
- when explicitly requested by the policy. e.g., Green Project Financing in the Oil & Gas or Coal sectors, granted to a B class client, requires an NBO to double check that the Green project is currently aligned with the EU Taxonomy.

Whenever a further scrutiny of a case is deemed necessary, Legal Entities can ask the Parent Company for an NBO for cases other than the two mentioned above.
Any unplanned and unforeseen situations related to a specific relationship or deal and not aligned with the standard provisions of the policy are evaluated case by case. Expert judgement is required for evaluating the alignment of the case with UniCredit general principles on Reputational Risk. Any decisions must diligently consider the provisions of the applicable policy and the characteristics and context of the case under examination.

With regard to **Operational risk**, for all Legal Entities the Group carries out an annual assessment aimed at identifying critical locations where unavailability could harm business continuity (*e.g.,* data centres, headquarters, operational centres).
In 2023, 103 buildings were selected for the yearly assessment. Each location is classified according to current risks from extreme adverse climate conditions (river floods, flash floods and wildfire) that could affect the location itself.

Among those selected, 10 buildings resulted as potentially exposed to high or medium-high risk; during 2023 the related business continuity plan was assessed to check the effectiveness of protection in cases of adverse climate conditions.
Wherever the business continuity plan highlighted the inadequacy of the backup building (e.g., exposed to the same risk as the primary location), a new backup location was defined. For one building a formal taking risk has been taken by the Legal Entity Management Board, considering that an additional mitigants were not identified.
Moreover, in 2023, exposure to the perceived risk in a scenario of +4°C in 2030 has been considered. In this case, 8 additional buildings have been identified currently not exposed to such risks but potentially exposed to them considering this additional scenario. Devoted KPIs have been put in place in collaboration with Group Real Estate in order to monitor future climate event comparing them with the location history, with the aim to put in place immediate actions in case of climate risk exposure worsening.
In order to assess the resilience of third-party service providers with regard to climate change, the Third-Party Assessment (performed during onboarding of new suppliers, then yearly) has been enhanced by also considering the business continuity plans adopted to manage potential adverse climate events.

83 Reputational Risk Officer.

Part E - Information on risks and related hedging policies

Beyond climate - Natural capital and Biodiversity

As a preliminary step, the Group is evaluating sources, methodologies, and frameworks to effectively address the key challenges related to biodiversity and nature.

The Group developed, with the support of an external provider, a sector-level heatmap of the loan portfolio, aiming at assessing which sectors are most exposed to nature-related risks looking at their impact on nature. The assessment is based on a synthetic score assigned to single counterparties, with the perspective of inside-out evidence, i.e., a summary of the impact that the single company can cause to the ecosystem in which it is located and carries out its activities.

The environmental factors, evaluated within the synthetic score attribution through granular KPIs both at industry level and company-specific, are listed below;

- Biodiversity loss and ecosystem degradation: land use practices are a key driver of biodiversity loss as agricultural value chains have the most direct (and often largest) impact on ecosystems and biodiversity through land use and management. Granular KPIs that have been analysed covered four of five direct pressures on biodiversity loss identified by IPBES[84] 13;
- Pollution: air, soil and water pollution and their effects are closely linked to biodiversity and ecosystem services, for example via acidification, ecotoxicity, photochemical oxidant formation, freshwater and marine water eutrophication, and ozone depleting emissions;
- Water usage: mismanagement or underdevelopment may mean that accessible water is polluted or unsanitary for human consumption. Economic water scarcity can also result from unregulated water use for agriculture or industry, often at the expense of the general population;
- Waste management: solid and hazardous waste and wastewater are all different categories of the total quantity of waste produced by a business;
- Energy efficiency: the efficient use of energy to produce goods and services, reducing energy consumption and associated pollution.

The analysis leverages on several data sources, including multiple internationally recognised databases of environmental data, and was conducted to ascertain the environmental impact by leveraging 20 granular KPIs for the 5 principal environmental factors. The assessment considered both sector-specific metrics and those pertaining clients headquarters as well as local operating units.

Synthetic and factor-specific scores were produced for each counterpart and aggregated to produce the sector-level heatmap of the loan portfolio, allowing the assessment of impact and materiality. UniCredit will keep monitoring the evolution of materiality of the risks related to natural capital and ensure dedicated policies to mitigate potential impacts.

84 Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services.

Part E - Information on risks and related hedging policies

With reference to Group involvement in green financing, it should be noted that the Group, in coherence with Commission Implementing Regulation (EU) 2022/2453 of 30 November 2022, identifies as environmentally sustainable those exposures that finance activities that contribute or enable the environmental objective of Climate Change Mitigation (CCM) in accordance with articles 10 and 16 of Regulation (EU) 2020/852 and subsequent amendments.

In detail, article 10 of the mentioned Regulation establishes that an economic activity qualifies as contributing substantially to climate change mitigation where that activity contributes substantially to the stabilisation of greenhouse gas concentrations in the atmosphere at a level which prevents dangerous anthropogenic interference with the climate system consistent with the long-term temperature goal of the Paris Agreement through the avoidance or reduction of greenhouse gas emissions or the increase of greenhouse gas removals, including through process innovations or product innovations, by (a) generating, transmitting, storing, distributing or using renewable energy; (b) improving energy efficiency; (c) increasing clean or climate-neutral mobility; (d) switching to the use of sustainably sourced renewable materials; (e) increasing the use of environmentally safe Carbon Capture and Utilisation (CCU) and Carbon Capture and Storage (CCS) technologies that deliver a net reduction in greenhouse gas emissions; (f) strengthening land carbon sinks, including through avoiding deforestation and forest degradation, restoration of forests, sustainable management and restoration of croplands, grasslands and wetlands, afforestation, and regenerative agriculture; (g) establishing energy infrastructure required for enabling the decarbonisation of energy systems; (h) producing clean and efficient fuels from renewable or carbon-neutral sources; or (i) enabling any of the activities listed in points (a) to (h).
Article 16 establishes that economic activities are contributing substantially to one or more of the environmental objectives indicated at article 9 by directly enabling other activities to make a substantial contribution to one or more of those objectives, provided that such economic activity: a) does not lead to a lock-in of assets that undermine long-term environmental goals, considering the economic lifetime of those assets; and has b) has a substantial positive environmental impact, on the basis of life-cycle considerations.

CCM exposures were identified by collecting the data reported by companies in their non-financial disclosures, considering the % of alignment, weighted by the Bank's exposure. The collection of non-financial disclosures was done leveraging on the external provider support.

On the basis of the above-mentioned definitions, it should be noted that the gross carrying amount of these exposures is equal to €2,491 million (€971 million related to UniCredit S.p.A.) with an associated Loan Loss provision of €39 million (€34 million related to UniCredit S.p.A.).
The maturity of these exposures is as follow:
- €1,958 million maturing in 5 years (€750 million related to UniCredit S.p.A.);
- €340 million maturing between 5 and 10 years (€217 million related to UniCredit S.p.A.);
- €58 million maturing between 10 and 20 years (€4 million related to UniCredit S.p.A.);
- €136 million maturing over 20 years (entirely related to other legal entities of the Group).

Part F - Consolidated shareholders' equity

Section 1 - Consolidated Shareholders' Equity

A. Qualitative information

UniCredit group deems as priority the activities of capital management and capital allocation based on the risks taken, with the aim of expanding the Group's operations in a value creation perspective. These activities are structured in the different phases of the Group planning and monitoring process and, in particular, in:

- planning and budgeting processes:
  - proposals of risks propensity and capitalisation targets;
  - analysis of risks associated with value drivers and allocation of capital to the different businesses;
  - assignment of risk-adjusted performance objectives;
  - analysis of the impact on the Group's value and the creation of value for shareholders;
  - preparation and proposal of the capital plan and dividend policy;
- monitoring processes:
  - analysis of performance achieved at Group and business unit level and preparation of managerial reports for internal and external use;
  - analysis and monitoring of targets achievements and limits respect;
  - analysis and performance monitoring of the capital ratios of the Group and of its main entities.

The Group has committed itself to generate income in excess of cost of equity creating value for its shareholders by allocating capital to the various business areas and business units on the basis of specific risk profiles. In order to support the planning and monitoring processes, the Group adopts a methodology based on risk-adjusted performance measurement (RAPM) which provides a number of indicators that combine and summarise the operating, financial and risk-related variables to be considered.

Therefore, the Group capital and its allocation are of paramount importance in the definition of corporate strategies, as, on the one hand, the Group Capital represents the shareholders' investment in the Group, which needs to be adequately remunerated, and on the other hand, it is a scarce resource subject to the external constraints set by the regulatory requirements.

In the allocation process, the definitions of capital adopted are the following:

- risk or employed capital: this is the equity component provided by shareholders (employed capital) which must be remunerated through an income generation higher than or equal to expectations (cost of equity);
- capital at risk: this is the portion of capital and reserves that is used (the budgeted amount or allocated capital) or was used to cover (at period-end - absorbed capital) the risks taken to pursue the objective of creating value.

The capital at risk is measured both in terms of capital requirements (RWEA), and in terms of Economic Capital (EC). Economic Capital is subject to Group own definitions and criteria, at such a level to cover adverse events with a high level of probability, while capital at risk based on regulatory requirements is quantified on the basis of a CET1 target ratio and taking into account the supervisory regulations in force. Capital Allocated to Business Segment is quantified by capital at risk based on regulatory requirements.

The capital management activity aims at defining the target level of capitalisation for the Group and its companies in line with supervisory regulations and the risk appetite.
UniCredit group has identified a Common Equity Tier 1 Ratio target of 12.5-13 per cent, as announced during the "UniCredit Unlocked" Strategy Day held on 9 December 2021 (https://www.unicreditgroup.eu/content/dam/unicreditgroup-eu/documents/en/Strategy-day/UniCredit_2021_Strategy-Day_PR_ENG.pdf).

The capital management activities envisage the development of the capital plan and the monitoring the regulatory capital ratios.
The monitoring activity is focused on the one hand, on capital, according to both accounting and regulatory definition (Own Funds composed by Common Equity Tier 1, Additional Tier 1, Tier 2 Capital, and liabilities eligible for MREL), and, on the other hand, on the planning and performance of Risk Weighted Exposure Amounts (RWEA) and of total exposures (the denominator of the Leverage ratio).
The capital management is intended as dynamic activity continuously aiming at identifying the most suitable investment and capital instruments (ordinary shares and other capital instruments) for achieving the defined targets and strategies. If there is a capital shortfall, the gaps to be filled and the capital generation measures that can be used are identified, and their cost and efficiency are measured through the RAPM methodology. In this context, value analysis is enhanced by the aspects regarding, among others, regulatory, accounting, financial, tax-related and risk management issues; in this way, is possible to perform the necessary assessments and to provide with the necessary instructions to the functions of the Parent Company or of the Group companies asked to implement the actions identified.

Part F - Consolidated shareholders' equity

B. Quantitative information

B.1 Consolidated Shareholders' Equity: breakdown by type of company

(€ million)

NET EQUITY ITEMS	AMOUNT AS AT 31.12.2023				
	BANKING GROUP	INSURANCE COMPANIES	OTHER COMPANIES	CONSOLIDATION ADJUSTMENTS AND ELIMINATIONS	TOTAL
1. Share Capital	**21,322**	**-**	**8**	**-**	**21,330**
2. Share premium reserve	**50**	**-**	**-**	**-**	**50**
3. Reserves	**35,141**	**207**	**1,369**	**(1,591)**	**35,126**
4. Equity instruments	**4,863**	**-**	**-**	**-**	**4,863**
5. Treasury shares	**(1,727)**	**-**	**-**	**-**	**(1,727)**
6. Revaluation reserves	**(4,932)**	**(51)**	**51**	**(1)**	**(4,933)**
- Equity instruments designated at fair value through other comprehensive income	(106)	-	2	-	(104)
- Hedge accounting of equity instruments designated at fair value through other comprehensive income	-	-	-	-	-
- Financial assets (different from equity instruments) at fair value through other comprehensive income	(323)	-	-	-	(323)
- Property, plant and equipment	1,627	-	5	-	1,632
- Intangible assets	-	-	-	-	-
- Foreign investments hedging	(193)	-	-	-	(193)
- Cash flow hedging	(357)	-	-	-	(357)
- Hedging instruments (non-designated items)	-	-	-	-	-
- Foreign Exchange differences	(3,158)	-	-	-	(3,158)
- Non-current assets and disposal groups classified as held for sale	3	-	-	-	3
- Financial liabilities designated at fair value through profit or loss (own creditworthiness changes)	(113)	-	-	-	(113)
- Actuarial gains (losses) on defined benefit plans	(2,591)	-	-	-	(2,591)
- Part of valuation reserves from investments valued at equity method	2	(51)	44	(1)	(6)
- Special revaluation laws	277	-	-	-	277
7. Profit (Loss) of the year (+/-) Minority interests	**9,535**	**120**	**271**	**(392)**	**9,534**
Total	**64,252**	**276**	**1,699**	**(1,984)**	**64,243**

B.2 Revaluation reserves of financial assets at fair value through other comprehensive income: breakdown

(€ million)

ASSETS/VALUES	AMOUNTS AS AT 31.12.2023									
	PRUDENTIAL CONSOLIDATED		INSURANCE COMPANIES		OTHER COMPANIES		CONSOLIDATION ADJUSTMENTS AND ELIMINATIONS		TOTAL	
	POSITIVE RESERVE	NEGATIVE RESERVE	POSITIVE RESERVE	NEGATIVE RESERVE	POSITIVE RESERVE	NEGATIVE RESERVE	POSITIVE RESERVE	NEGATIVE RESERVE	POSITIVE RESERVE	NEGATIVE RESERVE
1. Debt securities	353	(676)	-	-	-	-	-	-	353	(676)
2. Equity securities	301	(407)	-	-	2	-	-	-	303	(407)
3. Loans	-	-	-	-	-	-	-	-	-	-
Total 31.12.2023	**654**	**(1,083)**	**-**	**-**	**2**	**-**	**-**	**-**	**656**	**(1,083)**
Total 31.12.2022	**626**	**(1,408)**	**-**	**-**	**13**	**-**	**-**	**-**	**639**	**(1,408)**

Part F - Consolidated shareholders’ equity

B.3 Revaluation reserves of financial assets at fair value through other comprehensive income: annual change

(€ million)

ASSETS/VALUES	CHANGES IN 2023 DEBT SECURITIES	EQUITY SECURITIES	LOANS
1. Opening balance	**(623)**	**(146)**	**-**
2. Positive changes	**2,330**	**127**	**-**
2.1 Fair value increases	1,612	86	-
2.2 Net losses on impairment	10	X	-
2.3 Reclassification through profit or loss of negative reserves: following disposal	672	X	-
2.4 Transfers to other comprehensive shareholders' equity (equity instruments)	-	40	-
2.5 Other changes	36	1	-
3. Negative changes	**(2,029)**	**(85)**	**-**
3.1 Fair value reductions	(1,287)	(63)	-
3.2 Recoveries on impairment	(24)	-	-
3.3 Reclassification throught profit or loss of positive reserves: following disposal	(717)	X	-
3.4 Transfers to other comprehensive shareholders' equity (equity instruments)	-	(8)	-
3.5 Other changes	(1)	(14)	-
4. Closing balance	**(323)**	**(104)**	**-**

B.4 Revaluation reserves related to defined benefit plans: annual changes

(€ million)

	CHANGES IN 2023				
	BANKING GROUP	INSURANCE COMPANIES	OTHER COMPANIES	CONSOLIDATION ELIMINATIONS AND ADJUSTMENTS	TOTAL
1. Opening balance	**(2,404)**	**-**	**-**	**-**	**(2,404)**
2. Increases	**29**	**-**	**-**	**-**	**29**
2.1 Increases in fair value	29	-	-	-	29
2.2 Transfers to other net equity items	-	-	-	-	-
2.3 Other changes	-	-	-	-	-
3. Decreases	**(216)**	**-**	**-**	**-**	**(216)**
3.1 Decreases in fair value	(215)	-	-	-	(215)
3.2 Transfers to other net equity items	-	-	-	-	-
3.3 Other changes	(1)	-	-	-	(1)
4. Closing balance	**(2,591)**	**-**	**-**	**-**	**(2,591)**

Section 2 - Own funds and banking regulatory ratios

For this section refer to the own funds disclosure and capital adequacy reported into the UniCredit group disclosure (Pillar III).

Part G - Business combinations

Section 1 - Business combinations completed in the year

1.1 Business combinations

Business combinations with counterparties outside the Group are carried out using the “purchase method” prescribed by the accounting standard IFRS3 “Business Combinations”, cited in the disclosure of “A.2 - Main items of the accounts”, Notes to the consolidated accounts, Part A - Accounting policies.

In 2023 the Group has performed no relevant business combinations outside the Group.
For further details refer to the paragraph “Section 3 - Consolidation scope and methods”, Notes to the consolidated accounts, Part A - Accounting policies, A.1 - General.

Under its reorganization process, in 2023 the Group carried out business combinations involving companies or businesses which were already directly or indirectly controlled by UniCredit S.p.A. These transactions have no economic substance and are accounted for in the acquirer’s and acquired entity’s accounts in accordance with the continuity principle. These transactions have no effect on consolidated level.
Specifically, it should be noted that mergers by incorporation involving some legal entities belonging to UniCredit Bank GmbH sub-group have been carried out with the aim to simplify the shareholdings portfolio of real estate companies.

Section 2 - Business combinations completed after year-end

No business combinations have been completed after year end.

Section 3 - Retrospective adjustments

No retrospective adjustments have been applied in 2023 on business combinations competed in previous years.

Part H - Related-party transactions

Introduction

For the purposes of financial disclosure, in accordance with the Commission Regulation (EU) No.632/2010 of 19 July 2010, the text of IAS24 applies, which defines the concept of related party and identifies the relations between that party and the entity producing the financial statements; in addition, it is clarified that the disclosure should include, among others, transactions entered into with subsidiaries of associates and subsidiaries of joint ventures.

Pursuant to IAS24, UniCredit S.p.A.'s related parties include:
- companies belonging to UniCredit group and companies controlled by UniCredit but not consolidated;
- associates and joint ventures, as well as their subsidiaries;
- UniCredit's "Key management personnel";
- close family members of "key management personnel" and companies controlled, or jointly controlled, by key management personnel or their close family members;
- UniCredit group employee post-employment benefit plans.

Also for the management of related-party transactions refer to the discipline established by Consob Regulation No.17221/2010 as subsequently amended by Resolution No.21624 of 10 December 2020 (deriving from the provisions of Art.2391-bis of the Italian Civil Code) and by Banca d'Italia Circular No.285/2013 (Part III, Chapter 11, Section I) as well as the provisions pursuant to Art.136 of Legislative Decree No.385/1993, under which corporate officers may assume obligations towards the bank they manage, direct or control, only upon unanimous approval of the board of the bank and positive opinion of the Board of Statutory Auditors.

In this regard, UniCredit, as a listed issuer and subject to Banca d'Italia regulations, has adopted the Global Policy "Transactions with related parties, associated persons and Corporate Officers ex Art.136 CBA[85] (Consolidated Banking Act)", approved by UniCredit's Board of Directors with the positive opinion of the Related Parties Committee and of the Board of Statutory Auditors, which is published on UniCredit website (www.unicreditgroup.eu), designed to define preliminary and conclusive rules with respect to transactions executed by UniCredit, including those conducted through subsidiaries, with related parties, considering the specificities of the provisions mentioned above, and the manner in which information is disclosed to corporate bodies, the supervisory authorities and the market.
Specific guidelines contained in the Global Policy have been distributed to the company's functions and Group Legal Entities in order to systematically abide to the above-mentioned reporting requirements.
The Board of Directors set up the Related Parties Committee, in compliance with CONSOB regulatory provisions and the Banca d'Italia's supervisory regulations, consisting only of independent Directors pursuant to the Italian Corporate Governance Code.
In addition, UniCredit applies specific procedures regarding internal controls on risk activities with subjects in conflict of interests regulated in the Global Policy "Transactions with related parties, associated persons and Corporate Officers ex Art.136 CBA[85]".

During 2023, transactions carried out with related parties reported in the data streams provided by the reference standards, were executed and carried out based on assessments of the economic convenience and interests of the Group.

85 Corresponding to Italian Testo Unico Bancario.

Part H - Related-party transactions

1. Details of Key management personnels' compensation

Details of key management personnel's 2023 remuneration are given below pursuant to IAS24 and to the Circular No.262 of 22 December 2005 of Banca d'Italia (and subsequent amendments) requiring that also the Statutory Auditors' compensation be included.
Key management personnel are persons having authority and responsibility for planning, directing, and controlling UniCredit's activities, directly or indirectly. This category includes the Chief Executive Officer and the other members of the Board of Directors, the Statutory Auditors, the Chief Audit Executive and the Group Executive Committee (GEC) members, body that reports directly to the Chief Executive Officer, excluding the Heads of Group Strategy & ESG and Group Stakeholder Engagement.

Remuneration paid to key management personnel (including directors)

(€ million)

	YEAR 2023	YEAR 2022
a) short-term employee benefits	22	25
b) post-retirement benefits	1	1
of which: under defined benefit plans	-	-
of which: under defined contribution plans	*1*	*1*
c) other long-term benefits	-	-
d) termination benefits	-	5
e) share-based payments	12	7
Total	**35**	**38**

The information reported above include the compensation paid to Directors (€6 million), Statutory Auditors (€1 million) and other Managers with strategic responsibilities (€12 million), as shown in the document *"Information Tables Pursuant Art.84 -quarter (Annual Report - Section II) of the Regulation No.11971 Issued by Consob"* attached to the *"2024 Group Remuneration Policy"*, and about €16 million relating to other costs (the company share of social security contributions, accruals to severance pay funds and share-based payments using UniCredit and its subsidiaries' equity instruments).

The compensation paid shows a decrease compared to fiscal year 2022, mainly in relation to the lower payment of benefits related to the termination of employment relations during the year. There is also a shift in costs from "short-term benefits" to "share-based payments" in connection with the payment of the 2023 variable compensation exclusively in financial instruments, in line with the provisions of the 2023 Group Remuneration Policy and Report and of the 2023 Group Incentive System.

Part H - Related-party transactions

2. Related-party transactions

The following table sets out the assets, liabilities, guarantees and commitments, for each group of related parties, pursuant to IAS24.

Related-party transactions: balance sheet items

(€ million)

	AMOUNTS AS AT 31.12.2023								
	CONTROLLED NOT CONSOLIDATED ENTITIES	JOINT VENTURES	ASSOCIATED COMPANIES	KEY MANAGEMENT PERSONNEL	OTHER RELATED PARTIES	TOTAL	% ON ACCOUNTS ITEM	SHAREHOLDERS	% ON ACCOUNTS ITEM
Cash and cash balances	-	-	4	-	-	4	0.01%	8	0.01%
Financial assets at fair value through profit or loss	-	-	102	-	-	102	0.16%	751	1.16%
a) Financial assets held for trading	-	-	58	-	-	58	0.10%	387	0.68%
c) Other financial assets mandatorily at fair value	-	-	44	-	-	44	0.59%	364	4.89%
Financial assets at fair value through other comprehensive income	-	-	134	-	-	134	0.21%	-	-
Financial assets at amortised cost	20	15	852	1	1	889	0.16%	41	0.01%
a) Loans and advances to banks	-	-	191	-	1	192	0.36%	-	-
b) Loans and advances to customers	20	15	661	1	-	697	0.14%	41	0.01%
Non-current assets and disposal groups classified as held for sale	-	-	8	-	-	8	2.16%	-	-
Other assets	1	-	95	-	-	96	0.73%	2	0.02%
Total assets	**21**	**15**	**1,195**	**1**	**1**	**1,233**	**0.16%**	**802**	**0.11%**
Financial liabilities at amortised cost	30	1	6,575	10	23	6,639	1.01%	1,339	0.20%
a) Deposits from banks	-	-	5,751	-	-	5,751	8.09%	32	0.05%
b) Deposits from customers	30	1	824	10	23	888	0.18%	645	0.13%
c) Debt securities in issue	-	-	-	-	-	-	-	662	0.74%
Financial liabilities held for trading and designated at fair value	-	-	8	-	-	8	0.02%	27	0.05%
Hedging derivatives (liabilities)	-	-	-	-	-	-	-	3	0.13%
Other liabilities	16	-	22	-	-	38	0.28%	4	0.03%
Total liabilities	**46**	**1**	**6,605**	**10**	**23**	**6,685**	**0.92%**	**1,373**	**0.19%**
Guarantees given and commitments	1	-	1,102	-	-	1,103	0.31%	56	

Notes:
Shareholders and related companies holding more than 3% of voting shares in UniCredit.
The "Total assets" and "Total liabilities" values refer only to the items shown in this table.
It should be noted that the item "Commitments and guarantees given" includes revocable commitments.

The value of the percentage on accounts Item, referred to "Commitments and guarantees given", has been calculated on the total of the tables "1. Commitments and financial guarantees given (different from those designated at fair value)" and "2. Others commitments and others guarantees given" in Notes to the consolidated accounts, Part B - Consolidated balance sheet, Liabilities, Other information.

Part H - Related-party transactions

The following table sets out the impact of transactions, for each group of related parties, on Income statements, pursuant to IAS24.

Related-party transactions: profit and loss items

(€ million)

	AMOUNTS AS AT 31.12.2023								
	CONTROLLED NOT CONSOLIDATED ENTITIES	JOINT VENTURES	ASSOCIATED COMPANIES	KEY MANAGEMENT PERSONNEL	OTHER RELATED PARTIES	TOTAL	% ON ACCOUNTS ITEM	SHAREHOLDERS	% ON ACCOUNTS ITEM
10. Interest income and similar revenues	1	1	36	-	-	38	0.11%	-	-
20. Interest expenses and similar charges	(2)	-	(155)	-	-	(157)	0.80%	(40)	0.20%
30. Net interest margin	**(1)**	**1**	**(119)**	**-**	**-**	**(119)**	**0.83%**	**(40)**	**0.28%**
40. Fees and commissions income	3	-	736	-	-	739	8.96%	25	0.30%
50. Fees and commissions expenses	(1)	-	(5)	-	-	(6)	0.37%	(2)	0.12%
60. Net fees and commissions	**2**	**-**	**731**	**-**	**-**	**733**	**11.10%**	**23**	**0.35%**
70. Dividend income and similar revenues	5	-	-	-	-	5	1.64%	26	8.52%
190. Administrative expenses	(11)	-	(403)	(1)	(4)	(419)	3.84%	(3)	0.03%
a) Staff costs	(3)	-	4	(1)	-	-	-	-	-
b) Other administrative expenses	(8)	-	(407)	-	(4)	(419)	10.41%	(3)	0.07%
230. Other operating expenses/income	1	-	(29)	-	-	(28)	2.88%	(7)	0.72%

Note:
Shareholders and related companies holding more than 3% of voting shares in UniCredit.
Administrative expenses - Staff costs: positive amount indicates the prevalence of costs' recoveries.

For additional information regarding gains and losses of equity investments in associated companies, reference is made to the item "17.1 Gains (Losses) of equity investments: breakdown", Notes to the consolidated accounts, Part C - Consolidated income statement, Section 17 - Gains (Losses) of equity investments - Item 250.

The "Other related-parties IAS" category includes:
- close family members of key management personnel (i.e. those family members who, as is expected, may influence, or be influenced by, the person in question);
- companies controlled (or jointly controlled) by key management personnel or their close family members;
- Group employee post-employment benefit plans.

It should be noted that as at 31 December 2023 IAS24 Related Parties based in Russia, or controlled by Russian entities, are not subject to international sanctions.

Part H - Related-party transactions

With reference to the main related-party transactions, it is worth to note the following considerations:

- starting from 2012 the subsidiary UniCredit Services S.C.p.A. (UCS) formerly UniCredit Business Integrated Solutions S.C.p.A. (UBIS), assumed the role of operating sub-holding to provide the Group's support services both in Italy and abroad.
  On 19 April 2013, the Board of Directors of UCS approved the executive plan of the project aimed at establishing a joint venture with another major player in the industry, IBM Italia S.p.A. (IBM), for the provision of technological infrastructure services (hardware, data center, etc.) to Commercial Banking. The transaction was completed when UCS transferred, with effect from 1 September 2013, of "Information Technology" business unit to the company "Value Transformation Services S.p.A." (V-TServices), formed and controlled by IBM Italia S.p.A. Following the transaction, UCS holds 49% of V-TServices's share capital; the remaining 51% is held by IBM (which is therefore the controlling shareholder).
  On 23 December 2016, the "Restatement and Amendment Agreement" was signed between UniCredit Services and V-TS with the aim of increasing value creation and ability to catch new opportunities from technological evolution, with the extention of the term until 2026.
  The "Second Restatement and Amendment Agreement" between UniCredit Services and V-TS was signed on 22 December 2019, with effectiveness from 1 January 2020, with the extension of the term of the 3-year contract until 2029. It should be noted that starting from 1 October 2022 with effectiveness starting from 1 January 2022, UniCredit Services S.C.p.A. (UCS) has been merged in UniCredit S.p.A. and the latter has become entitled to the contracts mentioned above.
  The services provided to UniCredit group by the abovementioned companies result in an exchange of fees (administrative costs).
- in 2018, through a competitive auction process, UniCredit S.p.A. has signed long-term partnership with Allianz for the exclusive distribution of Life and Non-Life bancassurance products (excluding Credit Protection products) in Bulgaria, Croatia, Hungary, Romania, Slovenia, Czech Republic and Slovakia. The partnership was implemented in these countries, through local distribution agreements, in compliance with the all the local regulations, in the second half of 2018.
- in 2022, UniCredit and Allianz have signed a multi-country framework agreement setting the basis for enhanced collaboration. With specific focus on Italy, the agreement mainly involves: (i) the renewal of the current arrangements both in the life and non-life businesses to 2027, (ii) full access to Allianz's products, (iii) support in developing an integrated platform and service model and (iv) enhancement of training and increased marketing support. In Germany, the agreement includes further initiatives to strengthen digital bancassurance and marketing.
- in 2022, UniCredit S.p.A. has also purchased from Allianz SE the 11.72% stake in Zagrebačka Banka while Allianz Holding EINS GmbH has acquired the 16.84% minority stake held by Zagrebačka banka in the Croatian insurance company, Allianz Hrvatska.
- on 30 November 2023, following the signing of the agreements occurred on 7 July 2023, Allianz S.p.A. has acquired from UniCredit S.p.A. 50% of the issued share capital of Incontra Assicurazioni S.p.A. (on the same date UniCredit has purchased from UnipolSai Assicurazioni S.p.A. 51% of the issued share capital of Incontra Assicurazioni S.p.A.). As a result, UniCredit S.p.A. participation in Incontra Assicurazioni S.p.A. has grown from 49% to 50% of the issued share capital.
- It should be noted that distribution agreements concerning insurance products were signed with the following associates:
  - CNP UniCredit Vita S.p.A.;
  - UniCredit Allianz Assicurazioni S.p.A.;
  - UniCredit Allianz Vita S.p.A.;
  - Incontra Assicurazioni S.p.A.
- The relationships with other related parties include the relationships with external pension funds (for UniCredit S.p.A. employees), since they have separate legal personality. These transactions were conducted on the same terms and conditions as those applied to transactions with independent third parties. The relationships with these pension funds are almost entirely represented by the relationships included in Deposits from customers (and related interests).

Part I - Share-based payments

Qualitative information

1. Description of payment agreements based on own equity instruments

1.1 Outstanding instruments
Group Medium & Long Term Incentive Plans for selected employees of Group subsidiaries include the following categories:
- **Equity-Settled Share Based Payments** (Equity-Settled SBP), which provide for the delivery of shares;
- **Cash-Settled Share Based Payments** (Cash-Settled SBP), which provide for the delivery of monetary settlement linked to the economic value of UniCredit share (so called "phantom share").

The first category, Equity-Settled SBP, includes the following grants of:
- **Group Executive Incentive System (Bonus Pool)** that offer to eligible Group executives and relevant employees identified following regulatory rules, a bonus structure composed by upfront (following the moment of performance evaluation) and deferred payments in cash and in UniCredit ordinary shares, to be paid over a period of ranging from 1 to 7 years. This payment structure will guarantee the alignment to shareholder interest and will be subjected to corporate malus conditions (which applies in case specific profitability, capital and liquidity thresholds are not met at both Group and country/division level), individual malus and claw-back conditions (as legally enforceable) according to the plan rules (both non-market vesting conditions);
- **Long Term Incentive 2017-2019** that offers to eligible executives and key players of the Group an incentive 100% based on ordinary UniCredit shares, subject to 3-years deferral and to malus and claw-back conditions, as legally enforceable, according to the plan rules. The plan is structured on 3-years performance period, aligned to the UniCredit strategic plan and provides for the allocation of an award based on gateway conditions on profitability, liquidity, capital and risk position and a set of performance conditions focused on Group targets, aligned with Transform 2019;
- **Long Term Incentive 2020-2023** that provides for the allocation of incentives based on free ordinary shares, subject to the achievement of specific performance conditions to the Strategic Plan Team 23. The Plan is structured over a four-year performance period, consistent with UniCredit's Strategic Plan, and provides for the granting of the possible award in 2024. The award is subject to a 4-year deferral period, after the performance period, and to the respect during the performance period of the minimum conditions of profitability, capital requirements and liquidity as well as positive assessment of Risk Appetite Framework. According to Banca d'Italia and EBA requirements and to further strengthen the governance framework, the Plan includes rules of compliance breaches management, as well as their related impact on remuneration components, through the application of malus and claw-back clauses;
- **Share Award 2021** that regards CEO's remuneration. In order to foster the alignment with the shareholders from the start, and in lieu of the ability to set KPIs given his mandate to elaborate a new strategic plan, the Board of Directors approved for 2021 a one-off share-based award. The proposed remuneration structure for 2021 is strictly linked to the first year of the mandate. From 2022 onwards a mix of performance based long-term and short-term incentives will be applied to the CEO.

The second category, Cash-Settled SBP, includes the following grant of:
- **Group Executive Incentive System (Bonus Pool)** that offer to eligible Group executives and relevant employees of the subsidiary AO UniCredit Bank identified following regulatory rules, a bonus structure composed by upfront (determined on the basis of the performance evaluation) and deferred payments in cash and phantom share (i.e., "Share Appreciation Rights" linked to the share-value of UniCredit), to be paid over a period of time ranging from 1 to 6 years. This payment structure will guarantee the alignment to shareholder interest and will be subjected to corporate malus conditions (which applies in case specific profitability, capital and liquidity thresholds are not met at both Group and country/division level), individual malus and claw back conditions (as legally enforceable) according to the plan rules (both non-market vesting conditions).

It is also noted that, according to Banca d'Italia Circular 285 (as at 17 December 2013 and subsequent updates concerning "Remuneration and incentive policies and practices"), the equity-settled share based payments, represented by deferred payments in UniCredit ordinary shares not subject to vesting conditions, are used for the settlement of the so-called golden parachute (e.g. severance) for the relevant employees.

Part I - Share-based payments

1.2 Measurement model

1.2.1 Group Executive Incentive System (Bonus Pool)
The economic value of performance shares, for the category Equity-Settled SBP, is measured considering the share market price at the grant date less the present value of the future dividends during the vesting period.
For Cash-Settled SBP the amount delivered to beneficiaries is based on the economic value of the phantom shares, which is measured considering the arithmetic mean of the official market price of UniCredit ordinary shares during the month preceding each Board resolution executing the payment of each shares' installment after the end of the mandatory retention period. In financial statements, during the vesting period, the cash-settled SBP is measured considering the share market price at each reporting date less the present value of the future dividends.
For both categories, the economic effect and the respective reserve/liability will be accrued on a basis of instruments' vesting period.

Group Executive Incentive System "Bonus Pool 2023" - Shares and Phantom Share
The new Group Incentive System 2023 is based on a bonus pool approach, aligned with regulatory requirements and market practices, which defines:
- sustainability, through direct link with entity results and alignment with relevant risk categories, using specific indicators linked to risk-appetite framework;
- the definition of a bonus pool at Group level, with cascading at divisional level consistently with segment reporting disclosure, based on the actual divisional performance adjusted considering quality and risk indicators as well as cost of capital;
- bonuses allocated to executives and other relevant employee, identified on a basis of regulatory provisions, embedded in CRD V and in Commission Delegated Regulation (EU) 923/2021 and to other specific roles identified according to local regulations;
- payment structure has been defined in accordance with regulatory provisions qualified by Directive 2013/36/EU (CRD IV) and further updates and will be distributed in a period of maximum seven years by using a mix of shares, phantom shares and cash.

All profit and loss and net equity/liabilities effects related to the plan will be booked during the vesting period.

The plan is divided into clusters, each of which can have three or six installments of share-based payments spread over a period defined according to plan rules.

	SHARES GRANTED GROUP EXECUTIVE INCENTIVE SYSTEM - BONUS POOL 2023					
	INSTALLMENT (2025)	INSTALLMENT (2026)	INSTALLMENT (2027)	INSTALLMENT (2028)	INSTALLMENT (2029)	INSTALLMENT (2030)
Date of bonus opportunity economic value granting	16-Feb-2023	16-Feb-2023	16-Feb-2023	16-Feb-2023	16-Feb-2023	16-Feb-2023
Date of Board resolution (to determine number of shares)	31-Mar-2023	31-Mar-2023	31-Mar-2023	31-Mar-2023	31-Mar-2023	31-Mar-2023
Vesting period start date	01-Jan-2023	01-Jan-2023	01-Jan-2023	01-Jan-2023	01-Jan-2023	01-Jan-2023
Vesting period end date	31-Dec-2023	31-Dec-2024	31-Dec-2025	31-Dec-2026	31-Dec-2027	31-Dec-2028
UniCredit share market price [€]	17.675	17.675	17.675	17.675	17.675	17.675
Economic value of vesting conditions [€]	-2.211	-3.733	-5.391	-7.006	-8.577	-10.107
Performance shares' fair value per unit at grant date [€]	**15.464**	**13.942**	**12.284**	**10.669**	**9.098**	**7.568**

	PHANTOM SHARES GRANTED GROUP EXECUTIVE INCENTIVE SYSTEM - BONUS POOL 2023					
	INSTALLMENT (2025)	INSTALLMENT (2026)	INSTALLMENT (2027)	INSTALLMENT (2028)	INSTALLMENT (2029)	INSTALLMENT (2030)
Date of bonus opportunity economic value granting	16-Feb-2023	16-Feb-2023	16-Feb-2023	16-Feb-2023	16-Feb-2023	16-Feb-2023
Date of Board resolution (to determine number of shares)	31-Mar-2023	31-Mar-2023	31-Mar-2023	31-Mar-2023	31-Mar-2023	31-Mar-2023
Vesting period start date	01-Jan-2023	01-Jan-2023	01-Jan-2023	01-Jan-2023	01-Jan-2023	01-Jan-2023
Vesting period end date	31-Dec-2023	31-Dec-2024	31-Dec-2025	31-Dec-2026	31-Dec-2027	31-Dec-2028
UniCredit share market price at grant date [€]	17.675	17.675	17.675	17.675	17.675	17.675
UniCredit share market price at reporting date [€]	23.850	23.850	23.850	23.850	23.850	23.850
Economic value of vesting conditions [€]	-1.254	-2.813	-4.519	-6.189	-7.821	-9.414
Performance shares' fair value per unit at reporting date [€] (*)	**22.596**	**21.037**	**19.331**	**17.661**	**16.029**	**14.436**

Note:
The same performance shares' FV has been used for the valuation of phantom shares granted with the Bonus Pool 2022.

Part I - Share-based payments

1.2.2 Long Term Incentive Plan 2017-2019

The economic value of performance shares is measured considering the share market price at the grant date less the present value of the future dividends during the vesting period.
The plan is divided into clusters, based on the beneficiary position, each of which can have from one to four installments of share-based payments spread over a period defined according to plan rules.

1.2.3 Long Term Incentive Plan 2020-2023

The economic value of performance shares is measured considering the share market price at the grant date less the present value of the future dividends during the vesting period.
The plan is divided into clusters, based on the beneficiary position, each of which can have from one to five installments of share-based payments spread over a period defined according to plan rules.

1.2.4 Share Award 2021

The economic value of performance shares is measured considering the share market price at the grant date less the present value of the future dividends during the vesting period.

Quantitative information

1. Annual changes

Other UniCredit equity instruments: Performance Shares

ITEMS/NUMBER OF OTHER EQUITY INSTRUMENTS AND EXERCISE PRICE		YEAR 2023			YEAR 2022		
		NUMBER OF OTHER EQUITY INSTRUMENTS	AVERAGE EXERCISE PRICE [€]	AVERAGE MATURITY	NUMBER OF OTHER EQUITY INSTRUMENTS	AVERAGE EXERCISE PRICE [€]	AVERAGE MATURITY
A.	**Outstanding at beginning of period**	**24,700,199**	**-**	**Nov-2023**	**18,120,625**	**-**	**Jun-2022**
B.	**Increases**	**8,659,946**	**-**		**14,582,439**	**-**	
B.1	New issues	8,659,946	-		14,582,439	-	
B.2	Other	-	-		-	-	
C.	**Decreases**	**8,991,782**	**-**		**8,002,865**	**-**	
C.1	Forfeited	3,483,615	-		1,191,553	-	
C.2	Exercised	5,508,167	-		6,811,312	-	
C.3	Expired	-	-		-	-	
C.4	Other	-	-		-	-	
D.	**Outstanding at end of period**	**24,368,363**	**-**	**Sept-24**	**24,700,199**	**-**	**Nov-2023**
E.	**Vested instruments at end of period**	**7,282,469**	**-**		**5,938,709**	**-**	

Notes:
As far as the 2023 movement is concerned, the average market price at the exercise date is equal to €19.43 (€15.35 was the price observed at exercise date for 2022 dynamic).
UniCredit undertakes to grant, conditional upon achieving performance targets set in the strategic plan 24,368,363 ordinary shares at the end of 2023 (24,700,199 ordinary shares at the end of 2022).

2. Other Information

Effects on Profit and Loss

All Share-Based Payment granted after 7 November 2002 whose vesting period ends after 1 January 2005 are included within the scope of the IFRS2.

Financial statement presentation related to share based payments

(€ million)

	2023		2022	
	TOTAL	VESTED PLANS	TOTAL	VESTED PLANS
(Costs)/Revenues	**(76)**		**(57)**	
- connected to equity-settled plans	*(72)*		*(55)*	
- connected to cash-settled plans	*(4)*		*(2)*	
Debts for cash-settled plans	**6**	**-**	**4**	**-**

Note:
The sub-item "connected to equity-settled plans" includes costs for €3.8 million related to golden parachute.

Part L - Segment reporting

Organisational structure

The organizational structure of the Group is divided into geographical areas as follows:

- Italy;
- Germany;
- Central Europe (including Austria, Czech Republic and Slovakia, Hungary, Slovenia);
- Eastern Europe (including Bosnia and Herzegovina, Bulgaria, Croatia, Romania, Serbia);
- Russia.

Starting from the first quarter of 2022, the Group's organizational structure has been updated by isolating activities in Russia and cross-border exposure booked in UniCredit S.p.A. towards this country in a specific segment of Segment Reporting.
In addition to Russia, also Central Europe and Eastern Europe includes cross-border exposure booked in UniCredit S.p.A.
This organization ensures Country and local Banks autonomy on specific activities granting proximity to the customers (for all client segment, Retail and Corporate) and efficient decisional processes.
All standalone geographies of the Group have dedicated support functions such as: People and Culture, Finance, Digital & Information Office, and Operations. In addition, Compliance, Legal and Risk have established specific regional departments.
Alongside the new five geographical areas there is Group Corporate Centre with the objective to lead, control and support the management of the assets and related risks of the Group as a whole and of the single Group companies in their respective areas of competence; it also includes the Group’s Legal Entities that are going to be dismissed.

The Segment Reporting has been re-shaped according to the described Group organization.

Part L - Segment reporting

A - Primary segment

A.1 - Breakdown by business segment: income statement

	ITALY	GERMANY	CENTRAL EUROPE	EASTERN EUROPE	RUSSIA	GROUP CORPORATE CENTRE	CONSOLIDATED GROUP TOTAL 31.12.2023
Net interest	6,332	2,689	2,741	1,854	798	(409)	14,005
Dividends	125	3	304	6	2	18	459
Fees	4,062	1,448	1,151	664	198	(60)	7,463
Trading income	384	1,256	17	61	42	85	1,845
Other expenses/income	(40)	34	47	6	143	(118)	72
Revenue	**10,864**	**5,430**	**4,260**	**2,591**	**1,183**	**(484)**	**23,843**
HR costs	(2,320)	(1,333)	(879)	(441)	(120)	(768)	(5,861)
Non HR costs	(1,735)	(987)	(684)	(306)	(70)	708	(3,075)
Recovery of expenses	420	7	59	0	-	55	542
Amortisations and depreciations	(259)	(95)	(121)	(106)	(38)	(458)	(1,078)
Operating Costs	**(3,893)**	**(2,408)**	**(1,625)**	**(853)**	**(228)**	**(464)**	**(9,471)**
GROSS OPERATING PROFIT (LOSS)	**6,970**	**3,022**	**2,635**	**1,737**	**955**	**(948)**	**14,372**
Loan loss provisions (LLPs)	(399)	(179)	(41)	72	(5)	3	(548)
OPERATING NET PROFIT	**6,572**	**2,844**	**2,594**	**1,810**	**950**	**(945)**	**13,823**
Other charges and provisions	(488)	(192)	(244)	(80)	(23)	(13)	(1,041)
Integration costs	(354)	(335)	(211)	(28)	(10)	(122)	(1,060)
Net income from investments	(151)	(188)	87	9	(31)	3	(272)
PROFIT (LOSS) BEFORE TAX	**5,579**	**2,128**	**2,226**	**1,710**	**886**	**(1,077)**	**11,451**

The figures refer to the Reclassified income statement.

A.2 - Breakdown by business segment: balance sheet amounts and RWEA

BALANCE SHEET AMOUNTS	ITALY	GERMANY	CENTRAL EUROPE	EASTERN EUROPE	RUSSIA	GROUP CORPORATE CENTRE	CONSOLIDATED GROUP TOTAL 31.12.2023
CUSTOMERS LOANS (NET REPOS AND IC)	152,055	125,125	95,367	33,570	3,152	208	**409,478**
CUSTOMERS DEPOS (NET REPOS AND IC)	188,434	138,192	93,450	47,104	7,208	(5)	**474,383**
TOTAL RISK WEIGHTED EXPOSURE AMOUNTS (BASEL 3)	106,470	69,520	60,492	28,743	14,283	5,039	**284,548**

A.3 - Staff

	ITALY	GERMANY	CENTRAL EUROPE	EASTERN EUROPE	RUSSIA	GROUP CORPORATE CENTRE	CONSOLIDATED GROUP TOTAL 31.12.2023
STAFF							
Employees (FTE)	26,678	9,548	10,201	13,031	3,153	8,141	**70,752**

Part L - Segment reporting

A.1 - Breakdown by business segment: income statement

	ITALY	GERMANY	CENTRAL EUROPE	EASTERN EUROPE	RUSSIA	GROUP CORPORATE CENTRE	CONSOLIDATED GROUP TOTAL 31.12.2022
Net interest	4,232	2,593	2,167	1,261	757	(342)	10,669
Dividends	133	4	133	7	13	17	306
Fees	4,320	1,427	1,152	639	161	(75)	7,625
Trading income	439	919	(69)	58	402	27	1,776
Other expenses/income	(28)	106	27	22	(75)	(98)	(47)
Revenue	**9,096**	**5,050**	**3,410**	**1,987**	**1,257**	**(471)**	**20,329**
HR costs	(2,333)	(1,417)	(858)	(430)	(147)	(732)	(5,918)
Non HR costs	(1,722)	(995)	(672)	(281)	(83)	770	(2,984)
Recovery of expenses	395	3	51	0	-	53	503
Amortisations and depreciations	(305)	(109)	(123)	(102)	(53)	(456)	(1,149)
Operating Costs	**(3,966)**	**(2,518)**	**(1,603)**	**(813)**	**(283)**	**(364)**	**(9,547)**
GROSS OPERATING PROFIT (LOSS)	**5,131**	**2,532**	**1,807**	**1,174**	**974**	**(835)**	**10,782**
Loan loss provisions (LLPs)	(317)	(392)	(117)	(184)	(882)	(2)	(1,894)
OPERATING NET PROFIT	**4,813**	**2,140**	**1,690**	**989**	**92**	**(837)**	**8,888**
Other charges and provisions	(533)	(263)	(236)	(111)	(24)	74	(1,093)
Integration costs	(184)	(81)	20	(12)	(21)	(47)	(324)
Net income from investments	241	5	(115)	15	(321)	(7)	(182)
PROFIT (LOSS) BEFORE TAX	**4,337**	**1,801**	**1,359**	**881**	**(273)**	**(816)**	**7,289**

The figures refer to the Reclassified income statement.

A.2 - Breakdown by business segment: balance sheet amounts and RWEA

(€ million)

BALANCE SHEET AMOUNTS	ITALY	GERMANY	CENTRAL EUROPE	EASTERN EUROPE	RUSSIA	GROUP CORPORATE CENTRE	CONSOLIDATED GROUP TOTAL 31.12.2022
CUSTOMERS LOANS (NET REPOS AND IC)	168,369	129,871	95,832	31,425	6,596	349	**432,441**
CUSTOMERS DEPOS (NET REPOS AND IC)	198,962	146,580	93,651	43,954	8,677	(7)	**491,817**
TOTAL RISK WEIGHTED EXPOSURE AMOUNTS (BASEL 3)	118,926	81,130	60,756	26,866	16,143	4,645	**308,466**

A.3 - Staff

	ITALY	GERMANY	CENTRAL EUROPE	EASTERN EUROPE	RUSSIA	GROUP CORPORATE CENTRE	CONSOLIDATED GROUP TOTAL 31.12.2022
STAFF							
Employees (FTE)	27,989	10,779	10,542	13,595	3,416	8,719	**75,040**

Part L - Segment reporting

B - Secondary segment

The Secondary segment Reporting is presented by client segment (Retail and Corporate), coherently with Strategic Plan “UniCredit Unlocked”, disclosed to the market in December 2021.

(€ million)

AMOUNTS AS AT 31.12.2023	REVENUE	CUSTOMERS LOANS(*)	TOTAL RWEA Eop
Retail	12,025	143,265	66,760
Corporates	12,524	263,319	167,778
Central Functions	(705)	2,893	50,010
Total	**23,843**	**409,478**	**284,548**

Note:
(*) The “customers loans” are net of repos and intercompany transactions.

(€ million)

AMOUNT AS AT 31.12.2022	REVENUE	CUSTOMERS LOANS(*)	TOTAL RWEA Eop
Retail	9,387	147,654	68,307
Corporates	10,964	279,793	189,381
Central Functions	(21)	4,994	50,778
Total	**20,329**	**432,441**	**308,466**

Note:
(*) The “customers loans” are net of repos and intercompany transactions.

The figures refer to the Reclassified income statement.
Figures as of 2022 were recast, where necessary, on a like-to-like basis to consider changes in scope of business segment and methodological reporting.

Part M - Information on leases

Section 1 - Lessee

Qualitative information

The Group in conducting its business, signs lease contracts for which accounts for rights of use that mainly relate to the following type of tangible assets:
- lands;
- buildings;
- others (e.g., electronic systems, cars).

These contracts are accounted for in accordance with rules set in accounting standard IFRS16 further detailed in Part A - Accounting policies, A.2 - Main items of the accounts (refer to this section).
The rights of use deriving from these lease contracts are mainly used to provide for services or for administrative purposes and accounted for according to the cost method. If these rights of use are sub-leased to third parties, a financial or operating lease contract is booked based on their characteristics.

As allowed by the accounting standard, the Group has decided not to account for rights of use or lease liabilities in case of:
- short-term leases, lower than 12 months; and
- lease of low value assets. In this regard, an asset is considered as low value if its fair value when new is equal to or lower than €5 thousand. This category mainly includes office machines (PCs, monitors, tablets, etc.) as well as fixed and mobile telephony devices.

The lease payments deriving from this type of activity are booked in item “190. Administrative expenses” on an accrual basis.

Quantitative information

The book value of the rights of use arising from lease contracts are exposed in the paragraph “Section 9 - Property, plant and equipment - Item 90”, Notes to the consolidated accounts, Part B - Consolidated balance sheet - Assets.
During the year, these rights of use resulted in the recognition of depreciations for €296.4 million of which:
- €0.6 million relating to lands;
- €289.7 million relating to buildings;
- €6.1 million relating to the category other (e.g., electronic systems, cars).

In addition, impairment (net of reversal) for €45.4 million has been booked.

With reference to lease liabilities, the related book value is shown in the paragraph “Section 1 - Financial liabilities at amortised cost - Item 10”, Notes to the consolidated accounts, Part B - Consolidated balance sheet, Liabilities.
During the year, these lease liabilities led to the recognition of interest expenses shown in the paragraph “Section 1 - Interests - Items 10 and 20”, Notes to the consolidated accounts, Part C - Consolidated income statement.

With reference to short-term leases and leases of low value assets, it should be noted that during the year, rentals were accounted for €92.5 million. It should be note that such amount also includes VAT on rentals which is not included in the lease liability calculation.

Finally, with reference to the sublease contracts, it should be noted that these contracts determined interest income for €1.8 million during the year if classified as financial leases and other operating income for €3.3 million if classified as operating leases.
For the purposes of determining the lease term, the Group considers the non-cancellable period established by the contract, during which the lessee has the right to use the underlying asset as well as any renewal options where the lessee has reasonable expectation to proceed with the renewal.
In particular, with reference to contracts that provide the lessee with the option to automatically renew the lease at the end of a first period, the lease term is determined considering elements such as the duration of the first period, the existence of any plan leading to the disposal of the asset leased as well as any other circumstance indicating the reasonable certainty of renewal.
Therefore, the amount of cash flows, not reflected in the calculation of the lease liability, to which the Group is potentially exposed, is essentially due to the possible renewal of lease contracts and the subsequent extension of the lease term not included in the original calculation of the lease liabilities taking into account the information available and expectations existing as at 1 January 2019 (date of initial application of IFRS16) or on the starting date of the lease.

Part M - Information on leases

Section 2 - Lessor

Qualitative information

Financial leasing activities are exposed through the recognition of a credit for financial leases recognised in item “40. Financial assets at amortised cost”, of the related income on an accrual basis in item "10. Interest income and similar revenues" and of the impairment for the expected credit loss in item “130. Net losses/recoveries on credit impairment”.

Operating leasing activities, on the other hand, are essentially attributable to the leasing of owned properties to parties external to the Group. These contracts are represented through the recognition, on an accrual basis, of the rentals received in item “230. Other operating expenses/income”.

Quantitative information

1. Balance sheet and Income statement information

With reference to financial lease contracts, the book value of credit for financial leases is shown in the paragraph “Section 4 - Financial assets at amortised cost - Item 40”, Notes to the consolidated accounts, Part B - Consolidated balance sheet - Assets.
Such loans determined, during the year, interest income shown in the paragraph “Section 1 - Interests - Items 10 and 20”, Notes to the consolidated accounts, Part C - Consolidated income statement.

With reference to operating lease contracts, it should be noted that the book value of the owned assets granted under operating lease is composed as follows:
- lands: €178.9 million;
- buildings: €322.7 million;
- other: €580.4 million.

Rentals recognised on an accrual basis during the year for leasing of these activities are shown in the paragraph “Section 16 - Other operating expenses/income“, Notes to the consolidated accounts, Part C - Consolidated income statement.

2. Financial leases

2.1 Classification for time bucket of Payments to be received and Reconciliation with Lease Loans booked in the Assets

(€ million)

TIME BUCKET	31.12.2023 PAYMENTS TO BE RECEIVED FOR LEASE	31.12.2022 PAYMENTS TO BE RECEIVED FOR LEASE
Up to 1 year	3,422	3,439
1 year to 2 years	2,762	2,794
2 year to 3 years	2,340	2,314
3 year to 4 years	1,813	1,905
4 year to 5 years	1,376	1,444
Over 5 years	3,100	3,695
Total Payments to be received for lease	**14,813**	**15,591**
RECONCILIATION WITH LOANS		
Unpaid Financial Profits (-)	1,633	1,554
Not guaranteed Residual Amount (-)	-	-
Lease Loans	**13,180**	**14,037**

The value shown in the table represents the gross exposure, this value is decreased by impairment, equal to €643 million on a cumulated basis, leading to the amount of €12,537 million shown in the paragraph “Section 4 - Financial assets at amortised cost - Item 40”, Notes to the consolidated accounts, Part B - Consolidated balance sheet - Assets.

Part M - Information on leases

2.2 Other information

With regard to financial leases, the credit risk associated with the contract is managed according to what is stated in the paragraph "2.1 Credit risk", Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated, refer to this section.

The classification of the contract as a financial lease is determined by the fact that the risks and rewards of ownership of the asset are transferred to the lessee for the whole lease term and the contract contains an option to purchase the asset at conditions that determines non-economic the non-exercise of the option, or the contract has a duration substantially aligned with the useful life of the asset leased. Such condition is also satisfied in case of contracts that do not contain an option to purchase the asset or have a lease term significantly lower than useful life of the asset leased, but are complemented by agreements with third parties that guarantee the purchase of the asset at the end of the lease contract.

3. Operating leases

3.1 Classification for time bucket of Payments to be received

(€ million)

TIME BUCKET	31.12.2023 PAYMENTS TO BE RECEIVED FOR LEASE	31.12.2022 PAYMENTS TO BE RECEIVED FOR LEASE
Up to 1 year	138	128
1 year to 2 years	96	82
2 year to 3 years	72	60
3 year to 4 years	49	40
4 year to 5 years	28	25
Over 5 years	64	101
Total	**447**	**436**

3.2 Other information

There is no further significant information to report compared to the above.

Consolidated Financial Statements Certification pursuant to Art.81-ter of Consob Regulation No.11971/99, as amended

1. The undersigned Andrea Orcel (as Chief Executive Officer) and Bonifacio Di Francescantonio (as the Manager charged with preparing the financial reports) of UniCredit S.p.A., also in compliance with Art.154-bis, (paragraphs 3 and 4) of Italian Legislative Decree No.58 of 24 February 1998, hereby certify:
   - the adequacy in relation to the Legal Entity's features and
   - the actual application of the administrative and accounting procedures employed to draw up the 2023 Consolidated Financial Statements.

2. The adequacy of administrative and accounting procedures employed to draw up the 2023 Consolidated Financial Statements has been evaluated by applying a model developed by UniCredit S.p.A., in accordance with the "Internal Control - Integrated Framework (CoSO)" and the "Control Objective for IT and Related Technologies (Cobit)", which represent generally accepted international standards for internal control system and for financial reporting in particular.

3. The undersigned also certify that:
   3.1 the 2023 Consolidated Financial Statements:
      a) were prepared in compliance with applicable international accounting standards recognised by the European Community pursuant to European Parliament and Council Regulation No.1606/2002 of 19 July 2002;
      b) correspond to the results of the accounting books and records;
      c) are suitable to provide a fair and correct representation of the economic and financial situation of the issuer and of the group of companies included in the scope of consolidation;
   3.2 the Report on Operations includes a reliable analysis of the operating trend and results, as well as of the situation of the issuer and of the Legal Entities included in the scope of consolidation, together with a description of the main risks and uncertainties they are exposed to.

Milan, 29 February 2024

Andrea ORCEL

Bonifacio DI FRANCESCANTONIO

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(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

To the shareholders of
UniCredit S.p.A.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of the UniCredit Group (the "group"), which comprise the balance sheet as at 31 December 2023, the income statement and the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include material information the accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the UniCredit Group as at 31 December 2023 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and article 43 of Legislative decree no. 136/15.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the consolidated financial statements*" section of our report. We are independent of UniCredit S.p.A. (the "parent") in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Measurement of loans and receivables with customers recognised under financial assets at amortised cost

Notes to the consolidated accounts "Part A - Accounting policies": paragraph A.2.3 "Financial assets at amortised cost"

Notes to the consolidated accounts "Part B - Consolidated balance sheet - Assets": section 4 "Financial assets at amortised cost"

Notes to the consolidated financial statements "Part C - Information on the income statement": section 8 "Net impairment losses/gains for credit risk"

Notes to the consolidated accounts "Part E - Information on risks and related hedging policies": paragraph 2.1 "Credit risk"

Key audit matter	Audit procedures addressing the key audit matter
Lending to customers is one of the group's core activities. Loans and receivables with customers recognised under financial assets at amortised cost totalled €503,589 million at 31 December 2023, accounting for 64% of total assets. Net impairment losses on loans and receivables with customers recognised in profit or loss during the year totalled €460 million. For classification purposes, the directors make analyses that are sometimes complex in order to identify those positions that show evidence of both a significant increase in credit risk and impairment after disbursement. To this end, they consider both internal information about the performance of exposures and external information about the reference sector or the borrowers' overall exposure to banks. Measuring loans and receivables with customers is a complex activity, with a high degree of uncertainty and subjectivity, with respect to which the directors apply internal valuation models that consider many quantitative and qualitative factors, including historical collection flows, expected cash flows and related estimated collection dates, the existence of any indicators of impairment, an assessment of any guarantees, the impact of macroeconomic variables, future scenarios and risks of the sectors in which the parent's and the group companies' customers operate. The complexity of the directors' estimation process is affected by the heightened geopolitical uncertainties, which have worsened current economic conditions and the outlook for future macroeconomic scenarios and have had a strong impact on the energy market, supply chains, inflationary pressure and its effect on monetary policies, leading central banks to raise interest rates in the main economies, and the property market's trends and indicators. This required the directors to revisit the valuation processes and methods.	Our audit procedures included: • gaining an understanding of the parent's and group companies' processes and IT environments in relation to the disbursement, monitoring, classification and measurement of loans and receivables with customers; • assessing the design and implementation of controls and performing procedures to assess the operating effectiveness of material controls, especially in relation to the identification of exposures with indicators of impairment and the calculation of impairment losses; • analysing the classification criteria used for allocating loans and receivables with customers to the IFRS 9 categories (staging); • analysing the individual and collective impairment assessment policies and models used and checking the reasonableness of the main assumptions and variables included therein, as well as the adjustments made as a result of the financial effects of the geopolitical situation. We carried out these procedures with the assistance of experts of the KPMG network; • selecting a sample of exposures tested collectively, checking the application of the measurement models applied and checking that the impairment rates applied complied with those provided for in such models; • selecting a sample of exposures tested individually and checking the reasonableness of the indicators of impairment identified and of the assumptions about their recoverability, including considering the guarantees received;

Key audit matter	Audit procedures addressing the key audit matter
For the above reasons, we believe that the measurement of loans and receivables with customers recognised under financial assets at amortised cost is a key audit matter.	• analysing the significant changes in the loan and receivable categories and in the related impairment rates compared to the previous years' figures and discussing the results with the relevant internal departments; • assessing the appropriateness of the disclosures about loans and receivables with customers recognised under financial assets measured at amortised cost.

Measurement of financial assets and liabilities at fair value levels 2 and 3

Notes to the consolidated accounts "Part A – Accounting policies": paragraphs A.2.1 "Financial assets at fair value through profit or loss", A.2.2 "Financial assets at fair value through other comprehensive income", A.2.4 "Hedge accounting", A.2.12 "Financial liabilities held for trading", A.2.13 "Financial liabilities designated at fair value" and A.4 "Information on fair value"

Notes to the consolidated accounts "Part B - Consolidated balance sheet - Assets": section 2 "Financial assets at fair value through profit or loss", 3 "Financial assets at fair value through other comprehensive income" and 5 "Hedging derivatives"

Notes to the consolidated accounts "Part B - Consolidated balance sheet - Liabilities": sections 2 "Financial liabilities held for trading", 3 "Financial liabilities designated at fair value" and 4 "Hedging derivatives"

Notes to the consolidated accounts "Part C - Consolidated income statement": sections 4 "Gains (Losses) on financial assets and liabilities held for trading", 5 "Fair value adjustments in hedge accounting" and 7 "Net gains (losses) on other financial assets/liabilities at fair value through profit or loss"

Notes to the consolidated accounts "Part E - Information on risks and related hedging policies": paragraphs 2.2 "Market risks" and 2.3 "Derivative instruments and hedging policies"

Key audit matter	Audit procedures addressing the key audit matter
Trading in and holding financial instruments are two of the parent's and group companies' core activities. The consolidated financial statements at 31 December 2023 include financial assets and financial liabilities at fair value totalling €130,036 million and €52,428 million, respectively. A portion thereof, equal to €50,255 million and €40,836 million, respectively, is made up of financial assets and liabilities at fair value without a quoted price on an active market. The parent's and group companies' directors have classified them in levels 2 and 3 of the fair value hierarchy. Measuring fair value levels 2 and 3 financial instruments requires a high level of judgement given the complexity of the models and parameters used.	Our audit procedures included: • gaining an understanding of the parent's and group companies' processes and IT environments in relation to the trading, classification and measurement of financial instruments; • assessing the design and implementation of controls and performing procedures to assess the operating effectiveness of material controls, especially in relation to the classification and measurement of financial instruments with fair value levels 2 and 3, also in the light of the financial effects of geopolitical situation; • checking, on a sample basis, that the financial instruments had been correctly classified on the basis of their fair value level;

Key audit matter	Audit procedures addressing the key audit matter
Such complexity is affected by the heightened geopolitical uncertainties and their impact on the on the main economic and financial variables. For the above reasons, we believe that the measurement of financial assets and liabilities at fair value levels 2 and 3 is a key audit matter.	• for a sample of financial instruments with fair value levels 2 and 3, assessing the reasonableness of the parameters used by the directors for their measurement, also in the light of the financial effects of the geopolitical situation; we carried out these procedures with the assistance of experts of the KPMG network; • analysing the changes in the composition of the financial instrument portfolios compared to the previous year end and discussing the results with the relevant internal departments; • assessing the appropriateness of the disclosures about financial instruments and related fair value levels.

Responsibilities of the parent's directors and board of statutory auditors ("Collegio Sindacale") for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and article 43 of Legislative decree no. 136/15 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the group's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the consolidated financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the parent or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the measures taken to eliminate those threats or the safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

Other information required by article 10 of Regulation (EU) no. 537/14

On 9 April 2020, the parent's shareholders appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2022 to 31 December 2030.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the parent in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

Opinion on the compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The parent's directors are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF) to the consolidated financial statements at 31 December 2023 to be included in the annual financial report.

We have performed the procedures required by Standard on Auditing (SA Italia) 700B in order to express an opinion on the compliance of the consolidated financial statements with Commission Delegated Regulation (EU) 2019/815.

In our opinion, the consolidated financial statements at 31 December 2023 have been prepared in XHTML format and have been marked up, in all material respects, in compliance with the provisions of Commission Delegated Regulation (EU) 2019/815.

Due to certain technical limitations, some information included in the notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML format.

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The parent's directors are responsible for the preparation of the group's reports on operations and on corporate governance and ownership structure at 31 December 2023 and for the consistency of such reports with the related consolidated financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the report on operations and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the group's consolidated financial statements at 31 December 2023 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the group's consolidated financial statements at 31 December 2023 and have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Statement pursuant to article 4 of the Consob regulation implementing Legislative decree no. 254/16

The directors of UniCredit S.p.A. are responsible for the preparation of a non-financial statement pursuant to Legislative decree no. 254/16. We have checked that the directors had approved such non-financial statement. In accordance with article 3.10 of Legislative decree no. 254/16, we attested the compliance of the non-financial statement separately.

Milan, 11 March 2024

KPMG S.p.A.

(signed on the original)

Mario Corti
Director

Annex 1 - Reconciliation between reclassified balance sheet and income statement accounts and mandatory reporting schedules

A reconciliation of the reclassified balance sheet and profit and loss account to the mandatory reporting schedules, is provided below.
An explanation for the restatement of comparative figures is provided in the previous sections.

Consolidated balance sheet

(€ million)

ASSETS	AMOUNTS AS AT 31.12.2023	31.12.2022
Cash and cash balances	61,000	111,776
Item 10. Cash and cash balances	*61,000*	*111,776*
Financial assets held for trading	57,274	64,443
Item 20. Financial assets at fair value through profit or loss: a) Financial assets held for trading	*57,274*	*64,443*
Loans to banks	39,434	45,707
Item 40. Financial assets at amortised cost: a) Loans and advances to banks	*53,389*	*57,798*
less: Reclassification of debt securities in Other financial assets	*(14,004)*	*(12,135)*
less: Reclassification of leasing assets IFRS16 in Other financial assets	*(1)*	*(2)*
+ Reclassification of loans from Other financial assets - Item 20 c)	*50*	*48*
Change in Balance Sheet 262 due to recast Wealthcap back to use	*-*	*(3)*
Loans to customers	429,452	455,781
Item 40. Financial assets at amortised cost: b) Loans and advances to customers	*503,589*	*524,964*
less: Reclassification of debt securities in Other financial assets	*(75,746)*	*(70,969)*
less: Reclassification of leasing assets IFRS16 in Other financial assets	*(85)*	*(45)*
+ Reclassification of loans from Other financial assets - Item 20 c)	*1,696*	*1,930*
Change in Balance Sheet 262 due to recast Wealthcap back to use	*-*	*(99)*
Other financial assets	162,953	148,116
Item 20. Financial assets at fair value through profit or loss: b) Financial assets designated at fair value	*220*	*323*
Item 20. Financial assets at fair value through profit or loss: c) Other financial assets mandatorily at fair value	*7,520*	*8,408*
less: Reclassification of loans in Loans to banks	*(50)*	*(48)*
less: Reclassification of loans in Loans to customers	*(1,696)*	*(1,930)*
Item 30. Financial assets at fair value through other comprehensive income	*63,097*	*54,887*
Item 70. Equity investments	*4,025*	*3,543*
+ Reclassification of debt securities from Loans to banks - Item 40 a)	*14,004*	*12,135*
+ Reclassification of debt securities from Loans to customers - Item 40 b)	*75,746*	70,969
+ Reclassification of leasing assets IFRS16 from Loans to banks - Item 40 a)	*1*	*2*
+ Reclassification of leasing assets IFRS16 from Loans to customers - Item 40 b)	*85*	*45*
Change in Balance Sheet 262 due to recast Wealthcap back to use	*-*	*(217)*
Hedging instruments	(1,340)	(3,725)
Item 50. Hedging derivatives	*1,925*	*2,851*
Item 60. Changes in fair value of portfolio hedged items (+/-)	*(3,264)*	*(6,576)*
Property, plant and equipment	8,628	9,164
Item 90. Property, plant and equipment	*8,628*	*9,492*
Change in Balance Sheet 262 due to recast Wealthcap back to use	*-*	*(329)*
Goodwill	-	-
Item 100. Intangible assets of which: goodwill	*-*	*-*
Other intangible assets	2,272	2,350
Item 100. Intangible assets net of goodwill	*2,272*	*2,354*
Change in Balance Sheet 262 due to recast Wealthcap back to use	*-*	*(5)*
Tax assets	11,818	13,120
Item 110. Tax assets	*11,818*	*13,125*
Change in Balance Sheet 262 due to recast Wealthcap back to use	*-*	*(5)*
Non-current assets and disposal groups classified as held for sale	370	1,229
Item 120. Non-current assets and disposal groups classified as held for sale	*370*	*528*
Change in Balance Sheet 262 due to recast Wealthcap back to use	*-*	*701*
Other assets	13,112	9,812
Item 130. Other assets	*13,111*	*9,857*
Change in Balance Sheet 262 due to recast Wealthcap back to use	*-*	*(45)*
Total assets	**784,974**	**857,773**

Annex 1 - Reconciliation between reclassified balance sheet and income statement accounts and mandatory reporting schedules

continued: Consolidated balance sheet

(€ million)

	AMOUNTS AS AT	
LIABILITIES AND SHAREHOLDERS' EQUITY	31.12.2023	31.12.2022
Deposits from banks	71,042	131,324
Item 10. Financial liabilities at amortised cost: a) Deposits from banks	*71,069*	*131,484*
less: Reclassification of leasing liabilities IFRS16 in Other financial liabilities	*(27)*	*(17)*
Change in Balance Sheet 262 due to recast Wealthcap back to use	*-*	*(143)*
Deposits from customers	495,716	510,093
Item 10. Financial liabilities at amortised cost: b) Deposits from customers	*497,394*	*512,194*
less: Reclassification of leasing liabilities IFRS16 in Other financial liabilities	*(1,677)*	*(1,831)*
Change in Balance Sheet 262 due to recast Wealthcap back to use	*-*	*(269)*
Debt securities issued	89,845	84,207
Item 10. Financial liabilities at amortised cost: c) Debt securities in issue	*89,845*	*84,207*
Financial liabilities held for trading	38,022	51,234
Item 20. Financial liabilities held for trading	*38,022*	*51,234*
Other financial liabilities	13,751	12,041
Item 30. Financial liabilities designated at fair value	*12,047*	*10,192*
+ Reclassification of leasing liabilities IFRS16 from Deposits from banks	*27*	*17*
+ Reclassification of leasing liabilities IFRS16 from Deposits from customers	*1,677*	*1,831*
Hedging instruments	(10,573)	(18,101)
Item 40. Hedging derivatives	*2,359*	*3,403*
Item 50. Value adjustment of hedged financial liabilities (+/-)	*(12,932)*	*(21,504)*
Tax liabilities	1,483	1,681
Item 60. Tax liabilities	*1,483*	*1,706*
Change in Balance Sheet 262 due to recast Wealthcap back to use	*-*	*(25)*
Liabilities included in disposal groups classified as held for sale	-	579
Item 70. Liabilities associated with assets classified as held for sale	*-*	*-*
Change in Balance Sheet 262 due to recast Wealthcap back to use	*-*	*579*
Other liabilities	21,445	21,218
Item 80. Other liabilities	*13,566*	*13,175*
Item 90. Provision for employee severance pay	*335*	*368*
Item 100. Provisions for risks and charges	*7,543*	*7,817*
Change in Balance Sheet 262 due to recast Wealthcap back to use	*-*	*(141)*
Minorities	164	158
Item 190. Minority shareholders' equity (+/-)	*164*	*158*
Group shareholders' equity:	64,079	63,339
- Capital and reserves	54,572	56,881
Item 120. Valuation reserves	*(4,928)*	*(4,612)*
Item 140. Equity instruments	*4,863*	*6,100*
Item 150. Reserves	*35,063*	*31,657*
Item 160. Share premium	*23*	*2,516*
Item 170. Share capital	*21,278*	*21,220*
Item 180. Treasury shares (-)	*(1,727)*	*-*
- Group stated net profit (loss)	9,507	6,458
Item 200. Profit (Loss) of the year (+/-)	9,507	6,458
Total liabilities and shareholders' equity	**784,974**	**857,773**

Annex 1 - Reconciliation between reclassified balance sheet and income statement accounts and mandatory reporting schedules

Consolidated income statement

(€ million)

	YEAR	
	2023	2022
Net interest	14,005	10,669
Item 30. Net interest margin	*14,348*	*10,624*
less: Reclassification net Interest contribution deriving from Trading Book instruments	*(188)*	*(65)*
+ Interest on DBO/TFR/Jubilee (from Item 190)	*(119)*	*(49)*
+ Derivatives instruments - Economic Hedges - Others - Interest component	*(36)*	*30*
+ Interest on cash collaterals (from Item 230)	*-*	*(23)*
+ Remodulation by ECB of contractual terms of TLTRO III facilities	*-*	*153*
Dividends	459	306
Item 70. Dividend income and similar revenues	*305*	*437*
less: Dividends from held for trading equity instruments included in Item 70	*(221)*	*(321)*
less: Dividends on equity investments, shares and equity instruments mandatorily at fair value	*(45)*	*(82)*
less: Recovery of expenses	*-*	*(1)*
Item 250. Gains (Losses) of equity investments - of which: Profit (Loss) of equity investments valued at equity	*421*	*272*
Fees	7,463	7,625
Item 60. Net fees and commissions	*6,604*	*6,687*
less: Settlement of specific accruals referred to previous years operations	*1*	*-*
+ Costs related to transaction and payment services (from Item 190)	*-*	*(13)*
+ Non-recoverable expenses incurred for customers financial transactions taxes (from Item 190 b)	*(15)*	*(14)*
+ Structuring and mandate fees on issued or placed certificates by the Group (from Item 110)	*52*	*66*
+ Structuring and mandate fees on issued or placed certificates by the Group and connected derivatives (from Item 80)	*104*	*102*
+ Mark-up fees on client hedging activities (from Item 80)	*718*	*797*
Trading income	1,845	1,776
Item 80. Net gains (losses) on trading	*2,264*	*859*
less: Derivatives instruments - Economic Hedges - Others - Interest component	*36*	*(30)*
less: Structuring and mandate fees on issued or placed certificates by the Group and connected derivatives	*(104)*	*(102)*
less: Losses from close-out process on derivative instruments with Russian banks after 24 February 2022	*-*	*94*
less: Mark-up fees on client hedging activities	*(718)*	*(797)*
Item 90. Net gains (losses) on hedge accounting	*(201)*	*367*
Item 100. Gains (Losses) on disposal and repurchase of: c) financial liabilities	*66*	*191*
less: Remodulation by ECB of contractual terms of TLTRO III facilities	*-*	*(153)*
Item 100. Gains (Losses) on disposal and repurchase of: b) financial assets at fair value through other comprehensive income	*145*	*133*
Item 110. Net gains (losses) on other financial assets/liabilities at fair value through profit or loss	*(502)*	*563*
less: Structuring and mandate fees on issued or placed certificates by the Group	*(52)*	*(66)*
+ Gains (Losses) on disposal and repurchase of financial assets at amortised cost - debt securities (from Item 100 a)	*28*	*196*
+ Dividends from held for trading equity instruments (from Item 70)	*221*	*321*
+ Dividends on equity investments, shares and equity instruments mandatorily at fair value (from Item 70)	*45*	*82*
+ Gain/losses on commodities held with a trading intent (from Item 230)	*428*	*53*
+ Reclassification net Interest contribution deriving from Trading Book instruments	*188*	*65*
Other expenses/income	72	(47)
Item 230. Other operating expenses/income	*972*	*601*
less: Integration costs	*8*	*3*
less: Recovery of expenses	*(541)*	*(513)*
less: Net value adjustments/write-backs on leasehold improvements (on non-separable assets)	*47*	*52*
less: Gain/losses on commodities held with a trading intent and on precious stones	*(422)*	*(52)*
less: Interest on cash collaterals	*-*	*23*
less: Other operating income other - reversal of invoices to be received related to tangible asset	*(7)*	*-*
+ Settlement of specific accruals referred to previous years operations	*(1)*	*-*
+ Result of industrial companies	*(1)*	*4*
+ Gains (Losses) on disposal and repurchase of financial assets at amortised cost - performing loans (from Item 100 a)	*119*	*(80)*
+ Net value adjustments/write-backs of tangible in operating lease assets (from Item 210)	*(106)*	*(100)*
+ Gains (Losses) on disposals of investments in operating lease assets (from Item 280)	*4*	*16*
Revenue	**23,843**	**20,329**

Annex 1 - Reconciliation between reclassified balance sheet and income statement accounts and mandatory reporting schedules

continued: Consolidated income statement

(€ million)

	YEAR	
	2023	**2022**
Revenue	**23,843**	**20,329**
HR costs	(5,861)	(5,918)
Item 190. Administrative expenses: a) staff costs	*(6,877)*	*(6,208)*
less: Integration costs	*897*	*241*
less: Interest on DBO/TFR/Jubilee	*119*	*49*
Non HR costs	(3,075)	(2,984)
Item 190. Administrative expenses: b) other administrative expenses	*(4,025)*	*(4,094)*
less: Administrative expenses: b) other administrative expenses of industrial companies	*1*	*1*
less: Contributions to the Resolution Funds, Deposit Guarantee Schemes (DGS), Bank Levy and Guarantee fees for DTA	*949*	*1,085*
less: Integration costs	*32*	*38*
less: Other administration costs - Withholding tax on intercompany/IMREL issuances	*1*	*-*
less: Non-recoverable expenses incurred for customers financial transactions taxes	*15*	*14*
less: Costs related to transaction and payment services	*-*	*13*
+ Cost reimbursements of postal services in Germany	*-*	*10*
+ Net value adjustments/write-backs on leasehold improvements on non-separable assets (from Item 230)	*(47)*	*(52)*
Recovery of expenses	542	503
+ Recovery of expenses (from Item 230)	*542*	*513*
less: Cost reimbursements of postal services in Germany	*-*	*(10)*
Amortisations and depreciations	(1,078)	(1,149)
Item 210. Net value adjustments/write-backs on property, plant and equipment	*(842)*	*(764)*
less: Impairment/writebacks of inventories assets (IAS2) obtained from recovery procedures of NPE	*124*	*4*
less: Net value adjustments/write-backs of tangible in operating lease assets	*106*	*100*
less: Impairment/write backs of right of use of land and buildings used in the business	*36*	*21*
less: Integration costs	*17*	*5*
+ Other operating income other - reversal of invoices to be received related to tangible asset (from Item 230)	*7*	*-*
Item 220. Net value adjustments/write-backs on intangible assets	*(626)*	*(550)*
less: Integration costs	*100*	*36*
Operating costs	**(9,471)**	**(9,547)**
GROSS OPERATING PROFIT (LOSS)	**14,372**	**10,782**
Loan Loss Provisions (LLPs)	(548)	(1,894)
Item 100. Gains (Losses) on disposal and repurchase of: a) financial assets at amortised cost	*199*	*133*
less: Gains (Losses) on disposals/repurchases on loans and receivables - performing loans	*(119)*	*80*
less: Gains (Losses) on disposal and repurchase of financial assets at amortised cost - debt securities	*(28)*	*(196)*
Item 130. Net losses/recoveries on credit impairment relating to: a) financial assets at amortised cost	*(661)*	*(2,031)*
less: Net losses/recoveries on impairment relating to: a) financial assets at amortised cost - debt securities	*(1)*	*178*
less: Revaluation arising from IFRS5 non-current assets and disposal groups related to equity investment consolidated line by line and at net equity method	*-*	*(4)*
Item 130. Net losses/recoveries on credit impairment relating to: b) Financial assets at fair value through other comprehensive income	*(2)*	*(30)*
less: Net losses/recoveries on impairment relating to: b) Financial assets at fair value through other comprehensive income - debt securities	*2*	*30*
Item 140. Gains/Losses from contractual changes with no cancellations	*(13)*	*(3)*
Item 200. Net provisions for risks and charges: a) commitments and financial guarantees given	*74*	*42*
+ Losses from close-out process on derivative instruments with Russian banks after 24 February 2022 (from Item 80)	*-*	*(94)*
NET OPERATING PROFIT (LOSS)	**13,823**	**8,888**

Annex 1 - Reconciliation between reclassified balance sheet and income statement accounts and mandatory reporting schedules

continued: Consolidated income statement

(€ million)

	YEAR	
	2023	2022
NET OPERATING PROFIT (LOSS)	**13,823**	**8,888**
Other charges and provisions	(1,041)	(1,093)
Item 200. Net provisions for risks and charges: b) other net provisions	*(91)*	*(9)*
less: Integration costs	*5*	*1*
+ Contributions to Resolution Funds (SRF), Deposit Guarantee Schemes (DGS), Bank Levy and Guarantee fees for DTA (from Item 190 b)	*(949)*	*(1,085)*
+ Windfall tax - Bank Levy	*(6)*	*-*
Integration costs	(1,060)	(324)
+ Payroll costs - Administrative expenses - of which a) staff costs - integration costs (from Item 190)	*(897)*	*(241)*
+ Other administrative expenses - Administrative expenses - of which b) other administrative expenses - integration costs (from Item 190)	*(32)*	*(38)*
+ Amortisation, depreciation and impairment losses on intangible and tangible assets - Net value adjustments/write-backs on property, plant and equipment - integration costs (from Item 210)	*(17)*	*(5)*
+ Amortisation, depreciation and impairment losses on intangible and tangible assets - Net value adjustments/write-backs on intangible assets - integration costs (from Item 220)	*(100)*	*(36)*
+ Other charges and provisions - Net provisions for risks and charges - integration costs (from Item 200)	*(5)*	*(1)*
+ Net other expenses/income - Other operating expenses/income - integration costs (from Item 230)	*(8)*	*(3)*
Net income from investments	(272)	(182)
Item 250. Gains (Losses) of equity investments - of which: write-backs/impairment losses and gains/losses on disposal of associates valued at equity	*39*	*25*
Item 260. Net gains (losses) on property, plant and equipment and intangible assets measured at fair value	*(157)*	*11*
Item 280. Gains (Losses) on disposals on investments	*11*	*33*
less: Gains (Losses) on disposals on investments in operating lease assets	*(4)*	*(16)*
less: Industrial companies	*-*	*(5)*
+ Net losses/recoveries on impairment relating to: of which: a) financial assets at amortised cost - debt securities (from Item 130)	*1*	*(178)*
+ Net losses/recoveries on impairment relating to: of which: b) financial assets at fair value through other comprehensive income - debt securities (from Item 130)	*(2)*	*(30)*
+ Impairment/writebacks of inventories assets (IAS2) obtained from recovery procedures of NPE	*(124)*	*(4)*
+ Revaluation arising from IFRS5 non-current assets and disposal groups related to equity investment consolidated line by line	*-*	*4*
+ Gain/losses on precious stones (from Item 230)	*(6)*	*-*
+ Impairment/write backs of right of use of land and buildings used in the business	*(36)*	*(21)*
less: Purchase Price Allocation effect	*5*	*-*
PROFIT (LOSS) BEFORE TAX	**11,451**	**7,289**
Income taxes	(1,914)	(819)
Item 300. Tax expenses (income) of the year from continuing operations	*(1,917)*	(819)
less: Windfall tax - Bank Levy	*6*	*-*
+ Other administration costs - Withholding tax on intercompany/IMREL issuances	*(1)*	*-*
less: Purchase Price Allocation effect	*(2)*	*-*
Profit (Loss) of discontinued operations	-	3
Item 320. Profit (Loss) after tax from discontinued operations	*-*	*3*
NET PROFIT (LOSS) FOR THE PERIOD	**9,537**	**6,473**
Minorities	(27)	(15)
Item 340. Minority profit (loss) of the year	*(27)*	*(15)*
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA	**9,510**	**6,458**
Purchase Price Allocation (PPA)	(4)	-
Goodwill impairment	-	-
Item 270. Goodwill Impairment	*-*	*-*
GROUP STATED NET PROFIT (LOSS)	**9,507**	**6,458**

Annex 2 - Audit fees and other non-audit services

UniCredit group 2023 - KPMG Network

As prescribed by Art.149-duodecies of the Consob Issuers Regulation, the following table gives fees paid in 2023 for services rendered by KPMG S.p.A. and firms in its network.

(€ million)

SERVICE TYPE	SERVICE PROVIDER	USER	FEES
Audit	KPMG S.p.A.	Parent Company - UniCredit S.p.A.	3.8
	KPMG S.p.A.	Subsidiaries	0.6
	KPMG Network	Subsidiaries	13.5
Attestation services	KPMG S.p.A.	Parent Company - UniCredit S.p.A.	1.7
	KPMG S.p.A.	Subsidiaries	0.1
	KPMG Network	Parent Company - UniCredit S.p.A.	0.1
	KPMG Network	Subsidiaries	3.3
Other services	KPMG S.p.A.	Parent Company - UniCredit S.p.A.	0.2
	KPMG S.p.A.	Subsidiaries	0.1
	KPMG Network	Parent Company - UniCredit S.p.A.	0.0
	KPMG Network	Subsidiaries	0.6
Total			**24.0**

Notes:

The fees are calculated excluding VAT and expenses.

The item "Audit" does not include fees for audits of investment funds.

The "Attestation services" are mainly verification services provided to UniCredit S.p.A. (e.g Limited review on 2023 non financial information, Limited review on Q1 2023 and Q3 2023 Company and Consolidated Reports, Comfort Letter for the inclusion of year-end net profit in Common Equity Tier 1 Capital, Assurance Engagement ISAE 3402, Issuing Comfort Letters concerning bond issues, Supervisory Fees ECB ISA 805, Limited review PRB Reporting, ISAE 3000R Reasonable Assurance on Mifid II, Statutory audit of foreign branches financial statements according to local regulations), other verification services required by regulations/local Supervisory Authorities in Germany, Austria and other Central and Eastern Europe Countries.

The "Other services" are mainly other services provided to UniCredit S.p.A. (e.g. AUP on Own Funds, AUP on quarterly calculation foreign exchange risk of CIUs, AUP on contributions to the Single Resolution Fund) and to other subsidiaries of the Group.

Annex 3 - Securitisations - qualitative tables

ORIGINATOR: UniCredit S.p.A.

Traditional securitisations of Performing and Non-Performing loans

STRATEGIES, PROCESSES AND GOALS:	The initiatives are a part of the Group's strategies, one of the objectives of which is to finance, at competitive rates (and in large amounts), the development of medium and long-term through the disposal of existing "Performing" and "Non-Performing" loan portfolios and also creating eligible securities for refinancing operations with the ECB and/or with third parties (counterbalancing capacity). The main advantages of the transactions can be summarised as follows: - Risk Weighted Exposure Amounts optimitation and ROAC improving; - improvement in the matching of asset maturities; - diversification of sources of financing; - broadening of investor base and resulting optimisation of funding cost; - creating counterbalancing capacity. Moreover, securitisation transactions can also be implemented for purposes related to business projects (for better management of assets), corporate restructuring or deleveraging projects.
INTERNAL MEASUREMENT AND RISK MONITORING SYSTEMS:	UniCredit S.p.A. acts as "Servicer" for almost all transactions concerned for which is Originator. As per the agreements entered into with issuing companies (special purpose vehicles - SPV), servicing consists of performing, on behalf of these companies, administrative, collection and securitised loan collection activities as well as the management of any recovery procedures for impaired loans. Thus, as Servicer, UniCredit S.p.A. is charged with continually tracking cash flows from securitised loans and constantly monitoring their collection, with the assistance of third party companies (especially for the recovery of impaired loans; the company involved is DoValue S.p.A., which operates as an assistant to the Servicer, governed by a special agreement). The Servicer provides the Special Purpose Vehicle (and other counterparties indicated in the servicing agreements) information on the activity performed by, periodically reports that indicate, among other things, the collection and transfer of the income stream sold, the amount of default positions and recoveries completed, overdue installments, etc., with all information broken down in relation to specific transactions. These reports (which are usually quarterly) are periodically checked (if contractually required) by an auditing firm.
ORGANISATIONAL STRUCTURE AND SYSTEM FOR REPORTING TO SENIOR MANAGEMENT:	From a strategic point of view, Finance Italy is responsible for central coordination. In this context, the above structure plays: a) in the launch phase of the operation the role of proposer and provides support to the other Bank's Divisions and to the individual Legal Entities in conducting transactions, cooperating with all the other departments (Planning & Control Italy, Group Risk Management, Group M&A and Corporate Develpment ecc) in identifying the characteristics and the distinctive features of "true sale" securitisations loans in order to achieve the targets set in the Group's Funding Plan and in the Contingency Funding Plan, approved by the Board of Directors, in the ordinary plan of creating counterbalancing capacity, as well as in organisational strategy and business of Top Management. Specific transactions are subject to prior approval by the competent departments of the Holding and of the Originator Bank (during approval, among other things, the structure, costs and impacts in terms of liquidity, counterbalancing capacity, organisational, business and/or any capital relief are discussed and analysed), and to final approval by the Board of Directors of the Originator Bank; b) in the management phase of the operation, the monitoring role of the securitised portfolios performances and any rating action published by Ratings Agencies, the interactions with the Ratings Agencies in order to submit regular information on portfolios and, more generally, the role of coordination of the Originator Bank to facilitate the solution of events relating to the securitised portfolios (management of actions of payments holidays, downgrading, restructurings, etc.). The Bank has established a special coordination unit (General Ledger & Securitisation Reporting) within the Accounting Italy Department. This unit has been tasked with administrative activities connected to the Servicer and Account Bank related-duties, and to carry out these duties, it works in close cooperation with specific, qualified areas of the Bank (Group Risk Management, Finance Italy, ecc.) and the Group. It also provides a technical and operational support to network units. The information regarding the monitoring of collections and the performance of the securitised portfolio is periodically submitted to the Servicer's Board of Directors.
HEDGING POLICIES:	By agreement, securitised portfolios can be protected from interest rate risk by means of the Special Purpose Vehicle entering into Interest Rate Swap (IRS) agreements to hedge a fixed-rate portfolio, and Basis Swaps to hedge an indexed rate portfolio. In connection with these swaps, always if required by agreements, related back-to-back swap contracts are entered into between the Swap counterparty and UniCredit S.p.A. as Originator, interfaced in some cases by UniCredit Bank GMBH (ex UniCredit Bank AG).
OPERATING RESULTS:	At the end of December 2023, the operating results related to existing securitisation transactions essentially reflected the performance of underlying portfolios and the resulting cash flows, and obviously are affected by the amount of defaults and prepayments during the period, which, moreover, are in line with the performance seen in other assets of this kind that are not securitised. The exercise of the option to repurchase the securitized portfolios underlying operations "Cordusio 4", "Arena 1" and "Impresa 2" did not result in significant additional economic impacts.

Annex 3 - Securitisations - qualitative tables

ORIGINATOR: UniCredit S.p.A.

New Transactions 2023

NAME:	ARTS CONSUMER 2023	
Type of securitisation:	Traditional	
Originator:	UniCredit S.p.A.	
Issuer:	Arts Consumer 2023 S.r.l.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit Bank GMBH (ex UniCredit Bank AG)	
Target transaction:	Funding/Counterbalancing capacity	
Type of asset:	Personal loans	
Quality of Asset:	Performing	
Closing date:	11.10.2023	
Nominal Value of disposal portfolio:	847	
Net amount of preexinting writedown/writebacks:	-	
Disposal Profit & Loss realized:	-	
Portfolio disposal price:	847	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	UniCredit S.p.A. subscribed in October 2023 for the class E security for a nominal value of Eur 86,300,000, resold in the same month for Eur 85,005,500 with a consequent loss of Eur 1,294,500.	
Other relevant information:	UniCredit S.p.A. has granted SPV a cash reserve subordinated loan of €12 million.	
Rating Agencies:	Moody's/DBRS	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Condition of tranching:		
. ISIN	IT0005562530	IT0005562548
. Type of security	Senior	Mezzanine
. Class	A	B
. Rating	Aa3/AAA	A2/AAH
. Quotation	Luxembourg Stock Exchange	Luxembourg Stock Exchange
. Issue date	11.10.2023	11.10.2023
. Legal maturity	05.11.2065	05.11.2065
. Call option	Clean Up option, Regulatory Call	Clean Up option, Regulatory Call
. Expected duration	3.95	3.95
. Rate	0,87% + 3M Euribor	2,2% + 3M Euribor
. Subordinated level	-	Sub A
. Reference Position	670	15
. Reference Position at the end of accounting period	670	15
. Security subscribers	UniCredit Bank GMBH (ex UniCredit Bank AG)	UniCredit Bank GMBH (ex UniCredit Bank AG)
. ISIN	IT0005562555	IT0005562563
. Type of security	Mezzanine	Mezzanine
. Class	C	D
. Rating	Baa2/AAL	Ba1/A
. Quotation	Luxembourg Stock Exchange	Luxembourg Stock Exchange
. Issue date	11.10.2023	11.10.2023
. Legal maturity	05.11.2065	05.11.2065
. Call option	Clean Up option, Regulatory Call	Clean Up option, Regulatory Call
. Expected duration	3.95	3.95
. Rate	3,2% + 3M Euribor	5,4% + 3M Euribor
. Subordinated level	Sub A, B	Sub A, B, C
. Reference Position	49	28
. Reference Position at the end of accounting period	49	28
. Security subscribers	UniCredit Bank GMBH (ex UniCredit Bank AG)	UniCredit Bank GMBH (ex UniCredit Bank AG)
. ISIN	IT0005562571	IT0005562589
. Type of security	Junior	Junior
. Class	E	F
. Rating	-	-
. Quotation	Luxembourg Stock Exchange	-
. Issue date	11.10.2023	11.10.2023
. Legal maturity	05.11.2065	05.11.2065
. Call option	Clean Up option, Regulatory Call	Clean Up option, Regulatory Call
. Expected duration	3.95	3.95
. Rate	13% + 3M Euribor	0.0%
. Subordinated level	Sub A, B, C, D	Sub A, B, C, D, E
. Reference Position	86	0.1
. Reference Position at the end of accounting period	86	0.1
. Security subscribers	UniCredit S.p.A.	UniCredit S.p.A.

Annex 3 - Securitisations - qualitative tables

Distribution of securitised assets by area:		
Italy - Northwest	216	
- Northeast	206	
- Central	178	
- South and Islands	246	
Other European Countries - E.U. countries	-	
- not U.E. countries	-	
America	-	
Rest of the World	-	
TOTAL	847	
Distribution of securitised assets by business sector of the borrower:		
Governments	-	
other governments agencies	-	
Banks	-	
Finance Companies	-	
Insurance Companies	-	
Non-financial companies	-	
Other entities	847	
TOTAL	847	

The "Closing date" is the date when the securitisation transaction was completed, i.e. the date when all contractual documents were signed.

Annex 3 - Securitisations - qualitative tables

ORIGINATOR: UniCredit S.p.A.

Transaction from previous years

NAME:	ARTS CONSUMER	
Type of securitisation:	Traditional	
Originator:	UniCredit S.p.A.	
Issuer:	Arts Consumer S.r.l.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit Bank GMBH (ex UniCredit Bank AG)	
Target transaction:	Funding/Counterbalancing capacity	
Type of asset:	Personal loans	
Quality of Asset:	Performing	
Closing date:	24.11.2022	
Nominal Value of disposal portfolio (€ million):	846	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	UniCredit S.p.A. subscribed in November 2022 for the class E security for a nominal value of Eur 86,100,000, resold in the same month for Eur 60,270,000 with a consequent loss of Eur 25,830,000	
Other relevant information:	UniCredit S.p.A. subscribed the Class Z security for an amount of 12 million euro in order to create a liquidity reserve in favor of the SPV	
Rating Agencies:	Moody's/DBRS	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Condition of tranching:		
. ISIN	IT0005514481	IT0005514499
. Type of security	Senior	Mezzanine
. Class	A	B
. Rating	Aa3/AAH	A3/AA
. Nominal value issued (€ million):	668	15
. Nominal value at the end of accounting period (€ million):	468	15
. ISIN	IT0005514507	IT0005514515
. Type of security	Mezzanine	Mezzanine
. Class	C	D
. Rating	Baa3/AH	Ba3/A
. Nominal value issued (€ million):	49	27
. Nominal value at the end of accounting period (€ million):	49	27
. ISIN	IT0005514523	IT0005514531
. Type of security	Mezzanine	Junior
. Class	E(*)	F
. Rating	-	-
. Nominal value issued (€ million):	86	0.1
. Nominal value at the end of accounting period (€ million):	86	0.1
. ISIN	IT0005514549	
. Type of security	Junior (Cash Reserve funding)	
. Class	Z	
. Rating	-	
. Nominal value issued (€ million):	12	
. Nominal value at the end of accounting period (€ million):	12	

Note:
(*) In Offering Circular is definited as Junior title.

The "Closing date" is the date when the securitisation transaction was completed, i.e. the date when all contractual documents were signed.

Annex 3 - Securitisations - qualitative tables

ORIGINATOR: UniCredit S.p.A.

Transaction from previous years

NAME:	CONSUMER THREE	
Type of securitisation:	Traditional	
Originator:	UniCredit S.p.A.	
Issuer:	Consumer Three S.r.l.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.	
Target transaction:	Counterbalancing capacity	
Type of asset:	Personal loans	
Quality of Asset:	Performing	
Closing date:	20.04.2016	
Nominal Value of disposal portfolio (€ million)(*):	4,821	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:		
Other relevant information:	Self-securitisation/UniCredit S.p.A. has granted SPV a subordinated loan of €50 million for loans renegotiation. Consumer Three has also constituted a cash reserve for ABS investors; the outstanding amount, at the end of accounting period, is €26 million, due to further amounts from waterfall payments. Both reserves are constituted into an eligible entity.	
Rating Agencies:	Moody's/Fitch	
Amount of CDS or other supersenior risk transferred (€ million):		
Amount and Condition of tranching:		
. ISIN	IT0005176505	IT0005176513
. Type of security	Senior	Junior
. Class	A	J
. Rating	Aa3/A+	-
. Nominal value issued (€ million)(*)	3,712	1,109
. Nominal value at the end of accounting period (€ million)(*)	2,030	1,109

Note:
(*) In the 2018 third quarter an amendment has been performed in order to postope the revolving period until June 2020. Moreover an extraordinary new transfer has been settled along the 2018 fourth quarter, increasing the nominal value of the disposal portfolio at €2,000 million, the Senior Note nominal value at €1,664 million and the Junior Note nominal value at €335 million. The Notes Final Maturity Date has been posponed to December 2056. The Cash Reserve Required Amount has decreased from €60 million to €51 million. In the 2020 second quarter an amendment has been performed in order to further postope the revolving period until June 2022.

The "Closing date" is the date when the securitisation transaction was completed, i.e. the date when all contractual documents were signed.

Annex 3 - Securitisations - qualitative tables

ORIGINATOR: UniCredit S.p.A.

Transaction from previous years

NAME:	CAPITAL MORTGAGE 2007 - 1	
Type of securitisation:	Traditional	
Originator:	UniCredit S.p.A. (ex Banca di Roma S.p.A.)	
Issuer:	Capital Mortgage S.r.l.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit Bank GMBH (ex UniCredit Bank AG)	
Target transaction:	Funding/Counterbalancing capacity	
Type of asset:	Residential Mortgage Loans	
Quality of Asset:	Performing	
Closing date:	14.05.2007	
Nominal Value of disposal portfolio (€ million):	2,183	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	UniCredit S.p.A. has granted SPV a subordinated loan of €37 million (as equity). At the end of accounting period €2 million of the principal amount has been repaid.	
Other relevant information:	Tranching based on an original assets portfolio €2,479 million, reduced to €2,183 million due to checks after closing date. Following its downgrade by debt-rating agencies, UniCredit S.p.A. paid funds into an eligible entity (amounting to €156 million at 31 December 2016) to maintain its role as Account Bank; during the 2017, as a result of the contractual amendment and the contextual outsourcing of the role of the Account Bank, the fund was fully repaid.	
Rating Agencies:	S & P/Moody's/Fitch	
Amount of CDS or other supersenior risk transferred (€ million):	-	
Amount and Conditions of tranching:		
. ISIN	IT0004222532	IT0004222540
. Type of security	Senior	Senior
. Class	A1	A2
. Rating	AA/Aa3/A+	AA/Aa3/A+
. Nominal value issued (€ million):	1,736	644
. Nominal value at the end of accounting period (€ million):	67	102
. ISIN	IT0004222557	IT0004222565
. Type of security	Mezzanine	Junior
. Class	B	C
. Rating	AA/Aa3/BB+	AA-/A3/BB+
. Nominal value issued (€ million):	74	25
. Nominal value at the end of accounting period (€ million):	74	25

The "Closing date" is the date when the securitisation transaction was completed, i.e. the date when all contractual documents were signed.

Annex 3 - Securitisations - qualitative tables

ORIGINATOR: UniCredit S.p.A.

Transaction from previous years

NAME:	F-E MORTGAGES 2005	
Type of securitisation:	Traditional	
Originator:	UniCredit S.p.A. (ex FinecoBank S.p.A.)	
Issuer:	F-E Mortgages S.r.l.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit S.p.A. (ex MCC S.p.A. - Capitalia Gruppo Bancario)	
Target transaction:	Funding/Counterbalancing capacity	
Type of asset:	Residential Mortgage Loans	
Quality of Asset:	Performing	
Closing date:	06.04.2005	
Nominal Value of disposal portfolio (€ million):	1,029	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	UniCredit S.p.A. has granted SPV a subordinated loan of €15 million (as Equity).At the end of accounting period the amount of capital tranche is fully reimboursed	
Other relevant information:	-	
Rating Agencies:	S & P/Moody's/Fitch	
Amount of CDS or other supersenior risk transferred (€ million):	-	
Amount and Conditions of tranching:		
. ISIN	IT0003830418	IT0003830426
. Type of security	Senior	Mezzanine
. Class	A	B
. Rating	-	AA/Aa3/AA
. Nominal value issued (€ million):	952	41
. Nominal value at the end of accounting period (€ million):	-	30
. ISIN	IT0003830434	
. Type of security	Junior	
. Class	C	
. Rating	AA/Aa3/A+	
. Nominal value issued (€ million):	36	
. Nominal value at the end of accounting period (€ million):	32	

The "Closing date" is the date when the securitisation transaction was completed, i.e. the date when all contractual documents were signed.

Annex 3 - Securitisations - qualitative tables

ORIGINATOR: UniCredit S.p.A.

Transaction from previous years

STRATEGIES, PROCESSES AND GOALS:	The following initiatives, called Pillarstone Italy, were undertaken to allow the Group to improve the management of loan restructuring, also through the innovative use (for this purpose) of securitisation. The goal is to facilitate and increase recoveries of the exposures under securitisation thanks to: - restructuring with long-term industrial logic, focusing on introducing new finance (by third parties) in favour of the debtors sold, with focus on concrete needs and opportunities for the companies involved; - efficient and targeted restructuring and turnaround processes. Shared acceptance of the economic principles that guide the transactions in question and a strong alignment of the interests between the parties involved, ensures the asset manager 's commitment to maximize the value of the said assets, optimising therefore the expected recovery on the junior notes bought by UniCredit S.p.A., through the transferred management of the securitised portfolio.
INTERNAL MEASUREMENT AND RISK MONITORING SYSTEMS:	UniCredit S.p.A. does not act as Servicer. The business of servicing is carried out by third parties outside the Group, as per the contracts stipulated with the Special Purpose Vehicle issuing the ABS securities, and involves the administration, encashment, restructuring and collection of securitised loans, on behalf thereof, as well as managing any recovery proceedings on Non-Performing loans. The Servicer of the assets, therefore, has the task, on an ongoing basis, of following the financial flows arising from the securitised loans, constantly monitoring the encashment, also where appropriate making use of third party companies. For each specific transaction, the Servicer provides the Special Purpose Vehicle (in addition to other counterparties as defined in the servicing contracts, including UniCredit S.p.A.) with information on the activities carried out via periodic reports which show, inter alia, the collection and realization of the assigned receivables, the number of defaulted positions and the successfully completed recoveries, the instalments in arrears, restructuring activities, etc. Where contractually provided for, these reports are periodically checked by an independent auditors' firm.
ORGANIZATIONAL STRUCTURE:	The Servicer provides UniCredit S.p.A. with a series of reports that enable the evaluation and monitoring of the underlying portfolios. On a quarterly basis the performances are also presented in the reference internal Credit Committees.
HEDGING POLICIES:	There are no risk hedging derivatives.
OPERATING RESULTS:	We implemented a set of monitoring initiatives, focused on one side on the single company performances and, on the other side, on the evolution of the Pillartsone project as a whole.

Annex 3 - Securitisations - qualitative tables

ORIGINATOR: UniCredit S.p.A.

Transaction from previous years

NAME:	PILLARSTONE ITALY - PREMUDA	
Type of securitisation:	Traditional	
Originator:	UniCredit S.p.A.	
Issuer:	Pillarstone Italy SPV S.r.l.	
Servicer:	Securitisation Services S.p.A.	
Arranger:	-	
Target transaction:	Innovative structure of securitisation to manage and overcome the temporary difficulties of the debtor sold, in order to optimise the reimbursement of the securitised portfolio	
Type of asset:	Corporate loans	
Quality of Asset:	Unlikely to pay	
Closing date:	14.07.2016	04.04.2017
Nominal Value of disposal portfolio (million):	$78 + €31	$3
Net amount of pre-existing write-down/write-backs:	-	
Disposal Profit & Loss realised (million):	-	
Portfolio disposal price (million):	$78 + €31	$3
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit (€ million):	2	
Other Credit Enhancements (€ million):	-	
Other relevant information:	-	
Rating Agencies:	-	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Condition of tranching:		
. ISIN	IT0005203937	IT0005203952
. Type of security	Senior(*)	Mezzanine(*)
. Class	A	B
. Rating	-	-
. Quotation	-	-
. Issue date	14.07.2016	14.07.2016
. Legal maturity	20.10.2030	20.10.2030
. Call option	-	
. Expected duration (years)	5.0	5.0
. Rate	8.50%	2.67%
. Subordinated level	-	Sub A
. Nominal value issued (million)	€3	$58
. Nominal value at the end of accounting period (million)	0	$58
. Security subscribers		
. ISIN	IT0005246712	IT0005246761
. Type of security	Mezzanine(*)	Junior(*)
. Class	B	C
. Rating	-	-
. Quotation	-	-
. Issue date	04.04.2017	04.04.2017
. Legal maturity	20.10.2030	20.10.2030
. Call option	-	
. Expected duration (years)	3.4	3.4
. Rate	3.43%	EUR6M(360) +1000pb
. Subordinated level	Sub A	Sub A,B
. Nominal value issued (million)	€0,3	€3
. Nominal value at the end of accounting period (million)	€0,3	€3
. Security subscribers		
. ISIN	IT0005204125	IT0005204133
. Type of security	Junior(*)	Junior(*)
. Class	C	C
. Rating	-	-
. Quotation	-	-
. Issue date	14.07.2016	14.07.2016
. Legal maturity	20.10.2030	20.10.2030
. Call option	-	
. Expected duration (years)	5.0	5.0
. Rate	EUR6M(360) +1000pb	LIBOR6M(360) +1000pb
. Subordinated level	Sub A,B	Sub A,B
. Nominal value issued (million)	€25	$21
. Nominal value at the end of accounting period (million)	€25	$21
. Security subscribers		

Note:
(*) The classification of the field "Type of security" refers to Banca d'Italia Circular 262 dated 22 December 2005 (and subsequent amendments) "The Bank's Financial Statements" - Chapter 1 General principles - Section 5 Definitions - 5.23 - Securitisations: senior, mezzanine and junior exposures.

Annex 3 - Securitisations - qualitative tables

Pillarstone is a multioriginator securitisation, with claims transferred by UniCredit and other banks. For representation purposes, securities reported in the table are those issued in light of the portfolio transferred by UniCredit.
The "Closing date" is the date when the securitisation vehicle has issued the securities of the transaction.

ORIGINATOR: UniCredit S.p.A.

Transaction from previous years

NAME:	PILLARSTONE ITALY - RAINBOW	
Type of securitisation:	Traditional	
Originator:	UniCredit S.p.A.	
Issuer:	Pillarstone Italy SPV S.r.l.	
Servicer:	Securitisation Services S.p.A.	
Arranger:	-	
Target transaction:	Innovative structure of securitisation to manage and overcome the temporary difficulties of the debtor sold, in order to optimise the reimbursement of the securitised portfolio	
Type of asset:	Corporate loans	
Quality of Asset:	Unlikely to pay	
Closing date:	10.12.2015	22.01.2019
Nominal Value of disposal portfolio (€ million):	74	17
Net amount of pre-existing write-down/write-backs (€ million):	-	-
Disposal Profit & Loss realised (€ million):	-	-
Portfolio disposal price (€ million):	74	17
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit (€ million):	4	2
Other Credit Enhancements:	-	
Other relevant information:	-	The new issue of securities, occurred on 22 January 2019, resulted in an increase of mezzanine notes for €2 million and junior notes for €15 million
Rating Agencies:	-	
Amount of CDS or other supersenior risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	IT0005154833	IT0005155103
. Type of security	Senior(*)	Mezzanine(*)
. Class	A	B
. Rating	-	-
. Quotation	-	-
. Issue date	10.12.2015	10.12.2015 - 22.01.2019 (size increase)
. Legal maturity	20.10.2030	20.10.2030
. Call option	-	
. Expected duration (years)	5.0	5.0
. Rate	8.50%	EUR6M(360) + 144pb
. Subordinated level	-	SUB A
. Nominal value issued (€ million)	1	19
. Nominal value at the end of accounting period (€ million)	-	19
. ISIN	IT0005155111	
. Type of security	Junior(*)	
. Class	C	
. Rating	-	
. Quotation	-	
. Issue date	10.12.2015 - 22.01.2019 (size increase)	
. Legal maturity	10.20.2030	
. Call option	-	
. Expected duration (years)	5.0	
. Rate	EUR6M(360)+1000pb	
. Subordinated level	SUB A-B	
. Nominal value issued (€ million)	71	
. Nominal value at the end of accounting period (€ million)	71	

Nota:
(*) The classification of the field "Type of security" refers to Banca d'Italia Circular 262 dated 22 December 2005 (and subsequent amendments) "The Bank's Financial Statements" - Chapter 1 General principles - Section 5 Definitions - 5.23 - Securitisations: senior, mezzanine and junior exposures.

Pillarstone is a multioriginator securitisation, with claims transferred by UniCredit and other banks. For representation purposes, securities reported in the table are those issued in light of the portfolio transferred by UniCredit.
The "Closing date" is the date when the securitisation vehicle has issued the securities of the transaction.

Annex 3 - Securitisations - qualitative tables

ORIGINATOR: UniCredit S.p.A.

Traditional securitisations of non-performing loans

STRATEGIES, PROCESSES AND GOALS:	UniCredit S.p.A., through the transfer of its non-performing exposures to SPV pursuant to 130 Law on securitisation, has set itself the objective of reducing the stock of Non Performing Exposures, in line with the Group's strategy of a complete rundown of this perimeter.
INTERNAL MEASUREMENT AND RISK MONITORING SYSTEMS:	The performance of securitisations is subject to continuous monitoring by the bank, with specific focus on the recovery performance and the evolution of the Gross Book Value (GBV) of the underlying portfolio and on the progressive repayment of the principal and payment of interest of the ABS securities issued by the SPV, based on the information provided by the servicer (also through specific periodic reports foreseen in the transaction documentation).
ORGANISATIONAL STRUCTURE AND SYSTEM FOR REPORTING TO SENIOR MANAGEMENT:	The execution of the securitisation transactions of non performing exposures is approved by the Board or delegated internal commitees. Credit reviews of the transactions are scheduled on an annual basis and discussed in specific committees with the participation of top management, during which updates are given on the progress of transactions as a whole.
HEDGING POLICIES:	None
OPERATING RESULTS:	Every six months, or more frequently if necessary, information relating to the performance of securitisations (with specific focus on the evolution of the Gross Book Value of the transferred portfolio, the recovery performances and the redemption of ABS securities) is made available to the various functions of the bank for the performance of their respective roles on monitoring and representation in the financial statements.

Annex 3 - Securitisations - qualitative tables

New transactions 2023

NAME:	TAHITI	
Type of securitisation:	Traditional	
Originator:	UniCredit S.p.A.	
Issuer:	Tahiti SPV S.r.l.	
Servicer:	Bayview Italia 106 S.p.A.	
Arranger:	-	
Target transaction:	UniCredit S.p.A. Non performing exposure stock reduction	
Type of asset:	Secured loans granted to individuals	
Quality of Asset:	Bad Loans, Unlikely To Pay	
Closing date:	16.05.2023	
Nominal Value of reference portfolio (€ million):	52	
Net amount of preexisting write-down/write-backs (€ million):	37	
Disposal Profit & Loss realised (€ million)(*):	-11	
Portfolio disposal price (€ million):	27	
Issued guarantees by the Bank:	-	
Issued guarantees by third parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	On 22 May 2023 UniCredit S.p.A. has initially underwritten the whole set of notes issued by the SPV, simultaneously the 95% of junior and mezzanine notes was sold on the market.	
Rating Agencies:	-	
Amount of CDS or other risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	IT0005546640	IT0005546657
. Type of security	Senior	Mezzanine
. Class	A	B
. Rating	-	-
. Quotation	-	-
. Issue date	22.05.2023	22.05.2023
. Legal maturity	30.04.2043	30.04.2043
. Call option	-	-
. Expected duration (years)	5.99	5.99
. Rate	3.50%	9.50%
. Subordination level	-	Sub A
. Nominal Value Issued (€ million)	20	5
. Nominal value at the end of accounting period (€ million)	20	5
. Security subscribers	UniCredit S.p.A. (100%)	UniCredit S.p.A. (5%), Bayview Global Opportunities Fund S.C.S. SICAV-RAIF - Sub Fund 7 (95%)
. ISIN	IT0005546665	
. Type of security	Junior	
. Class	J	
. Rating	-	
. Quotation	-	
. Issue date	22.05.2023	
. Legal maturity	30.04.2043	
. Call option	-	
. Expected duration (years)	13.68	
. Rate	Variable	
. Subordination level	Sub A-B	
. Nominal Value Issued (€ million)	1	
. Nominal value at the end of accounting period (€ million)	1	
. Security subscribers	UniCredit S.p.A. (5%), Bayview Global Opportunities Fund S.C.S. SICAV-RAIF - Sub Fund 7 (95%)	

Note:
(*) Amount gross of initial transaction's costs.

Annex 3 - Securitisations - qualitative tables

Continued: TAHITI

NAME:	TAHITI
Distribution of securitised assets by area (€ million):	
Italy - Northwest	17
Italy - Northeast	9
Italy - Central	11
Italy - South and Islands	15
Other European Countries - E.U. countries	-
Other European Countries - non-E.U. countries	-
America	-
Rest of the World	-
Total	**52**
Distribution of securitised assets by business sector of the borrower (€ million):	
Governments	-
Other public-sector entities	-
Banks	-
Financial Companies	-
Insurance Companies	-
Non-financial Companies	-
Other entities	52
Total	**52**

Annex 3 - Securitisations - qualitative tables

Transactions from previous years

NAME:	ITACA	
Type of securitisation:	Traditional	
Originator:	UniCredit S.p.A.	
Issuer:	Itaca SPV S.r.l.	
Servicer:	doNext S.p.A. (Master Servicer), doValue S.p.A. (Special Servicer)	
Arranger:	UniCredit Bank GmbH	
Target transaction:	UniCredit S.p.A. NPL stock reduction	
Type of asset:	Secured and unsecured loans granted to small and medium enterprises and individuals	
Quality of Asset:	Bad loans	
Closing date:	03.05.2022	
Nominal Value of reference portfolio (€ million):	1,100	
Net amount of preexisting write-down/write-backs (€ million):	193	
Disposal Profit & Loss realised (€ million)(*):	-38	
Portfolio disposal price (€ million):	155	
Issued guarantees by the Bank:	-	
Issued guarantees by third parties:	On 7 May 2022 a request was submitted to the MEF and Consap for the issuing of the state guarantee on the senior notes (so-called GACS). The GACS was issued on 10 June 2022	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	UniCredit Bank GmbH has granted a credit facility of €21,75 million to the SPV, super-senior in the priority of payment.	
Other Credit Enhancements:	-	
Other relevant information:	UniCredit S.p.A. has initially underwritten the whole set of notes issued by the SPV. On 8 June 2022, 95% of junior and mezzanine notes was sold on the market.	
Rating Agencies:	Scope Ratings GmbH (Scope), Moody's Italia S.r.l.	
Amount of CDS or other risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	IT0005494221	IT0005494247
. Type of security	Senior	Mezzanine
. Class	A	B
. Rating	BBB, Baa2	-
. Quotation	-	-
. Issue date	06.05.2022	06.05.2022
. Legal maturity	01.07.2045	31.07.2045
. Call option	-	-
. Expected duration (years)	4.85	9.71
. Rate	6M Eur +1,50%	6M Eur +9,50%
. Subordination level	-	SUB A
. Nominal Value Issued (€ million)	125	24
. Nominal value at the end of accounting period (€ million)	69	24
. ISIN	IT0005494254	
. Type of security	Junior	
. Class	C	
. Rating	-	
. Quotation	-	
. Issue date	06.05.2022	
. Legal maturity	31.07.2045	
. Call option	-	
. Expected duration (years)	14.52	
. Rate	Variable	
. Subordination level	SUB A-B	
. Nominal Value Issued (€ million)	6	
. Nominal value at the end of accounting period (€ million)	6	

Note:
(*) Amount gross of initial transaction's costs.

Annex 3 - Securitisations - qualitative tables

NAME:	Project Panthers	
Type of securitisation:	Traditional	
Originator:	UniCredit S.p.A.	
Issuer:	Altea SPV S.r.l.	
Servicer:	Prelios Credit Servicing S.p.A.	
Arranger:	UniCredit Bank GmbH	
Target transaction:	UniCredit S.p.A. Non performing exposure stock reduction	
Type of asset:	Secured and unsecured loans granted to small and medium enterprises and individuals	
Quality of Asset:	Bad Loans, Unlikely To Pay	
Closing date:	20.06.2022	
Nominal Value of reference portfolio (€ million):	1,895	
Net amount of preexisting write-down/write-backs (€ million):	756	
Disposal Profit & Loss realised (€ million)(*):	-46	
Portfolio disposal price (€ million)(**):	710	
Issued guarantees by the Bank:	-	
Issued guarantees by third parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	78 €mln (limited recourse Loan)	
Other Credit Enhancements:	-	
Other relevant information:	UniCredit S.p.A. has initially underwritten 100% of notes issued by the SPV. On 30 June 2022, 95% of junior and mezzanine notes was sold on the market.	
Rating Agencies:	-	
Amount of CDS or other risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	IT0005499030	IT0005499048
. Type of security	Senior	Mezzanine
. Class	A	B
. Rating	-	-
. Quotation	-	-
. Issue date	21.06.2022	21.06.2022
. Legal maturity	30.06.2037	30.06.2037
. Call option	-	-
. Expected duration (years)	6.11	5.78
. Rate	2%	10%
. Subordination level	-	SUB A
. Nominal Value Issued (€ million)	552	162
. Nominal value at the end of accounting period (€ million)	390	121
. ISIN	IT0005499055	
. Type of security	Junior	
. Class	C	
. Rating	-	
. Quotation	-	
. Issue date	21.06.2022	
. Legal maturity	30.06.2037	
. Call option	-	
. Expected duration (years)	10.17	
. Rate	Variable	
. Subordination level	SUB A-B	
. Nominal Value Issued (€ million)	22	
. Nominal value at the end of accounting period (€ million)	22	

Note:
(*) Amount gross of initial transaction's costs and loss of €4mln on off-balance exposures.
(**) The overall amount issued is equal to the disposal price plus €26mln related to securitisation reserves directly credited by UniCredit S.p.A. to the SPV.

Annex 3 - Securitisations - qualitative tables

NAME:	OLYMPIA	
Type of securitisation:	Traditional	
Originator:	UniCredit S.p.A.	
Issuer:	Olympia SPV S.r.l.	
Servicer:	Italfondiario S.p.A. (Master Servicer), doValue S.p.A. (Special Servicer)	
Arranger:	UniCredit Bank GmbH	
Target transaction:	UniCredit S.p.A. NPL stock reduction	
Type of asset:	Secured and unsecured loans granted to small and medium enterprises and individuals	
Quality of Asset:	Bad loans	
Closing date:	25.11.2021	
Nominal Value of reference portfolio (€ million):	2,136	
Net amount of preexisting write-down/write-backs (€ million):	312	
Disposal Profit & Loss realised (€ million)(*):	-22	
Portfolio disposal price (€ million):	290	
Issued guarantees by the Bank:	-	
Issued guarantees by third parties:	On 24 December 2021 a request was submitted to the MEF and Consap for the issuing of the state guarantee on the senior notes (so-called GACS).	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	UniCredit Bank GmbH has granted a credit facility of €26 million to the SPV, super-senior in the priority of payment.	
Other Credit Enhancements:	-	
Other relevant information:	UniCredit S.p.A. has initially underwritten the whole set of notes issued by the SPV. On 9 December 2021, 95% of junior and mezzanine notes was sold on the market.	
Rating Agencies:	Moody's Italia S.r.l.,Scope Ratings GmbH and S&P Global Ratings Europe Limited	
Amount of CDS or other risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	IT0005468365	IT0005468373
. Type of security	Senior	Mezzanine
. Class	A	B
. Rating	(Moody's) Baa2 - (Scope) BBB - (S&P) BBB	-
. Quotation	-	-
. Issue date	25.11.2021	25.11.2021
. Legal maturity	01.07.2044	01.07.2044
. Call option	-	-
. Expected duration (years)	4.7	7.7
. Rate	6M Eur +1,50%	6M Eur +9,50%
. Subordination level	-	SUB A
. Nominal Value Issued (€ million)	261	26
. Nominal value at the end of accounting period (€ million)	165	26
. ISIN	IT0005468381	
. Type of security	Junior	
. Class	J	
. Rating	-	
. Quotation	-	
. Issue date	25.11.2021	
. Legal maturity	01.07.2044	
. Call option	-	
. Expected duration (years)	8.2	
. Rate	variabile	
. Subordination level	SUB A-B	
. Nominal Value Issued (€ million)	3	
. Nominal value at the end of accounting period (€ million)	3	

Note:
(*) Amount gross of initial transaction's costs.

Annex 3 - Securitisations - qualitative tables

NAME:	**PRISMA**	
Type of securitisation:	Traditional	
Originator:	UniCredit S.p.A.	
Issuer:	Prisma SPV S.r.l.	
Servicer:	Italfondiario S.p.A. (Master Servicer), doValue S.p.A. (Special Servicer)	
Arranger:	UniCredit Bank GmbH	
Target transaction:	Decrease of exposure to non-performing residential mortgages (bad-loans)	
Type of asset:	Residential mortgages granted to retail customers	
Quality of Asset:	Bad loans	
Closing date:	18.10.2019	
Nominal Value of reference portfolio (€ million):	6,101	
Net amount of preexisting write-down/write-backs (€ million):	1,357	
Disposal Profit & Loss realised (€ million)(*):	-37	
Portfolio disposal price (€ million):	1,320	
Issued guarantees by the Bank:	-	
Issued guarantees by third parties:	Government guarantee is effective on senior notes (i.e. GACS)	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	UniCredit Bank GmbH has granted a credit facility of €66 million to the SPV, super-senior in the priority of payment.	
Other Credit Enhancements:	-	
Other relevant information:	UniCredit S.p.A. has originally underwritten the whole of notes issued by the SPV. On 12 November 2019, 95% of junior and mezzanine notes was sold on the market.	
Rating Agencies:	Moody's and Scope	
Amount of CDS or other risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	IT0005387904	IT0005387912
. Type of security	Senior	Mezzanine
. Class	A	B
. Rating	(Moody's) Baa1 - (Scope) BBB+	(Moody's) B3 - (Scope) B-
. Quotation	-	-
. Issue date	18.10.2019	18.10.2019
. Legal maturity	01.11.2039	01.11.2039
. Call option	-	-
. Expected duration (years)	3.4	8.1
. Rate	6M Eur +1,50%	6M Eur +9%
. Subordination level	-	SUB A
. Nominal Value Issued (€ million)	1,210	80
. Nominal value at the end of accounting period (€ million)	532	80
. ISIN	IT0005387920	
. Type of security	Junior	
. Class	J	
. Rating	-	
. Quotation	-	
. Issue date	18.10.2019	
. Legal maturity	01.11.2039	
. Call option	-	
. Expected duration (years)	9.1	
. Rate	variable	
. Subordination level	SUB A-B	
. Nominal Value Issued (€ million)	30	
. Nominal value at the end of accounting period (€ million)	30	

Note:
(*) Amount gross of initial transaction's costs.

Annex 3 - Securitisations - qualitative tables

NAME:	FINO 1	
Type of securitisation:	Traditional	
Originator:	UniCredit S.p.A/Arena Npl ONE S.r.l.	
Issuer:	FINO 1 Securitisation S.r.l.	
Servicer:	Italfondiario S.p.A. (Master Servicer), doValue S.p.A. (Special Servicer)	
Arranger:	Morgan Stanley International Plc - UniCredit Bank GmbH	
Target transaction:	UniCredit S.p.A. bad loans stock reduction	
Type of asset:	Secured and unsecured loans granted to small and medium enterprises and individuals	
Quality of Asset:	Bad loans	
Closing date:	31.07.2017	
Nominal Value of disposal portfolio (€ million):	5,376	
Net amount of pre-existing write-down/write-backs (€ million):	890	
Disposal Profit & Loss realised (€ million)(*):	-96	
Portfolio disposal price (€ million):	794	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	Government guarantee is effective on senior notes (i.e. GACS)	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	-	
Rating Agencies:	Moody's - DBRS	
Amount of CDS or other risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	IT0005277311	IT0005277337
. Type of security	Senior	Mezzanine
. Class	A	B
. Rating	(Moody's) A2/BBB+ - (DBRS) A2/BBB+	(Moody's) Ba3/BB+ - (DBRS) Ba3/BB+
. Quotation	-	-
. Issue date	31.07.2017	31.07.2017
. Legal maturity	01.10.2045	01.10.2045
. Call option	-	
. Expected duration (years)	2.2	4.1
. Rate	3M Eur + 1.5%	3M Eur + 4%
. Subordinated level	-	SUB A
. Nominal value issued (€ million)	650	30
. Nominal value at the end of accounting period (€ million)	-	-
. ISIN	IT0005277345	IT0005277352
. Type of security	Mezzanine	Junior
. Class	C	D
. Rating	(Moody's) B1/BB - (DBRS) B1/BB	-
. Quotation	-	-
. Issue date	31.07.2017	31.07.2017
. Legal maturity	01.10.2045	01.10.2045
. Call option	-	
. Expected duration (years)	4.2	6.8
. Rate	3M Eur + 6%	12.00%
. Subordinated level	SUB A-B	SUB A-B-C
. Nominal value issued (€ million)	40	50
. Nominal value at the end of accounting period (€ million)	-	50

Note:
(*) Amount gross of initial transaction's costs.

Annex 3 - Securitisations - qualitative tables

NAME:	FINO 2	
Type of securitisation:	Traditional	
Originator:	UniCredit S.p.A/Arena Npl ONE S.r.l.	
Issuer:	FINO 2 Securitisation S.r.l.	
Servicer:	Italfondiario S.p.A. (Master Servicer), doValue S.p.A. (Special Servicer)	
Arranger:	Morgan Stanley International Plc - UniCredit Bank GmbH	
Target transaction:	UniCredit S.p.A. Bad loans stock reduction	
Type of asset:	Secured and unsecured loans granted to small and medium enterprises and individuals	
Quality of Asset:	Bad loans	
Closing date:	31.07.2017	
Nominal Value of disposal portfolio (€ million):	7,841	
Net amount of pre-existing write-down/write-backs (€ million):	822	
Disposal Profit & Loss realised (€ million)(*):	-181	
Portfolio disposal price (€ million):	640	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	-	
Rating Agencies:	-	
Amount of CDS or other risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	IT0005277378	IT0005277394
. Type of security	Senior	Mezzanine
. Class	A	B
. Rating	-	-
. Quotation	-	-
. Issue date	31.07.2017	31.07.2017
. Legal maturity	01.10.2045	01.10.2045
. Call option	-	-
. Expected duration (years)	1.6	3.6
. Rate	3M Eur + 2%	3M Eur + 6%
. Subordinated level	-	SUB A
. Nominal value issued (€ million)	400	125
. Nominal value at the end of accounting period (€ million)	180	125
. ISIN	IT0005277402	IT0005277410
. Type of security	Mezzanine	Junior
. Class	C	D
. Rating	-	-
. Quotation	-	-
. Issue date	31.07.2017	31.07.2017
. Legal maturity	01.10.2045	01.10.2045
. Call option	-	-
. Expected duration (years)	4.3	6.2
. Rate	3M Eur + 8%	3M Eur + 12%
. Subordinated level	SUB A-B	SUB A-B-C
. Nominal value issued (€ million)	76	40
. Nominal value at the end of accounting period (€ million)	76	40

Note:
(*) Amount gross of initial transaction's costs.

Annex 3 - Securitisations - qualitative tables

NAME:	ONIF	
Type of securitisation:	Traditional	
Originator:	UniCredit S.p.A	
Issuer:	Onif Finance S.r.l.	
Servicer:	Zenith Service S.p.A. (Master Servicer) - Phoenix Asset Management S.p.A. (Special Servicer)	
Arranger:	Morgan Stanley International Plc - UniCredit Bank GmbH	
Target transaction:	UniCredit S.p.A. bad loans stock reduction	
Type of asset:	Secured and unsecured loans granted to large enterprises	
Quality of Asset:	Bad loans	
Closing date:	26.07.2017	
Nominal Value of disposal portfolio (€ million):	2,994	
Net amount of pre-existing write-down/write-backs (€ million):	402	
Disposal Profit & Loss realised (€ million)(*):	-84	
Portfolio disposal price net of Lock Box Cash (€ million):	318	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	2	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	Cash reserve for €0,7 million	
Other relevant information:	-	
Rating Agencies:	-	
Amount of CDS or other risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	IT0005277014	IT0005277022
. Type of security	Senior	Mezzanine
. Class	A	B
. Rating	-	-
. Quotation	-	-
. Issue date	26.07.2017	26.07.2017
. Legal maturity	31.10.2042	31.10.2042
. Call option	-	-
. Expected duration (years)	2.0	4.5
. Rate	2.00%	5.00%
. Subordinated level	-	SUB A
. Nominal value issued (€ million)	150	100
. Nominal value at the end of accounting period (€ million)	-	-
. ISIN	IT0005277030	
. Type of security	Junior	
. Class	C	
. Rating	-	
. Quotation	-	
. Issue date	26.07.2017	
. Legal maturity	31.10.2042	
. Call option	-	
. Expected duration (years)	6.7	
. Rate	10.00%	
. Subordinated level	SUB A-B	
. Nominal value issued (€ million)	80	
. Nominal value at the end of accounting period (€ million)	80	

Note:
(*) Amount gross of initial transaction's costs.

Annex 3 - Securitisations - qualitative tables

ORIGINATOR: UniCredit S.p.A.

Traditional securitisations of performing exposures

Transactions from previous years

STRATEGIES, PROCESSES AND GOALS:	These initiatives are part of the Group strategic guidelines, which has, among its objectives, the optimization of risk-weighted average assets and improving ROAC also through the accounting derecognition of the assets securitized
INTERNAL MEASUREMENT AND RISK MONITORING SYSTEMS:	The portfolio of the securitisation transaction is subject to continuous monitoring by third parties with respect to the bank and quarterly reports are prepared as envisaged by the contractual documentation of the transaction, with evidence of the status of the receivables and the trend of the collections. Furthermore UniCredit S.p.A. performs the role of "Sub Servicer" in charge of the administration and collections activities of securitized loans, as well as the management of any procedures for the recovery of non-performing loans. Finally, UniCredit S.p.A. underwrites and maintains, in accordance with the retention rule, at least 5% of each securitized loan, thus directly monitoring their performance.
ORGANISATIONAL STRUCTURE AND SYSTEM FOR REPORTING TO SENIOR MANAGEMENT:	Although the securitized portfolio has been derecognised from the Balance sheet, UniCredit constantly monitors the securitized portfolio and therefore its own investment in the senior note through the management of securitized portfolio collections through the same structures that manage the own portfolio and continuing to directly manage the portfolio not sold in order to maintain the net economic interest required by law. In this context, it ensures adequate overall monitoring of the portfolio also in favor of Top Management.
HEDGING POLICIES:	There is no interest rate swap agreement in charge since this was not requested by the investor.
OPERATING RESULTS:	The economic results achieved by the transaction are substantially in line with the expectations subject to the relative initial approvals.

Annex 3 - Securitisations - qualitative tables

NAME:	ARTS PEVA	
Type of securitisation:	Traditional	
Originator:	UniCredit SpA	
Issuer:	ARTS Large Corporate Srl	
Servicer:	Banca Finint	
Arranger:	UniCredit Bank GmbH	
Target transaction:	Capital Relief	
Type of asset:	Large Corporate	
Quality of Asset:	Performing	
Closing date:	07.04.2022	
Nominal Value of reference portfolio (€ million):	1,315	
Net amount of preexisting write-down/write-backs (€ million):	1,315	
Disposal Profit & Loss realised (€ million)(*):	-24	
Portfolio disposal price (€ million):	1,291	
Issued guarantees by the Bank:	-	
Issued guarantees by third parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	-	
Rating Agencies:	-	
Amount of CDS or other risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	IT0005491045	IT0005491052
. Type of security	Senior	Junior
. Class	A	B
. Rating	-	-
. Quotation	-	-
. Issue date	07.04.2022	07.04.2022
. Legal maturity	25.01.2041	25.01.2041
. Call option	Clean-up call	
. Expected duration (years)	1.98	4.68
. Rate	EUR3M+0,90%	Variable return
. Subordination level	A	sub A
. Nominal Value Issued (€ million)	1,187	103
. Nominal value at the end of accounting period (€ million)	471	44

Note:
(*) Amount gross of initial transaction's costs.

Annex 3 - Securitisations - qualitative tables

STRATEGIES, PROCESSES AND GOALS:	The securitisations aim at facilitating the access to long term financing opportunities for the small and medium enterprises ("SMEs"), through minibonds subscription by SMEs and purchase of it by SPV, in addition to the traditional bank credit lines, thus supporting the real economy and achieving a significant transfer risk on institutional qualified investors.
INTERNAL MEASUREMENT AND RISK MONITORING SYSTEMS:	Each portfolio is monitored on an ongoing basis by external third counterparty and is described in monthly and quarterly reports (required by the agreements) with a breakdown of loans by status and the trend of repayments. Moreover compliant to the retention rule UniCredit S.p.A. maintained at least a 5% of minibonds issued by SMES, so is able to monitor directly performance of the portfolio.
ORGANISATIONAL STRUCTURE AND SYSTEM FOR REPORTING TO SENIOR MANAGEMENT:	The BoD approved a plafond for similar transactions and each new securitisation is submitted to the top management and internal of UniCredit S.p.A. deputated committes approval. The bank's annual/interim report contains details information on the specific ABS transactions achieved.
HEDGING POLICIES:	There is no swap on interest rates in force since the interest rates of the assets are matched with interest rates of the liabilities.
OPERATING RESULTS:	The results achieved up to the present are broadly in line with expectations and approved at inception.

NAME:	BASKET BOND PUGLIA
Type of securitisation:	Traditional
Originator:	UniCredit S.p.A.
Issuer:	Garibaldi Tower Basket Bond S.r.l.
Servicer:	Banca Finint S.p.A.
Arranger:	UniCredit S.p.A./UniCredit Bank GmbH London Branch
Target transaction:	Funding to SMEs
Type of asset:	Minibonds
Quality of Asset:	Performing
Closing date:	18.06.2020
Nominal Value of reference portfolio (€ million):	140
Net amount of preexisting write-down/write-backs (€ million):	-
Disposal Profit & Loss realised (€ million)(*):	-
Portfolio disposal price (€ million):	140
Issued guarantees by the Bank:	-
Issued guarantees by third parties:	35
Bank Lines of Credit:	-
Third Parties Lines of Credit:	-
Other Credit Enhancements:	-
Other relevant information:	-
Rating Agencies:	-
Amount of CDS or other risk transferred (€ million):	-
Amount and Condition of tranching:	
. ISIN	IT0005414120
. Type of security	Senior
. Class	A
. Rating	-
. Quotation	-
. Issue date	18.06.2020
. Legal maturity	17.06.2030
. Call option	-
. Expected duration (years)	4.2
. Rate	0.5% + Variable
. Subordination level	-
. Nominal Value Issued (€ million)	140
. Nominal value at the end of accounting period (€ million)	120

Note:
(*) Amount gross of initial transaction's costs.

Annex 3 - Securitisations - qualitative tables

ORIGINATOR: UniCredit S.p.A.

Synthetic securitisations of performing loans

STRATEGIES, PROCESSES AND GOALS:	The main purpose of structuring synthetic securitisations is the relief of Regulatory Capital.
INTERNAL MEASUREMENT AND RISK MONITORING SYSTEMS:	Each securitised portfolio is monitored by the Servicing Department on an ongoing basis and disclosed in the form of quarterly reports (Investor Report), providing a breakdown of the status of underlying loans.
ORGANISATIONAL STRUCTURE AND SYSTEM FOR REPORTING TO SENIOR MANAGEMENT:	A first-level Committee approves each new transaction and any other related decisions and is informed about expected and actual performances of already existing transactions. The bank's annual report features information about all originated synthetic securitisations.
HEDGING POLICIES:	None
OPERATING RESULTS:	The performances of synthetic securitisations are monitored on a semi-annual basis with dedicated reports addressed to the competent first-level Committee.

Annex 3 - Securitisations - qualitative tables

New Transactions 2023

NAME:	**ARTS Large Corporate 2023**	
Type of securitisation:	Tranched Cover	
Originator:	UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit Bank A.G.	
Target transaction:	Credit risk hedging	
Type of asset:	Loans to Large Corporates	
Quality of Asset:	Performing	
Closing date:	06.06.2023	
Nominal Value of disposal portfolio (€ million):	3,073	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	Junior risk cash collateralised	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	-	
Rating Agencies:	No rating agency, use of Supervisory SEC-IRBA Approach(*)	
Amount of CDS or other risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	-	-
. Type of security	Senior	Junior
. Class	A	B
. Rating	-	-
. Issue date	06.06.2023	06.06.2023
. Legal maturity	31.01.2033	31.01.2033
. Call option	Clean-up call, Regulatory call, SRT call, Time call	
. Expected duration (years)	-	-
. Rate	-	-
. Subordinated level	-	SUB A
. Reference Position (€ million)	2,888	184
. Reference Position at the end of accounting period (€ million)	2,691	184
. Risk holder	UniCredit S.p.A.	private Investor
Distribution of securitised assets by area (€ million):		
Italy - Northwest	1,297	
Italy - Northeast	611	
Italy - Central	955	
Italy - South and Islands	55	
Other European Countries - E.U. countries	155	
Other European Countries - non-E.U. countries	-	
America	-	
Rest of the World	-	
Total	**3,073**	
Distribution of securitised assets by business sector of the borrower (€ million):		
Governments	-	
Other public-sector entities	-	
Banks	-	
Financial Companies	-	
Insurance Companies	-	
Non-financial Companies	2,829	
Other entities	244	
Total	**3,073**	

Note:
(*) Synthetic securitisations carried out using the SEC-IRBA approach as required by Artt. 258-259 of Regulation (EU) 2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms.

Annex 3 - Securitisations - qualitative tables

NAME:	A.R.T.S. ReMo 2023	
Type of securitisation:	Tranched Cover	
Originator:	UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.	
Target transaction:	Credit risk hedging	
Type of asset:	Residential mortgages	
Quality of Asset:	Performing	
Closing date:	28.07.2023	
Nominal Value of disposal portfolio (€ million):	1,448	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	Financial guarantee to hedge the mezzanine risk in the form of personal guarantee and insurance policy to hedge the junior risk	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	-	
Rating Agencies:	No rating agency, use of Supervisory SEC-IRBA Approach(*)	
Amount of CDS or other risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	-	-
. Type of security	Senior	Mezzanine
. Class	A	B
. Rating	-	-
. Issue date	28.07.2023	28.07.2023
. Legal maturity	28.07.2031	28.07.2031
. Call option	Clean-up call, Regulatory call, SRT call	
. Expected duration (years)	-	-
. Rate	-	-
. Subordinated level	-	SUB A
. Reference Position (€ million)	1,304	65
. Reference Position at the end of accounting period (€ million)	1,244	65
. Risk holder	UniCredit S.p.A.	Supranational Investor
. ISIN	-	-
. Type of security	Junior	Equity
. Class	C	D
. Rating	-	-
. Issue date	28.07.2023	28.07.2023
. Legal maturity	28.07.2031	28.07.2031
. Call option	Clean-up call, Regulatory call, SRT call	
. Expected duration (years)	-	-
. Rate	-	-
. Subordinated level	SUB A-B	SUB A-B-C
. Reference Position (€ million)	72	7
. Reference Position at the end of accounting period (€ million)	72	7
. Risk holder	Insurance Companies	UniCredit S.p.A.
Distribution of securitised assets by area (€ million):		
Italy - Northwest	459	
Italy - Northeast	281	
Italy - Central	366	
Italy - South and Islands	342	
Other European Countries - E.U. countries	-	
Other European Countries - non-E.U. countries	-	
America	-	
Rest of the World	-	
Total	**1,448**	
Distribution of securitised assets by business sector of the borrower (€ million):		
Governments	-	
Other public-sector entities	-	
Banks	-	
Financial Companies	-	
Insurance Companies	-	
Non-financial Companies	-	
Other entities	1,448	
Total	**1,448**	

Note:
(*) Synthetic securitisations carried out using the SEC-IRBA approach as required by Artt.258-259 of Regulation (EU) 2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms.

Annex 3 - Securitisations - qualitative tables

Transactions from previous years

NAME:	**ARTS Large Corporate 2022**	
Type of securitisation:	Tranched Cover	
Originator:	UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit Bank GmbH	
Target transaction:	Credit risk hedging	
Type of asset:	Loans to Large Corporates	
Quality of Asset:	Performing	
Closing date:	14.12.2022	
Nominal Value of disposal portfolio (€ million):	2,943	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	Cash collateral for junior risk	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	-	
Rating Agencies:	No rating agency, use of Supervisory SEC-IRBA Approach(*)	
Amount of CDS or other risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	-	-
. Type of security	Senior	Junior
. Class	A	B
. Rating	-	-
. Issue date	14.12.2022	14.12.2022
. Legal maturity	31.12.2033	31.12.2033
. Call option	Clean-up call, Regulatory call, SRT call, Time call	
. Expected duration (years)	-	-
. Rate	-	-
. Subordinated level	-	SUB A
. Reference Position (€ million)	2,744	199
. Reference Position at the end of accounting period (€ million)	1,865	188

Note:
(*) Synthetic securitisations carried out using the SEC-IRBA approach as required by Artt.258-259 of Regulation (EU) 2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms.

Annex 3 - Securitisations - qualitative tables

NAME:	MidCap 2022	
Type of securitisation:	Tranched Cover	
Originator:	UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit Bank GmbH	
Target transaction:	Credit risk hedging	
Type of asset:	Loans to Small and Mid Corporates	
Quality of Asset:	Performing	
Closing date:	09.06.2022	
Nominal Value of disposal portfolio (€ million):	1,662	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	Financial guarantee to hedge the junior risk in the form of personal guarantee	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	-	
Rating Agencies:	No rating agency, use of Supervisory SEC-IRBA Approach(*)	
Amount of CDS or other risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	-	-
. Type of security	Senior	Junior
. Class	A	B
. Rating	-	-
. Issue date	09.06.2022	09.06.2022
. Legal maturity	31.12.2035	31.12.2035
. Call option	Clean-up call, Regulatory call, SRT call, Time call	
. Expected duration (years)	-	-
. Rate	-	-
. Subordinated level	-	SUB A
. Reference Position (€ million)	1,534	128
. Reference Position at the end of accounting period (€ million)	770	71

Note:
(*) Synthetic securitisations carried out using the SEC-IRBA approach as required by Artt.258-259 of Regulation (EU) 2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms.

Annex 3 - Securitisations - qualitative tables

NAME:	A.R.T.S. Remo 2022	
Type of securitisation:	Tranched Cover	
Originator:	UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.	
Target transaction:	Credit risk hedging	
Type of asset:	Residential mortgages	
Quality of Asset:	Performing	
Closing date:	13.07.2022	
Nominal Value of disposal portfolio (€ million):	1,605	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	Insurance policy to hedge the mezzanine and upper junior risk	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	-	
Rating Agencies:	No rating agency, use of Supervisory SEC-IRBA Approach(*)	
Amount of CDS or other risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	-	-
. Type of security	Senior	Mezzanine
. Class	A	B
. Rating	-	-
. Issue date	13.07.2022	13.07.2022
. Legal maturity	14.07.2030	14.07.2030
. Call option	Clean-up call, Regulatory call, SRT call	
. Expected duration (years)	-	-
. Rate	-	-
. Subordinated level	-	SUB A
. Reference Position (€ million)	1,404	88
. Reference Position at the end of accounting period (€ million)	1,161	88
. Risk holder	UniCredit S.p.A.	Insurance Companies
Amount and Condition of tranching:		
. ISIN	-	-
. Type of security	Upper Junior	Lower Junior
. Class	C	D
. Rating	-	-
. Issue date	13.07.2022	13.07.2022
. Legal maturity	14.07.2030	14.07.2030
. Call option	Clean-up call, Regulatory call, SRT call	
. Expected duration (years)	-	-
. Rate	-	-
. Subordinated level	SUB A-B	SUB A-B-C
. Reference Position (€ million)	96	16
. Reference Position at the end of accounting period (€ million)	96	16

Note:
(*) Synthetic securitisations carried out using the SEC-IRBA approach as required by Artt.258-259 of Regulation (EU) 2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms.

Annex 3 - Securitisations - qualitative tables

NAME:	**A.R.T.S. Remo 2022/2**	
Type of securitisation:	Tranched Cover	
Originator:	UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.	
Target transaction:	Credit risk hedging	
Type of asset:	Residential mortgages	
Quality of Asset:	Performing	
Closing date:	15.12.2022	
Nominal Value of disposal portfolio (€ million):	1,272	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	Insurance policy to hedge the mezzanine and upper junior risk	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	-	
Rating Agencies:	No rating agency, use of Supervisory SEC-IRBA Approach(*)	
Amount of CDS or other risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	-	-
. Type of security	Senior	Mezzanine
. Class	A	B
. Rating	-	-
. Issue date	15.12.2022	15.12.2022
. Legal maturity	15.12.2030	15.12.2030
. Call option	Clean-up call, Regulatory call, SRT call	
. Expected duration (years)	-	-
. Rate	-	-
. Subordinated level	-	SUB A
. Reference Position (€ million)	1,145	51
. Reference Position at the end of accounting period (€ million)	1,025	51
. Risk holder	UniCredit S.p.A.	Insurance Companies
Amount and Condition of tranching:		
. ISIN	-	-
. Type of security	Upper Junior	Lower Junior
. Class	C	D
. Rating	-	-
. Issue date	15.12.2022	15.12.2022
. Legal maturity	15.12.2030	15.12.2030
. Call option	Clean-up call, Regulatory call, SRT call	
. Expected duration (years)	-	-
. Rate	-	-
. Subordinated level	SUB A-B	SUB A-B-C
. Reference Position (€ million)	64	13
. Reference Position at the end of accounting period (€ million)	64	13

Note:
(*) Synthetic securitisations carried out using the SEC-IRBA approach as required by Artt.258-259 of Regulation (EU) 2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms.

Annex 3 - Securitisations - qualitative tables

NAME:	A.R.T.S. Re.Mo. 2021	
Type of securitisation:	Tranched Cover	
Originator:	UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.	
Target transaction:	Credit risk hedging	
Type of asset:	Residential mortgages	
Quality of Asset:	Performing	
Closing date:	20.12.2021	
Nominal Value of disposal portfolio (€ million):	586	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	Insurance policy to hedge the junior risk	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	-	
Rating Agencies:	No rating agency, use of Supervisory SEC-IRBA Approach(*)	
Amount of CDS or other risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	-	-
. Type of security	Senior	Junior
. Class	A	B
. Rating	-	-
. Issue date	20.12.2021	20.12.2021
. Legal maturity	20.12.2029	20.12.2029
. Call option	Clean-up call, Regulatory call, SRT call	
. Expected duration (years)	-	-
. Rate	-	-
. Subordinated level	-	SUB A
. Reference Position (€ million)	539	47
. Reference Position at the end of accounting period (€ million)	443	47

Note:
(*) Synthetic securitisations carried out using the SEC-IRBA approach as required by Art.258-259 of Regulation (EU) No.2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No.575/2013 (Capital Requirements Regulation – CRR) on prudential requirements for credit institutions and investment firms.

Annex 3 - Securitisations - qualitative tables

NAME:	**A.R.T.S. MidCap 2021**	
Type of securitisation:	Tranched Cover	
Originator:	UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit Bank GmbH	
Target transaction:	Credit risk hedging	
Type of asset:	Loans to Small and Mid Corporates	
Quality of Asset:	Performing	
Closing date:	26.11.2021	
Nominal Value of disposal portfolio (€ million):	1,998	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	Financial guarantee to hedge the mezzanine risk in the form of personal guarantee	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	-	
Rating Agencies:	No rating agency, use of Supervisory SEC-IRBA Approach(*)	
Amount of CDS or other risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	-	-
. Type of security	Senior	Mezzanine
. Class	A	B
. Rating	-	-
. Issue date	26.11.2021	26.11.2021
. Legal maturity	31.12.2035	31.12.2035
. Call option	Clean-up call, Regulatory call, SRT call, Time call	
. Expected duration (years)	-	-
. Rate	-	-
. Subordinated level	-	SUB A
. Reference Position (€ million)	1,844	120
. Reference Position at the end of accounting period (€ million)	551	62
. ISIN	-	
. Type of security	Junior	
. Class	C	
. Rating	-	
. Issue date	26.11.2021	
. Legal maturity	31.12.2035	
. Call option	Clean-up call, regulatory call, SRT call, Time call	
. Expected duration (years)	-	
. Rate	-	
. Subordinated level	SUB A-B	
. Reference Position (€ million)	34	
. Reference Position at the end of accounting period (€ million)	34	

Note:
(*) Synthetic securitisations carried out using the SEC-IRBA approach as required by Art.258-259 of Regulation (EU) No.2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No.575/2013 on prudential requirements for credit institutions and investment firms.

Annex 3 - Securitisations - qualitative tables

NAME:	Puglia Sviluppo 2021	
Type of securitisation:	Tranched Cover	
Originator:	UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.	
Target transaction:	Credit risk hedging	
Type of asset:	Unsecured loans - maturity up to 72 months - to small and medium enterprises located in Apulia	
Quality of Asset:	Performing	
Closing date:	26.05.2021	
Nominal Value of disposal portfolio (€ million):	7	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	Junior risk cash collateralised	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	-	
Rating Agencies:	No rating agency, use of Supervisory SEC-IRBA Approach(*)	
Amount of CDS or other risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	-	-
. Type of security	Senior	Junior
. Class	A	B
. Rating	-	-
. Issue date	26.05.2021	26.05.2021
. Legal maturity	31.12.2031	31.12.2031
. Call option	-	-
. Expected duration (years)	-	-
. Rate	-	-
. Subordinated level	-	SUB A
. Reference Position (€ million)	5	2
. Reference Position at the end of accounting period (€ million)	-	2

Note:
(*) Synthetic securitisations carried out using the SEC-IRBA approach as required by Art.258-259 of Regulation (EU) No.2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No.575/2013 on prudential requirements for credit institutions and investment firms.

Annex 3 - Securitisations - qualitative tables

NAME:	Bond Italia 8 Investimenti	
Type of securitisation:	Tranched Cover	
Originator:	UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.	
Target transaction:	Credit risk hedging	
Type of asset:	Unsecured loans - maturity between 24 and 60 months - to small and medium enterprises	
Quality of Asset:	Performing	
Closing date:	16.12.2020	
Nominal Value of disposal portfolio (€ million):	76	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	Financial guarantee to partially hedge the junior risk in the form of personal guarantee	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	-	
Rating Agencies:	No rating agency, use of Supervisory SEC-IRBA Approach(*)	
Amount of CDS or other risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	-	-
. Type of security	Senior	Junior
. Class	A	B
. Rating	-	-
. Issue date	16.12.2020	16.12.2020
. Legal maturity	31.07.2026	31.07.2026
. Call option	-	-
. Expected duration (years)	-	-
. Rate	-	-
. Subordinated level	-	SUB A
. Reference Position (€ million)	68	8
. Reference Position at the end of accounting period (€ million)	13	8

Note:
(*) Synthetic securitisations carried out using the SEC-IRBA approach as required by Art.258-259 of Regulation (EU) No.2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No.575/2013 on prudential requirements for credit institutions and investment firms.

Annex 3 - Securitisations - qualitative tables

NAME:	**Bond Italia 8 Misto**	
Type of securitisation:	Tranched Cover	
Originator:	UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.	
Target transaction:	Credit risk hedging	
Type of asset:	Unsecured loans - maturity between 18 and 60 months - to small and medium enterprises	
Quality of Asset:	Performing	
Closing date:	16.12.2020	
Nominal Value of disposal portfolio (€ million):	238	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	Financial guarantee to partially hedge the junior risk in the form of personal guarantee	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	-	
Rating Agencies:	No rating agency, use of Supervisory SEC-IRBA Approach(*)	
Amount of CDS or other risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	-	-
. Type of security	Senior	Junior
. Class	A	B
. Rating	-	-
. Issue date	16.12.2020	16.12.2020
. Legal maturity	31.07.2026	31.07.2026
. Call option	-	-
. Expected duration (years)	-	-
. Rate	-	-
. Subordinated level	-	SUB A
. Reference Position (€ million)	216	22
. Reference Position at the end of accounting period (€ million)	-	13

Note:
(*) Synthetic securitisations carried out using the SEC-IRBA approach as required by Art.258-259 of Regulation (EU) No.2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No.575/2013 on prudential requirements for credit institutions and investment firms.

Annex 3 - Securitisations - qualitative tables

NAME:	**ArtgianCredito Toscano**	
Type of securitisation:	Tranched Cover	
Originator:	UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.	
Target transaction:	Credit risk hedging	
Type of asset:	Unsecured loans - maturity up to 54 months - to small and medium enterprises mainly located in Tuscany	
Quality of Asset:	Performing	
Closing date:	14.07.2020	
Nominal Value of disposal portfolio (€ million):	21	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	Junior risk partially cash collateralised	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	-	
Rating Agencies:	No rating agency, use of Supervisory SEC-IRBA Approach(*)	
Amount of CDS or other risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	-	-
. Type of security	Senior	Junior
. Class	A	B
. Rating	-	-
. Issue date	14.07.2020	14.07.2020
. Legal maturity	31.12.2028	31.12.2028
. Call option	-	-
. Expected duration (years)	-	-
. Rate	-	-
. Subordinated level	-	SUB A
. Reference Position (€ million)	19	2
. Reference Position at the end of accounting period (€ million)	4	2

Note:
(*) Synthetic securitisations carried out using the SEC-IRBA approach as required by Art.258-259 of Regulation (EU) No.2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No.575/2013 on prudential requirements for credit institutions and investment firms.

Annex 3 - Securitisations - qualitative tables

NAME:	**Bond del Mezzogiorno 2 - SME Initiative**	
Type of securitisation:	Tranched Cover	
Originator:	UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.	
Target transaction:	Credit risk hedging	
Type of asset:	Unsecured loans - maturity up to 60 months - to small and medium enterprises located in Southern Italy	
Quality of Asset:	Performing	
Closing date:	20.07.2020	
Nominal Value of disposal portfolio (€ million):	202	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	Financial guarantee to partially hedge the junior risk in the form of personal guarantee	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	-	
Rating Agencies:	No rating agency, use of Supervisory SEC-IRBA Approach(*)	
Amount of CDS or other risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	-	-
. Type of security	Senior	Junior
. Class	A	B
. Rating	-	-
. Issue date	20.07.2020	20.07.2020
. Legal maturity	31.03.2026	31.03.2026
. Call option	-	-
. Expected duration (years)	-	-
. Rate	-	-
. Subordinated level	-	SUB A
. Reference Position (€ million)	177	25
. Reference Position at the end of accounting period (€ million)	-	18

Note:
(*) Synthetic securitisations carried out using the SEC-IRBA approach as required by Art.258-259 of Regulation (EU) No.2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No.575/2013 on prudential requirements for credit institutions and investment firms.

Annex 3 - Securitisations - qualitative tables

NAME:	**EaSi MicroCredito 2**	
Type of securitisation:	Tranched Cover	
Originator:	UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.	
Target transaction:	Credit risk hedging	
Type of asset:	Unsecured loans - maturity up to 60 months - to micro enterprises	
Quality of Asset:	Performing	
Closing date:	31.03.2020	
Nominal Value of disposal portfolio (€ million):	27	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	Financial guarantee to hedge the junior risk in the form of personal guarantee	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	-	
Rating Agencies:	No rating agency, use of Supervisory SEC-IRBA Approach(*)	
Amount of CDS or other risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	-	-
. Type of security	Senior	Junior
. Class	A	B
. Rating	-	-
. Issue date	31.03.2020	31.03.2020
. Legal maturity	01.01.2030	01.01.2030
. Call option	-	-
. Expected duration (years)	-	-
. Rate	-	-
. Subordinated level	-	SUB A
. Reference Position (€ million)	23	4
. Reference Position at the end of accounting period (€ million)	17	7

Note:
(*) Synthetic securitisations carried out using the SEC-IRBA approach as required by Art.258-259 of Regulation (EU) No.2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No.575/2013 on prudential requirements for credit institutions and investment firms.

Annex 3 - Securitisations - qualitative tables

NAME:	**Federascomfidi**	
Type of securitisation:	Tranched Cover	
Originator:	UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.	
Target transaction:	Credit risk hedging	
Type of asset:	Unsecured loans to small and medium enterprises	
Quality of Asset:	Performing	
Closing date:	13.03.2013	
Nominal Value of disposal portfolio (€ million):	69	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	Junior risk partially cash collateralised; financial guarantee to partially hedge the mezzanine risk in the form of personal guarantee	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	-	
Rating Agencies:	No rating agency, use of Supervisory SEC-IRBA Approach(*)	
Amount of CDS or other risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	-	-
. Type of security	Senior	Mezzanine
. Class	A	-
. Rating	-	-
. Issue date	13.03.2013	13.03.2013
. Legal maturity	31.05.2030	25.03.2023
. Call option	-	-
. Expected duration (years)	-	-
. Rate	-	-
. Subordinated level	-	SUB A
. Reference Position (€ million)	67	1
. Reference Position at the end of accounting period (€ million)	3	1
. ISIN	-	
. Type of security	Junior	
. Class	C	
. Rating	-	
. Issue date	13.03.2013	
. Legal maturity	31.05.2030	
. Call option	-	
. Expected duration (years)	-	
. Rate	-	
. Subordinated level	SUB A-B	
. Reference Position (€ million)	1	
. Reference Position at the end of accounting period (€ million)	-	

Note:
(*) Synthetic securitisations carried out using the SEC-IRBA approach as required by Art.258-259 of Regulation (EU) No.2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No.575/2013 on prudential requirements for credit institutions and investment firms.

Annex 3 - Securitisations - qualitative tables

NAME:	Federconfidi	
Type of securitisation:	Tranched Cover	
Originator:	UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.	
Target transaction:	Credit risk hedging	
Type of asset:	Unsecured loans to small and medium enterprises	
Quality of Asset:	Performing	
Closing date:	25.02.2013	
Nominal Value of disposal portfolio (€ million):	67	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	Junior risk partially cash collateralised; financial guarantee to partially hedge the mezzanine risk in the form of personal guarantee	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	-	
Rating Agencies:	No rating agency, use of Supervisory SEC-IRBA Approach(*)	
Amount of CDS or other risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	-	-
. Type of security	Senior	Mezzanine
. Class	A	-
. Rating	-	-
. Issue date	25.02.2013	25.02.2013
. Legal maturity	31.01.2030	25.03.2023
. Call option	-	-
. Expected duration (years)	-	-
. Rate	-	-
. Subordinated level	-	SUB A
. Reference Position (€ million)	64	1
. Reference Position at the end of accounting period (€ million)	6	1
. ISIN	-	
. Type of security	Junior	
. Class	C	
. Rating	-	
. Issue date	25.02.2013	
. Legal maturity	31.01.2030	
. Call option	-	
. Expected duration (years)	-	
. Rate	-	
. Subordinated level	SUB A-B	
. Reference Position (€ million)	2	
. Reference Position at the end of accounting period (€ million)	-	

Note:
(*) Synthetic securitisations carried out using the SEC-IRBA approach as required by Art.258-259 of Regulation (EU) No.2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No.575/2013 on prudential requirements for credit institutions and investment firms.

Annex 3 - Securitisations - qualitative tables

NAME:	TC EaSI Micro Credito	
Type of securitisation:	Tranched Cover	
Originator:	UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.	
Target transaction:	Credit risk hedging	
Type of asset:	Unsecured loans - maturity between 6 and 55 months - to micro enterprises	
Quality of Asset:	Performing	
Closing date:	25.11.2019	
Nominal Value of disposal portfolio (€ million):	27	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	Financial guarantee to hedge the junior risk in the form of personal guarantee	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	-	
Rating Agencies:	No rating agency, use of Supervisory SEC-IRBA Approach(*)	
Amount of CDS or other risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	-	-
. Type of security	Senior	Junior
. Class	A	B
. Rating	-	-
. Issue date	25.11.2019	25.11.2019
. Legal maturity	10.12.2025	10.12.2025
. Call option	-	-
. Expected duration (years)	-	-
. Rate	-	-
. Subordinated level	-	SUB A
. Reference Position (€ million)	24	3
. Reference Position at the end of accounting period (€ million)	2	3

Note:
(*) Synthetic securitisations carried out using the SEC-IRBA approach as required by Art.258-259 of Regulation (EU) No.2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No.575/2013 on prudential requirements for credit institutions and investment firms.

Annex 3 - Securitisations - qualitative tables

NAME:	**Bond Italia 7**	
Type of securitisation:	Tranched Cover	
Originator:	UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.	
Target transaction:	Credit risk hedging	
Type of asset:	Unsecured loans - maturity between 18 and 60 months - to small and medium enterprises	
Quality of Asset:	Performing	
Closing date:	21.11.2019	
Nominal Value of disposal portfolio (€ million):	273	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	Financial guarantee to partially hedge the junior risk in the form of personal guarantee	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	-	
Rating Agencies:	No rating agency, use of Supervisory SEC-IRBA Approach(*)	
Amount of CDS or other risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	-	-
. Type of security	Senior	Junior
. Class	A	B
. Rating	-	-
. Issue date	21.11.2019	21.11.2019
. Legal maturity	31.08.2027	31.08.2027
. Call option	-	-
. Expected duration (years)	-	-
. Rate	-	-
. Subordinated level	-	SUB A
. Reference Position (€ million)	252	21
. Reference Position at the end of accounting period (€ million)	4	19

Note:
(*) Synthetic securitisations carried out using the SEC-IRBA approach as required by Art.258-259 of Regulation (EU) No.2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No.575/2013 on prudential requirements for credit institutions and investment firms.

Annex 3 - Securitisations - qualitative tables

NAME:	Bond Italia 6 Investimenti	
Type of securitisation:	Tranched Cover	
Originator:	UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.	
Target transaction:	Credit risk hedging	
Type of asset:	Unsecured loans - maturity between 24 and 60 months - to small and medium enterprises	
Quality of Asset:	Performing	
Closing date:	21.11.2019	
Nominal Value of disposal portfolio (€ million):	88	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	Financial guarantee to partially hedge the junior risk in the form of personal guarantee	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	-	
Rating Agencies:	No rating agency, use of Supervisory SEC-IRBA Approach(*)	
Amount of CDS or other risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	-	-
. Type of security	Senior	Junior
. Class	A	B
. Rating	-	-
. Issue date	21.11.2019	21.11.2019
. Legal maturity	31.05.2026	31.05.2026
. Call option	-	-
. Expected duration (years)	-	-
. Rate	-	-
. Subordinated level	-	SUB A
. Reference Position (€ million)	79	9
. Reference Position at the end of accounting period (€ million)	11	8

Note:
(*) Synthetic securitisations carried out using the SEC-IRBA approach as required by Art.258-259 of Regulation (EU) No.2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No.575/2013 on prudential requirements for credit institutions and investment firms.

Annex 3 - Securitisations - qualitative tables

NAME:	Bond Italia 6 Misto	
Type of securitisation:	Tranched Cover	
Originator:	UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.	
Target transaction:	Credit risk hedging	
Type of asset:	Unsecured loans - maturity between 30 and 72 months - to small and medium enterprises	
Quality of Asset:	Performing	
Closing date:	18.12.2018	
Nominal Value of disposal portfolio (€ million):	210	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	Financial guarantee to partially hedge the junior risk in the form of personal guarantee	
Bank Lines of Credit:	-	
Third Parties Lines of Credit (€ million):	-	
Other Credit Enhancements (€ million):	-	
Other relevant information:	-	
Rating Agencies:	No rating agency, use of Supervisory SEC-IRBA Approach(*)	
Amount of CDS or other risk transferred:	-	
Amount and Condition of tranching:		
. ISIN	-	-
. Type of security	Senior	Junior
. Class	A	B
. Rating	-	-
. Issue date	18.12.2018	18.12.2018
. Legal maturity	31.12.2024	31.12.2024
. Call option	-	-
. Expected duration (years)	-	-
. Rate	-	-
. Subordinated level	-	SUB A
. Reference Position (€ million)	192	18
. Reference Position at the end of accounting period (€ million)	-	8

Note:
(*) Synthetic securitisations carried out using the SEC-IRBA approach as required by Art.258-259 of Regulation (EU) No.2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No.575/2013 on prudential requirements for credit institutions and investment firms.

Annex 3 - Securitisations - qualitative tables

NAME:	**Bond Italia 5-bis**	
Type of securitisation:	Tranched Cover	
Originator:	UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.	
Target transaction:	Credit risk hedging	
Type of asset:	Unsecured loans - maturity between 18 and 60 months - to small and medium enterprises located in Southern Italy	
Quality of Asset:	Performing	
Closing date:	19.10.2018	
Nominal Value of disposal portfolio (€ million):	34	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	Financial guarantee to partially hedge the junior risk in the form of personal guarantee	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	-	
Rating Agencies:	No rating agency, use of Supervisory SEC-IRBA Approach(*)	
Amount of CDS or other risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	-	-
. Type of security	Senior	Junior
. Class	A	B
. Rating	-	-
. Issue date	19.10.2018	19.10.2018
. Legal maturity	31.08.2025	31.08.2025
. Call option	-	-
. Expected duration (years)	-	-
. Rate	-	-
. Subordinated level	-	SUB A
. Reference Position (€ million)	32	2
. Reference Position at the end of accounting period (€ million)	2	2

Note:
(*) Synthetic securitisations carried out using the SEC-IRBA approach as required by Art. 258-259 of Regulation (EU) 2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms.

Annex 3 - Securitisations - qualitative tables

NAME:	**Bond del Mezzogiorno 1**	
Type of securitisation:	Tranched Cover	
Originator:	UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.	
Target transaction:	Credit risk hedging	
Type of asset:	Unsecured loans - maturity between 18 and 60 months - to small and medium enterprises located in Southern Italy	
Quality of Asset:	Performing	
Closing date:	19.09.2018	
Nominal Value of disposal portfolio (€ million):	92	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	Financial guarantee to partially hedge the junior risk in the form of personal guarantee	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	-	
Rating Agencies:	No rating agency, use of Supervisory SEC-IRBA Approach(*)	
Amount of CDS or other risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	-	-
. Type of security	Senior	Junior
. Class	A	B
. Rating	-	-
. Issue date	19.09.2018	19.09.2018
. Legal maturity	28.02.2026	28.02.2026
. Call option	-	-
. Expected duration (years)	-	-
. Rate	-	-
. Subordinated level	-	SUB A
. Reference Position (€ million)	81	11
. Reference Position at the end of accounting period (€ million)	-	5

Note:
(*) Synthetic securitisations carried out using the SEC-IRBA approach as required by Art. 258-259 of Regulation (EU) 2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms.

Annex 3 - Securitisations - qualitative tables

NAME:	Agribond 2	
Type of securitisation:	Tranched Cover	
Originator:	UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.	
Target transaction:	Credit risk hedging	
Type of asset:	Unsecured loans - maturity 72 months - to small and medium enterprises pertaining to the agricolture sector	
Quality of Asset:	Performing	
Closing date:	05.09.2018	
Nominal Value of disposal portfolio (€ million):	166	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	Financial guarantee to partially hedge the junior risk in the form of personal guarantee	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	-	
Rating Agencies:	No rating agency, use of Supervisory SEC-IRBA Approach(*)	
Amount of CDS or other risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	-	-
. Type of security	Senior	Junior
. Class	A	B
. Rating	-	-
. Issue date	05.09.2018	05.09.2018
. Legal maturity	31.12.2026	31.12.2026
. Call option	Clean-up call	
. Expected duration (years)	-	-
. Rate	-	-
. Subordinated level	-	SUB A
. Reference Position (€ million)	154	12
. Reference Position at the end of accounting period (€ million)	11	12

Note:
(*) Synthetic securitisations carried out using the SEC-IRBA approach as required by Art. 258-259 of Regulation (EU) 2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms.

Annex 3 - Securitisations - qualitative tables

NAME:	SME Initiative 2017	
Type of securitisation:	Tranched Cover	
Originator:	UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.	
Target transaction:	Credit risk hedging	
Type of asset:	Pool of UniCredit's SME loans, concentrated in South of Italy for at least 50%	
Quality of Asset:	Performing	
Closing date:	22.12.2017	
Nominal Value of reference portfolio (€ million):	460	
Issued guarantees by the Bank:	-	
Issued guarantees by third parties:	Financial guarantee to hedge the mezzanine and junior risk in the form of personal guarantee	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	-	
Rating Agencies:	No rating agency, use of Supervisory SEC-SA Approach(*)	
Amount and Conditions of tranching:		
. ISIN	-	-
. Type of security	Senior	Upper Mezzanine
. Class	A	B1
. Rating	-	-
. Issue date	22.12.2017	22.12.2017
. Legal maturity	31.12.2030	31.12.2030
. Call option	Clean-up call, regulatory call,Time call	
. Expected duration	-	-
. Rate	-	-
. Subordinated level	-	SUB A
. Reference Position (€ million)	395	2
. Reference Position at the end of accounting period (€ million)	-	-
. ISIN	-	-
. Type of security	Middle Mezzanine	Lower Mezzanine
. Class	B2	B3
. Rating	-	-
. Issue date	22.12.2017	22.12.2017
. Legal maturity	31.12.2030	31.12.2030
. Call option	Clean-up call, Regulatory call,Time call	
. Expected duration	-	-
. Rate	-	-
. Subordinated level	SUB A-B1	SUB A-B1-B2
. Reference Position (€ million)	1	12
. Reference Position at the end of accounting period (€ million)	-	-
. ISIN	-	-
. Type of security	Second Loss	Junior
. Class	C	D
. Rating	-	-
. Issue date	22.12.2017	22.12.2017
. Legal maturity	31.12.2030	31.12.2030
. Call option	Clean-up call, regulatory call,Time call	
. Expected duration	-	-
. Rate	-	-
. Subordinated level	SUB A-B1-B2-B3	SUB A-B1-B2-B3-C
. Reference Position (€ million)	14	36
. Reference Position at the end of accounting period (€ million)	-	27

Note:
(*) Synthetic securitisations carried out using the SEC-SA approach as required by Art. 261 of Regulation (EU) 2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms.

Annex 3 - Securitisations - qualitative tables

NAME:	BOND ITALIA 5 MIX		BOND ITALIA4 INVESTIMENTI	
Type of securitisation:	Tranched Cover		Tranched Cover	
Originator:	UniCredit S.p.A.		UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.		UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.		UniCredit S.p.A.	
Arranger:	UniCredit S.p.A.		UniCredit S.p.A.	
Target transaction:	Credit risk hedging		Credit risk hedging	
Type of asset:	Unsecured loans - maturity between 18 and 60 months - to small and medium enterprises		unsecured loans - maturity between 24 and 60 months - to small and medium enterprises	
Quality of Asset:	Performing		Performing	
Closing date:	16.06.2017		07.12.2016	
Nominal Value of reference portfolio (€ million):	297		100	
Issued guarantees by the Bank:	-		-	
Issued guarantees by third parties:	Financial guarantee to partially hedge the junior risk in the form of personal guarantee		Financial guarantee to partially hedge the junior risk in the form of personal guarantee	
Bank Lines of Credit:	-		-	
Third Parties Lines of Credit:	-		-	
Other Credit Enhancements:	-		-	
Other relevant information:	-		-	
Rating Agencies:	No rating agency, use of Supervisory SEC-IRBA Approach(*)		No rating agency, use of Supervisory SEC-IRBA Approach(*)	
Amount and Conditions of tranching:				
. ISIN	-	-	-	-
. Type of security	Senior	Mezzanine	Senior	Junior
. Class	A	B	A	B
. Rating	-	-	-	-
. Issue date	16.06.2017	16.06.2017	07.12.2016	07.12.2016
. Legal maturity	31.12.2025	31.12.2025	30.06.2028	30.06.2028
. Call option	-		-	
. Expected duration	-	-	-	-
. Rate	-	-	-	-
. Subordinated level	-	SUB A	-	SUB A
. Reference Position (€ million)	278	19	92	8
. Reference Position at the end of accounting period (€ million)	-	2	-	2

Note:
(*) Synthetic securitisations carried out using the SEC-IRBA approach as required by Art. 258-259 of Regulation (EU) 2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms.

Annex 3 - Securitisations - qualitative tables

NAME:	BOND ITALIA4 MISTO		AGRIBOND	
Type of securitisation:	Tranched Cover		Tranched Cover	
Originator:	UniCredit S.p.A.		UniCredit S.p.A.	
Issuer:	UniCredit S.p.A.		UniCredit S.p.A.	
Servicer:	UniCredit S.p.A.		UniCredit S.p.A.	
Arranger:	UniCredit Bank GmbH		UniCredit S.p.A.	
Target transaction:	Credit risk hedging		Credit risk hedging	
Type of asset:	unsecured loans - maturity between 18 and 60 months - to small and medium enterprises		Unsecured loans - maturity 72 months - to small and medium enterprises pertaining to the agricolture sector	
Quality of Asset:	Performing		Performing	
Closing date:	07.12.2016		30.06.2015	
Nominal Value of reference portfolio (€ million):	300		172	
Issued guarantees by the Bank:	-		-	
Issued guarantees by third parties:	Financial guarantee to partially hedge the junior risk in the form of personal guarantee		Financial guarantee to partially hedge the junior risk in the form of personal guarantee	
Bank Lines of Credit:	-		-	
Third Parties Lines of Credit:	-		-	
Other Credit Enhancements:	-		-	
Other relevant information:	-		-	
Rating Agencies:	No rating agency, use of Supervisory SEC-IRBA Approach(*)		No rating agency, use of Supervisory SEC-IRBA Approach(*)	
Amount and Conditions of tranching:				
. ISIN	-	-	-	-
. Type of security	Senior	Junior	Senior	Junior
. Class	A	B	A	B
. Rating	-	-	-	-
. Issue date	07.12.2016	07.12.2016	30.06.2015	30.06.2015
. Legal maturity	30.06.2027	30.06.2027	31.12.2023	31.12.2023
. Call option	-		Clean-up call	
. Expected duration (years)	-	-	-	-
. Rate	-	-	-	-
. Subordinated level	-	SUB A	-	SUB A
. Reference Position (€ million)	281	19	161	11
. Reference Position at the end of accounting period (€ million)	-	2	-	3

Note:
(*) Synthetic securitisations carried out using the SEC-IRBA approach as required by Art. 258-259 of Regulation (EU) 2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms.

Annex 3 - Securitisations - qualitative tables

ORIGINATOR: UniCredit Leasing S.p.A.

Synthetic securitisations of performing loans

STRATEGIES, PROCESSES AND GOALS:	The main purpose of structuring synthetic securitisations is the relief of Regulatory Capital.
INTERNAL MEASUREMENT AND RISK MONITORING SYSTEMS:	Each securitised portfolio is monitored on an ongoing basis and disclosed in the form of quarterly reports (Investor Report), providing a breakdown of the status of underlying loans.
ORGANISATIONAL STRUCTURE AND SYSTEM FOR REPORTING TO SENIOR MANAGEMENT:	The company Board approves each new transaction and any other related decisions related. The competent corporate body is informed about expected and actual performances of already existing transactions. The bank's annual report features information about all originated synthetic securitisations.
HEDGING POLICIES:	None
OPERATING RESULTS:	The performances of synthetic securitisations are monitored on a semi-annual basis with dedicated reports addressed to the competent corporate body.

Annex 3 - Securitisations - qualitative tables

New transactions 2023

NAME:	A.R.T.S. Leasing 2023	
Type of securitisation:	Synthetic securitisation	
Originator:	UniCredit Leasing SpA	
Issuer:	UniCredit Leasing SpA	
Servicer:	UniCredit Leasing SpA	
Arranger:	Unicredit Bank GmbH	
Target transaction:	Relief of Regulatory Capital.	
Type of asset:	Mainly leasing contracts related photovoltaic plants	
Quality of Asset:	Bonis	
Closing date:	06.12.2023	
Nominal Value of disposal portfolio (€ million):	396	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	Financial Guarantee of the Junior Tranche	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	-	
Rating Agencies:	No rating agencies, used SEC-SA approach for capital framework Standardised Approach)	
Amount of CDS or other risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	-	-
. Type of security	Senior	Junior
. Class	A	B
. Rating	-	-
. Issue date	06.12.2023	06.12.2035
. Legal maturity	12.06.2035	12.06.2035
. Call option	Clean-up call, Regulatory call, SRT call, Time call	
. Expected duration (years)	-	-
. Rate	-	-
. Subordinated level	-	SUB A
. Reference Position (€ million)	339	57
. Reference Position at the end of accounting period (€ million)	327	55
. Risk holder	UniCredit Leasing S.p.A.	Investor
Distribution of securitised assets by area (€ million):		
Italy - Northwest	116	
Italy - Northeast	152	
Italy - Central	58	
Italy - South and Islands	70	
Other European Countries - E.U. countries	-	
Other European Countries - non-E.U. countries	-	
America	-	
Rest of the World	-	
Total	**396**	
Distribution of securitised assets by business sector of the borrower (€ million):		
Governments	-	
Other public-sector entities	8	
Banks	-	
Financial Companies	-	
Insurance Companies	-	
Non-financial Companies	388	
Other entities	-	
Total	**396**	

Annex 3 - Securitisations - qualitative tables

Traditional securitisations of non-performing loans

STRATEGIES, PROCESSES AND GOALS:	UniCredit Leasing S.p.A., through the transfer of its credit exposures to an SPV pursuant to 130 Law on securitisation, has set itself the objective of reducing the stock of Non Performing Exposures of the Non Core perimeter, in line with the Group's strategy of a complete rundown of this perimeter.
INTERNAL MEASUREMENT AND RISK MONITORING SYSTEMS:	The performance of securitisations is subject to continuous monitoring by the company, with specific focus on the recovery performance and the evolution of the Gross Book Value (GBV) of the underlying portfolio and on the progressive repayment of the principal and payment of interest of the ABS securities issued by the SPV, based on the information provided by the servicer (also through specific periodic reports foreseen in the transaction documentation).
ORGANISATIONAL STRUCTURE AND SYSTEM FOR REPORTING TO SENIOR MANAGEMENT:	The execution of the securitisation transactions of non performing exposures is approved by the Board, based on the prior positive opinion of the proper committees within the company. Credit reviews of the transactions are scheduled on an annual basis and discussed in specific committees with the participation of top management, during which updates are given on the progress of transactions as a whole.
HEDGING POLICIES:	None
OPERATING RESULTS:	Every six months, or more frequently if necessary, information relating to the performance of securitisations (with specific focus on the evolution of the Gross Book Value of the transferred portfolio, the recovery performances and the redemption of ABS securities) is made available to the various company functions for the performance of their respective roles on monitoring and representation in the financial statements.

Annex 3 - Securitisations - qualitative tables

Transactions from previous years

NAME:	RELAIS 2020	
Type of securitisation:	Traditional	
Originator:	UniCredit Leasing S.p.A.	
Issuer:	Relais Spv S.r.l.	
Servicer:	Do Value S.p.A.	
Arranger:	UniCredit Bank GmbH (UniCredit Markets & Investment Banking)	
Target transaction:	Run down of non core portfolio	
Type of asset:	Mainly real estate contracts	
Quality of Asset:	Bad exposures	
Closing date:	01.12.2020	
Nominal Value of reference portfolio (€ million):	1,533	
Net amount of preexisting write-down/write-backs (€ million):	574	
Disposal Profit & Loss realised (€ million)(*):	-7	
Portfolio disposal price (€ million):	567	
Issued guarantees by the Bank:	-	
Issued guarantees by third parties:	-	
Bank Lines of Credit:	€51.85 millions - grant by UniCredit Bank GmbH	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	UniCredit Leasing S.p.A. has originally underwritten the whole of notes issued by Relais Spv. Subsequently 95% of junior and mezzanine notes was sold to Do Value S.p.A.	
Rating Agencies:	Moody's/Scope	
Amount of CDS or other risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	IT0005429128	IT0005429144
. Type of security	Senior	Mezzanine
. Class	A	B
. Rating	Baa2 | Baa2	-
. Quotation	-	-
. Issue date	11.12.2020	11.12.2020
. Legal maturity	31.07.2040	31.07.2040
. Call option	-	
. Expected duration (years)	3.0	6.4
. Rate	Euribor 6M + Spread 1.50%	Euribor 6M + Spread 9.50%
. Subordination level	-	sub A
. Nominal Value Issued (€ million)	466	91
. Nominal value at the end of accounting period (€ million)	278	91
. ISIN	IT0005429151	
. Type of security	Junior	
. Class	J	
. Rating	-	
. Quotation	-	
. Issue date	11.12.2020	
. Legal maturity	31.07.2040	
. Call option	-	
. Expected duration (years)	7.4	
. Rate	variable	
. Subordination level	sub A-B	
. Nominal Value Issued (€ million)	10	
. Nominal value at the end of accounting period (€ million)	10	

Note:
(*) Amount gross of initial transaction's costs.

Annex 3 - Securitisations - qualitative tables

ORIGINATOR: UniCredit Bank GmbH

Transactions from previous years

STRATEGIES, PROCESSES AND GOALS:	The main reason for the Bank's securitisation program "Tucherpark 2022" is the reduction of RWEA.
INTERNAL MEASUREMENT AND RISK MONITORING SYSTEMS:	The portfolio is monitored by the servicing department on an ongoing basis and it is illustrated in the form of quarterly report (investor report), which provides a breakdown of the status of loans.
ORGANISATIONAL STRUCTURE AND SYSTEM FOR REPORTING TO SENIOR MANAGEMENT:	The BoD of the Bank approves the synthetic transaction and any other related decision and they are informed on the expected performances and on those in the final balance.
HEDGING POLICIES:	No hedging activities
OPERATING RESULTS:	The results achieved up to the present are broadly in line with expectations.

NAME:	Tucherpark 2022	
Type of securitisation:	Synthetic	
Originator:	UniCredit Bank GmbH	
Issuer:	-	
Servicer:	UniCredit Bank GmbH	
Arranger:	UniCredit Bank GmbH (UniCredit Markets & Investment Banking)	
Target transaction:	RWEA relief	
Type of asset:	Large Corporate and SME corporate loans	
Quality of Asset:	Performing	
Closing date:	14.12.2022	
Nominal Value of disposal portfolio (€ million):	1,949	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	100% of junior tranche	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	Tucherpark 2022 has been established under the programme of EIF and EIB under the Pan-European Guarantee Fund in response to Covid-19 for support of and providing new finance for SME's. The financial guarantee providing credit protection will be fronted by EIF and backed by a back-to-back arrangement by EIB in favour of EIF, supported by EGF resources.	
Rating Agencies:	-	
Amount of CDS or other risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	-	-
. Type of security	Senior	Junior
. Class	-	-
. Rating	-	-
. Issue date	14.12.2022	14.12.2022
. Legal maturity	30.06.2035	30.06.2035
. Call option	Time Call & Clean-Up Call	
. Expected duration (years)	5	5
. Rate	-	8.00%
. Subordinated level	-	sub A
. Reference Position (€ million)	1,803	146
. Reference Position at the end of accounting period (€ million)	1,195	97

Annex 3 - Securitisations - qualitative tables

STRATEGIES, PROCESSES AND GOALS:	The main reason for the Bank's securitisation programs is the Funding for True Sale Transactions.
INTERNAL MEASUREMENT AND RISK MONITORING SYSTEMS:	Each portfolio is monitored by the servicing department on an ongoing basis and it is illustrated in the form of quarterly report (investor report), which provides a breakdown of the status of loans.
ORGANISATIONAL STRUCTURE AND SYSTEM FOR REPORTING TO SENIOR MANAGEMENT:	The BoD of the Bank approves each new transaction and any other related decision and is informed on the expected performances and on those in the final balance. The bank's annual report contains information on the bank's own ABS transactions.
HEDGING POLICIES:	No hedging activities
OPERATING RESULTS:	The results achieved up to the present are broadly in line with expectations; payments received from the portfolio ensured punctual and full payment to security holders and other parties to the transaction.

NAME:	**ROSENKAVALIER 2022**	
Type of securitisation:	Traditional	
Originator:	UniCredit Bank GmbH	
Issuer:	Rosenkavalier 2022 UG	
Servicer:	UniCredit Bank GmbH	
Arranger:	UniCredit Bank GmbH (UniCredit Markets & Investment Banking)	
Target transaction:	Liquidity	
Type of asset:	Large Corporate and SME corporate loans	
Quality of Asset:	Performing	
Closing date:	18.11.2022	
Nominal Value of reference portfolio (€ million):	3,000	
Net amount of preexisting write-down/write-backs (€ million):	-	
Disposal Profit & Loss realised (€ million)(*):	-	
Portfolio disposal price (€ million):	3,000	
Issued guarantees by the Bank:	-	
Issued guarantees by third parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	Transaction executed to create ECB collateral	
Rating Agencies:	Moodys/DBRS	
Amount of CDS or other risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	DE000A30V2F3	DE000A30V2G1
. Type of security	Senior	Junior
. Class	A	B
. Rating	A(high)/A2	-
. Quotation	Munich	Munich
. Issue date	18.11.2022	18.11.2022
. Legal maturity	30.05.2028	30.05.2028
. Call option	Any Payment Date	
. Expected duration (years)	30.05.2028	30.05.2028
. Rate	Fixed Coupon 0.25%	Fixed Coupon 1.00%
. Subordination level	-	sub A
. Nominal Value Issued (€ million)	2,505	495
. Nominal value at the end of accounting period (€ million)	2,505	495

Note:
(*) Amount gross of initial transaction's costs.

Annex 3 - Securitisations - qualitative tables

NAME:	ROSENKAVALIER 2020	
Type of securitisation:	Traditional	
Originator:	UniCredit Bank GmbH	
Issuer:	Rosenkavalier 2020 UG	
Servicer:	UniCredit Bank GmbH	
Arranger:	UniCredit Bank GmbH (UniCredit Markets & Investment Banking)	
Target transaction:	Liquidity	
Type of asset:	Consumer Loans	
Quality of Asset:	Performing	
Closing date:	30.09.2020	
Nominal Value of reference portfolio (€ million):	800	
Net amount of preexisting write-down/write-backs (€ million):	-	
Disposal Profit & Loss realised (€ million)(*):	-	
Portfolio disposal price (€ million):	800	
Issued guarantees by the Bank:	-	
Issued guarantees by third parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	Transaction executed to create ECB collateral	
Rating Agencies:	Moodys/DBRS	
Amount of CDS or other risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	DE000A289ES3	DE000A289ET1
. Type of security	Senior	Junior
. Class	A	B
. Rating	Aa1/A	-
. Quotation	Munich	Munich
. Issue date	30.09.2020	30.09.2020
. Legal maturity	30.09.2035	30.09.2035
. Call option	Any Payment Date	
. Expected duration (years)	30.09.2035	30.09.2035
. Rate	Fixed Coupon 0.2%	Fixed Coupon 1.25%
. Subordination level	-	sub A
. Nominal Value Issued (€ million)	632	168
. Nominal value at the end of accounting period (€ million)	588	112

Note:
(*) Amount gross of initial transaction's costs.

Annex 3 - Securitisations - qualitative tables

NAME:	ROSENKAVALIER 2015	
Type of securitisation:	Traditional	
Originator:	UniCredit Bank GmbH	
Issuer:	Rosenkavalier 2015 UG	
Servicer:	UniCredit Bank GmbH	
Arranger:	UniCredit Bank GmbH (UniCredit Markets & Investment Banking)	
Target transaction:	Liquidity	
Type of asset:	Large Corporate and SME corporate loans	
Quality of Asset:	Performing	
Closing date:	18.12.2015 (restructured on 30.11.2021)	
Nominal Value of disposal portfolio (€ million):	3,800	
Net amount of preexinting write-down/write-backs (€ million):	-	
Disposal Profit & Loss realised (€ million):	-	
Portfolio disposal price (€ million):	3,800	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	Transaction executed to create ECB collateral	
Rating Agencies:	Moody's/DBRS	
Amount of CDS or other risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	DE000A1687E2	DE000A1687F9
. Type of security	Senior	Junior
. Class	A	B
. Rating	Aa2/A	-
. Quotation	Munich	Munich
. Issue date	18.12.2015	18.12.2015
. Legal maturity	31.08.2045	31.08.2045
. Call option	Any payment date	
. Rate	Fixed Coupon 0.35%	Fixed Coupon 3.25%
. Subordinated level	-	sub A
. Nominal value issued (€ million)	2,375	1,425
. Nominal value at the end of accounting period (€ million)	2,375	1,425

Annex 3 - Securitisations - qualitative tables

NAME:	ROSENKAVALIER 2008	
Type of securitisation:	Traditional	
Originator:	UniCredit Bank GmbH	
Issuer:	Rosenkavalier 2008 GmbH	
Servicer:	UniCredit Bank GmbH	
Arranger:	UniCredit Bank GmbH (UniCredit Markets & Investment Banking)	
Target transaction:	Liquidity	
Type of asset:	Mortgage loans	
Quality of Asset:	Performing	
Closing date:	12.12.2008	
Nominal Value of disposal portfolio at the end of the accounting period (€ million):	3,140	
Net amount of preexinting write-down/write-backs:	11,946	
Disposal Profit & Loss realized:	-	
Portfolio disposal price:	11,946	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	Transaction executed to create ECB collateral	
Rating Agencies:	FITCH/Moody's	
Amount of CDS or other risk transferred (€ million):	-	
. ISIN	DE000A0AEDB2	DE000A0AEDC0
. Type of security	Senior	Junior
. Class	A	B
. Rating	A+/A2	-
. Quotation	Munich	Munich
. Issue date	12.12.2058	12.12.2058
. Legal maturity	31.10.2058	31.10.2058
. Call option	Any Payment Date	
. Rate	Fixed Coupon 0.55%	Fixed Coupon 3.5%
. Subordinated level	-	SUB A
. Nominal value issued (€ million)	9,653	2,293
. Nominal value at the end of accounting period (€ million)	2,624	576

Annex 3 - Securitisations - qualitative tables

ORIGINATOR: UniCredit Bulbank AD

Transactions from previous periods

STRATEGIES, PROCESSES AND GOALS:	The main purpose of structuring synthetic securitisations is the relief of Regulatory Capital.
INTERNAL MEASUREMENT AND RISK MONITORING SYSTEMS:	Each securitised portfolio is monitored by the Strategic Risk Department on an ongoing basis and disclosed in the form of quarterly reports (Investor Report), providing a breakdown of the status of the underlying loans.
ORGANISATIONAL STRUCTURE AND SYSTEM FOR REPORTING TO SENIOR MANAGEMENT:	Management Board approves each new transaction and any other related decisions and is informed about expected and actual performances of already existing transactions. The bank's annual report features information about all originated synthetic securitisations.
HEDGING POLICIES:	None
OPERATING RESULTS:	The performances of synthetic securitisations are monitored on a semi-annual basis with dedicated reports addressed to Bank's management.

NAME:	**Bulbank Synthetic 2023**	
Type of securitisation:	Synthetic	
Originator:	UniCredit Bulbank AD	
Issuer:	UniCredit Bulbank AD	
Servicer:	UniCredit Bulbank AD	
Arranger:	UniCredit Bank GmbH	
Target transaction:	Risk transfer and capital relief	
Type of asset:	SME AND CORPORATE LOANS	
Quality of Asset:	Performing	
Closing date:	30.11.2022	
Nominal Value of disposal portfolio (€ million):	999	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	Financial guarantee issued by EIF	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	The structure of the transaction encompasses a senior and a junior tranche, the latter being fully covered by an unfunded Financial Guarantee provided by the EIF (being a 0% risk-weighted entity, no cash or collateral is required under the Financial Guarantee). As of closing date Junior tranche is 9% and Senior is 91% of the underlying portfolio. For the purposes of the Regulatory Requirements, the Bank is the Originator of the Reference Portfolio. As such, the Bank will retain, on an unhedged and unguaranteed basis, an exposure to each loan in the Reference Portfolio which will be at all times at least 5% of the notional amount of the Initial portfolio and which will not benefit from any of the Guarantee (the "Retained Exposure Amount") in compliance with Art. 6(3)(a) of Regulation (EU) 2017/2402.	
Rating Agencies:	No rating agency, use of Supervisory SEC-IRBA Approach(*)	
Amount of CDS or other risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	-	-
. Type of security	Senior	Junior
. Class	A	B
. Rating	-	-
. Issue date	30.11.2022	30.11.2022
. Legal maturity	25.09.2032	25.09.2032
. Call option	Clean-Up Call; Time Call; Regulatory Change; Significant Risk Transfer Failure; Tax Event.	
. Expected duration (years)	-	-
. Rate	-	-
. Subordinated level	-	Sub A
. Reference Position (€ million)	909	90
. Reference Position at the end of accounting period (€ million)	488	48

Note:
(*) Synthetic securitisations carried out using the SEC-IRBA approach as required by Art. 258-259 of Regulation (EU) 2017/2401 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms.

Annex 4 - Sales of financial assets to investment funds, receiving as consideration units issued by the same funds – qualitative tables

ORIGINATOR: UniCredit S.p.A.

New transactions 2023

GOALS - STRATEGIES - PROCESSES:	UniCredit S.p.A., thanks to the contribution to the Olympus funds of the Yanez SPV notes held in the context of the Sandokan 1 and Sandokan 2 projects (with no accounting derecognition and therefore maintening of the assets sold to the SPV in the bank's balance-sheet), has achieved the following goals: (i) being quota-holder of a larger and more granular platform, reducing the idiosyncratic risk; (ii) derecognize the credit exposures sold and avoid impacts on the NPE ratio due to the BPs review by the Servicer (with no control by UniCredit); (iii) reduce operational complexity.
ROLE:	UniCredit S.p.A., as fund quota-holder, has no role in managing the debtor, remaining a financial investor with no possibility of governance and management interference.
RISKS RELATED TO THE TRANSACTION:	UniCredit S.p.A. has all the risks arising from the performance of the fund's units and therefore from the management of the assets performed by the asset manager FININT and by the servicer Arec Neprix.
MONITORING SYSTEMS:	UniCredit S.p.A. monitors the manager's performance through quarterly management reports and participation in supervisory committees (Advisory Board) without voting mechanisms and therefore without the possibility of management or administrative interference in the fund.

NAME OF THE TRANSACTION	OLYMPUS FUND 1
Type of transaction:	Sale of financial assets to Investment Fund with underwriting of units issued by the same Fund
Originator:	UniCredit S.p.A.
Investment Fund underwritten:	Olympus 1
Target transaction:	The transaction goals are: (i) being quota-holder of a larger and more granular platform, reducing the idiosyncratic risk; (ii) derecognize the credit exposures sold and avoid impacts on the NPE ratio due to the BPs review by the Servicer (with no control by UniCredit); (iii) reduce operational complexity.
Type of asset:	SPV notes
Quality of Asset:	Mainly unlikely to pay. Also some performing and bad loans are included
Closing date:	10.10.2023
Nominal Value of reference portfolio (million):	297
Net amount of preexisting write-down/write-backs (€ million):	157
Disposal Profit & Loss realised (€ million):	12
Portfolio disposal price (million):	210
Issued guarantees by the Bank:	-
Issued guarantees by third parties:	-
Bank Lines of Credit:	-
Third Parties Lines of Credit:	-
Other Credit Enhancements:	-
Other relevant information:	The assets sold have been derecognised from the Balance sheet.
Units of Investment Fund underwritten	
. Units subscriber	UniCredit S.p.A.
. ISIN	IT0005567034
. No. of units at the subscription	210,072,216
. Book Value at the subscription (million)	210
. No. of units at the end of accounting period	210,072,216
. Book value at the end of accounting period (million)	210

Annex 4 - Sales of financial assets to investment funds, receiving as consideration units issued by the same funds – qualitative tables

NAME OF THE TRANSACTION	OLYMPUS FUND 2
Type of transaction:	Sale of financial assets to Investment Fund with underwriting of units issued by the same Fund
Originator:	UniCredit S.p.A.
Investment Fund underwritten:	Olympus 2
Target transaction:	The transaction goals are: (i) being quota-holder of a larger and more granular platform, reducing the idiosyncratic risk; (ii) derecognize the credit exposures sold and avoid impacts on the NPE ratio due to the BPs review by the Servicer (with no control by UniCredit); (iii) reduce operational complexity.
Type of asset:	SPV notes
Quality of Asset:	Mainly unlikely to pay. Also some performing and bad loans are included
Closing date:	10.10.2023
Nominal Value of reference portfolio (million):	440
Net amount of preexisting write-down/write-backs (€ million):	170
Disposal Profit & Loss realised (€ million):	(56)
Portfolio disposal price (million):	193
Issued guarantees by the Bank:	-
Issued guarantees by third parties:	-
Bank Lines of Credit:	-
Third Parties Lines of Credit:	-
Other Credit Enhancements:	-
Other relevant information:	The assets sold have been derecognised from the Balance sheet.
Units of Investment Fund underwritten	
. Units subscriber	UniCredit S.p.A.
. ISIN	IT0005566952
. No. of units at the subscription	192,834,193
. Book Value at the subscription (million)	193
. No. of units at the end of accounting period	192,834,193
. Book value at the end of accounting period (million)	193

Annex 4 - Sales of financial assets to investment funds, receiving as consideration units issued by the same funds – qualitative tables

GOALS - STRATEGIES - PROCESSES:	UniCredit S.p.A., by selling its loans to the fund, aims to facilitate companies classified as "unlikely to pay" to improve their strategic positioning in their relevant industrial sector.
ROLE:	Once the loans have been sold to the fund and UniCredit S.p.A. become a holder of Fund's units, the bank no longer has a role in managing the debtor, remaining a financial investor with no possibility of governance and management interference.
RISKS RELATED TO THE TRANSACTION:	UniCredit S.p.A. has all the risks arising from the performance of the fund's units and therefore from the management of the assets performed by Prelios.
MONITORING SYSTEMS:	UniCredit S.p.A. monitors the manager's performance through quarterly management reports and participation in supervisory committees (Advisory Board) without voting mechanisms and therefore without the possibility of management or administrative interference in the fund.

NAME OF THE TRANSACTION	**BACK2BONIS**	
Type of transaction:	Sale of financial assets to an Investment Fund with underwriting of units issued by the same Fund + purchase of units held by UCL	
Originator:	UniCredit S.p.A.+ UniCredit Leasing	
Investment Fund underwritten:	BACK2BONIS	
Target transaction:	The objective of the transaction is to optimize access to the capital market for borrowers (medium-sised companies, in financial difficulties, but with solid industrial fundamentals) sold from UniCredit group to the Fund, leveraging on an industrial and strategic partner as Prelios and improving their strategic positioning in their respective industrial sectors.	
Type of asset:	Corporate loans	Corporate loans
Quality of Asset:	Unlikely to pay	Unlikely to pay
Closing date:	17.03.2023	24.07.2023
Nominal Value of reference portfolio (million):	74	263
Net amount of preexisting writedown/writebacks (€ million):	17	142
Disposal Profit & Loss realised (€ million):	0	-2
Portfolio disposal price (million):	17	144
Issued guarantees by the Bank:	-	-
Issued guarantees by third parties:	-	-
Bank Lines of Credit:	-	-
Third Parties Lines of Credit:	-	-
Other Credit Enhancements:	-	-
Other relevant information:	The assets sold have been derecognised from the Balance sheet.	The assets sold have been derecognised from the Balance sheet.
Units of Investment Fund underwritten		
. Units subscriber	UniCredit S.p.A.	UniCredit S.p.A. (initially UniCredit Leasing S.p.A.)
. ISIN	IT0005396327	IT0005396327
. N°. of units at the subscription	39	347
. Book Value at the subscription (million)	17	144
. N°. of units at the end of accounting period	39	347
. Book value at the end of accounting period (million)	16	145
Distribution of financial assets sold by area (€ million):		
Italy - Northwest	74	65
Italy - Northeast	-	29
Italy - Central	-	134
Italy - South and Islands	-	35
Other European Countries - E.U. countries	-	-
Other European Countries - non-E.U. countries	-	-
America	-	-
Rest of the World	-	-
Total	**74**	**263**
Distribution of financial assets sold by business sector of the borrower (€ million):		
Governments	-	-
Other public-sector entities	-	-
Banks	-	-
Financial Companies	-	54
Insurance Companies	-	-
Non-financial Companies	74	205
Other entities	-	4
Total	**74**	**263**

Annex 4 - Sales of financial assets to investment funds, receiving as consideration units issued by the same funds – qualitative tables

GOALS - STRATEGIES - PROCESSES:	UniCredit S.p.A., through the sale of its receivables from Private Individuals to the fund, aims to diversify and therefore reduce the risk of its assets.
ROLE:	Once the loans have been sold to the fund and UniCredit S.p.A. become a holder of Fund's units, the bank no longer has a role in managing the debtor, remaining a financial investor with no possibility of governance and management interference.
RISKS RELATED TO THE TRANSACTION:	UniCredit S.p.A. has all the risks arising from the performance of the fund's units and therefore from the management of the assets performed by the asset manager Sagitta and by the Advisor Intrum.
MONITORING SYSTEMS:	UniCredit S.p.A. monitors the manager's performance through quarterly management reports and participation in supervisory committees (Advisory Board) without voting mechanisms and therefore without the possibility of management or administrative interference in the fund.

Annex 4 - Sales of financial assets to investment funds, receiving as consideration units issued by the same funds – qualitative tables

NAME OF THE TRANSACTION	UTP ITALIA
Type of transaction:	Sale of financial assets to Investment Fund with underwriting of units issued by the same Fund
Originator:	UniCredit S.p.A.
Investment Fund underwritten:	UTP ITALIA
Target transaction:	The objective of the transaction is to diversify and therefore reduce the risk of the assets, improving their returns.
Type of asset:	Loans to Private Individuals
Quality of Asset:	Unlikely to pay and Bad loans
Closing date:	19.06.2023
Nominal Value of reference portfolio (million):	74
Net amount of preexisting write-down/write-backs (€ million):	49
Disposal Profit & Loss realised (€ million):	(1)
Portfolio disposal price (million):	47
Issued guarantees by the Bank:	-
Issued guarantees by third parties:	-
Bank Lines of Credit:	-
Third Parties Lines of Credit:	-
Other Credit Enhancements:	-
Other relevant information:	-
Units of Investment Fund underwritten	
. Units subscriber	UniCredit S.p.A.
. ISIN	IT0005480519
. No. of units at the subscription	47,733,199
. Book Value at the subscription (million)	47
. No. of units at the end of accounting period	47,733,199
. Book value at the end of accounting period (million)	45
Distribution of financial assets sold by area (€ million):	
Italy - Northwest	20
Italy - Northeast	10
Italy - Central	20
Italy - South and Islands	24
Other European Countries - E.U. countries	-
Other European Countries - non-E.U. countries	-
America	-
Rest of the World	-
Total	**74**
Distribution of financial assets sold by business sector of the borrower (€ million):	
Governments	-
Other public-sector entities	-
Banks	-
Financial Companies	-
Insurance Companies	-
Non-financial Companies	-
Other entities	74
Total	**74**

Annex 4 - Sales of financial assets to investment funds, receiving as consideration units issued by the same funds – qualitative tables

Transactions from previous years

GOALS - STRATEGIES - PROCESSES:	UniCredit S.p.A., by selling its loans to the fund, aims to facilitate companies classified as "unlikely to pay" to improve their strategic positioning in their relevant industrial sector.
ROLE:	Once the loans have been sold to the fund and UniCredit S.p.A. become a holder of Fund's units, the bank no longer has a role in managing the debtor, remaining a financial investor with no possibility of governance and management interference.
RISKS RELATED TO THE TRANSACTION:	UniCredit S.p.A. has all the risks arising from the performance of the fund's units and therefore from the management of the assets performed by the asset manager.
MONITORING SYSTEMS:	UniCredit S.p.A. monitors the manager's performance through quarterly management reports and participation in supervisory committees (Advisory Board) without voting mechanisms and therefore without the possibility of management or administrative interference in the fund.

Annex 4 - Sales of financial assets to investment funds, receiving as consideration units issued by the same funds – qualitative tables

NAME OF THE TRANSACTION	**EFESTO**				
Type of transaction:	Sale of financial assets to Investment Fund with underwriting of units issued by the same Fund				
Originator:	UniCredit S.p.A.				
Investment Fund underwritten:	EFESTO				
Target transaction:	The objective of the transaction is to optimize access to the capital market for borrowers (medium-sised companies, in financial difficulties, but with solid industrial fundamentals) sold from UniCredit to the fund, leveraging on an industrial and strategic partner as Italfondiario (now DoNext).				
Type of asset:	Corporate loans	Corporate loans	Corporate loans	Corporate loans	Corporate loans
Quality of Asset:	Unlikely to pay	Unlikely to pay	Unlikely to pay	Revoked unlikely to pay and bad loans	Revoked unlikely to pay and bad loans
Closing date:	27.10.2020	27.03.2021	09.12.2021	14.03.2023	24.07.2023
Nominal Value of reference portfolio (million):	188	25	6	138	212
Net amount of preexisting write-down/write-backs (€ million):	92	6	4	48	85
Disposal Profit & Loss realised (€ million):	(1)	3	-	-	-0.5
Portfolio disposal price (million):	91	9	4	48	87
Issued guarantees by the Bank:	-	-	-	-	-
Issued guarantees by third parties:	-	-	-	-	-
Bank Lines of Credit:	-	-	-	-	-
Third Parties Lines of Credit:	-	-	-	-	-
Other Credit Enhancements:	-	-	-	-	-
Other relevant information:	The assets sold have been derecognised from the Balance sheet.	The assets sold have been derecognised from the Balance sheet.	The assets sold have been derecognised from the Balance sheet.	The assets sold have been derecognised from the Balance sheet.	The assets sold have been derecognised from the Balance sheet.
Units of Investment Fund underwritten					
. Units subscriber	UniCredit S.p.A.	UniCredit S.p.A.	UniCredit S.p.A.	UniCredit S.p.A.	UniCredit S.p.A. (formerly UniCredit Leasing S.p.A.)
. ISIN	IT0005419509	IT0005419509	IT0005419509	IT0005419509	IT0005419509
. No. of units at the subscription	90,561,794	9,305,715	4,962,649	58,095,964	108,635,928
. Book Value at the subscription (million)	91	9	4	48	87
. No. of units at the end of accounting period	90,561,794	9,305,715	4,962,649	58,095,964	108,635,928
. Book value at the end of accounting period (million)	60	6	3	38	71
Distribution of financial assets sold by area (€ million):					
Italy - Northwest				38	106
Italy - Northeast				20	28
Italy - Central				36	55
Italy - South and Islands				43	23
Other European Countries - E.U. countries				1	-
Other European Countries - non-E.U. countries				0	-
America				-	-
Rest of the World				-	-
Total				**138**	**212**
Distribution of financial assets sold by business sector of the borrower (€ million):					
Governments				-	-
Other public-sector entities				-	1
Banks				-	-
Financial Companies				-	-
Insurance Companies				-	-
Non-financial Companies				138	201
Other entities				-	10
Total				**138**	**212**

Annex 4 - Sales of financial assets to investment funds, receiving as consideration units issued by the same funds – qualitative tables

NAME OF THE TRANSACTION	RSCT			
Type of transaction:	Sale of financial assets to Investment Fund with underwriting of units issued by the same Fund			
Originator:	UniCredit S.p.A.			
Investment Fund underwritten:	RSCT			
Target transaction:	The objective of the transaction is to optimize access to the capital market for borrowers (medium-sised companies, in financial difficulties, but with solid industrial fundamentals) sold from UniCredit to the fund, leveraging on an industrial and strategic partner as Pillarstone.			
Type of asset:	Corporate loans	Corporate loans	Corporate loans	Corporate loans
Quality of Asset:	Unlikely to pay	Unlikely to pay	Unlikely to pay	Unlikely to pay
Closing date:	13.05.2020	09.06.2020	21.01.2021	29.06.2021
Nominal Value of reference portfolio (million):	110	105	12	1
Net amount of preexisting write-down/write-backs (€ million):	49	2	5	-
Disposal Profit & Loss realised (€ million):	(3)	13	-	-
Portfolio disposal price (million):	47	15	5	0
Issued guarantees by the Bank:	-	-	-	-
Issued guarantees by third parties:	-	-	-	-
Bank Lines of Credit:	-	-	-	-
Third Parties Lines of Credit:	-	-	-	-
Other Credit Enhancements:	-	-	-	-
Other relevant information:	The assets sold have been derecognised from the Balance sheet.	The assets sold have been derecognised from the Balance sheet.	The assets sold have been derecognised from the Balance sheet.	The assets sold have been derecognised from the Balance sheet.
Units of Investment Fund underwritten				
. Units subscriber	UniCredit S.p.A.	UniCredit S.p.A.	UniCredit S.p.A.	UniCredit S.p.A.
. ISIN	IT0005407975	IT0005407975	IT0005407975	IT0005407975
. No. of units at the subscription	46,870,925	14,500,000	4,992,704	181,268
. Book Value at the subscription (million)	47	15	5	0
. No. of units at the end of accounting period	46,870,925	14,500,000	4,992,704	181,268
. Book value at the end of accounting period (million)	45	14	5	0

Annex 4 - Sales of financial assets to investment funds, receiving as consideration units issued by the same funds – qualitative tables

NAME OF THE TRANSACTION	DEA CAPITAL CORPORATE CREDIT RECOVERY II					
Type of transaction:	Sale of financial assets to Investment Fund with underwriting of units issued by the same Fund					
Originator:	UniCredit S.p.A.					
Investment Fund underwritten:	Dea Capital Corporate Credit Recovery II					
Target transaction:	The objective of the transaction is to optimize access to the capital market for borrowers (medium-sized companies, in financial difficulties, but with solid industrial fundamentals) sold from UniCredit to the fund, leveraging on an industrial and strategic partner as Dea Capital.					
Type of asset:	Corporate loans	Corporate loans	Corporate loans	Corporate loans	Corporate loans	Corporate loans
Quality of Asset:	Unlikely to pay	Unlikely to pay	Unlikely to pay	Unlikely to pay	Unlikely to pay	Unlikely to pay
Closing date:	31.01.2018	19.12.2019	07.08.2020	23.03.2021	12.04.2021	22.12.2023
Nominal Value of reference portfolio (€ million):	88	66	66	30	7	61
Net amount of preexisting writedown/writebacks (€ million):	49	22	22	20	2	53
Disposal Profit & Loss realised (€ million):	6	11	11	-	3	1
Portfolio disposal price (€ million):	55	33	27	20	5	54
Issued guarantees by the Bank:	-	-	-	-	-	-
Issued guarantees by third parties:	-	-	-	-	-	-
Bank Lines of Credit:	-	-	-	-	-	-
Third Parties Lines of Credit:	-	-	-	-	-	-
Other Credit Enhancements:	-	-	-	-	-	-
Other relevant information:						
Units of Investment Fund underwritten						
. Units subscriber	UniCredit S.p.A.	UniCredit S.p.A.	UniCredit S.p.A.	UniCredit S.p.A.	UniCredit S.p.A.	UniCredit S.p.A.
. ISIN	IT0005276057	IT0005276057	IT0005276057	IT0005276057	IT0005276057	IT0005276057
. N°. of units at the subscription	1,122.221	815.752	815.752	574.669	155.021	2,687
. Book Value at the subscription (€ million)	55	33	27	20	5	54
. N°. of units at the end of accounting period	1,122.221	815.752	698.786	574.669	155.021	2,687
. Book value at the end of accounting period (€ million)	27	19	17	14	4	41

Annex 4 - Sales of financial assets to investment funds, receiving as consideration units issued by the same funds – qualitative tables

NAME OF THE TRANSACTION	DEA CAPITAL CORPORATE CREDIT RECOVERY I	
Type of transaction:	Sale of financial assets to Investment Fund with underwriting of units issued by the same Fund	
Originator:	UniCredit S.p.A.	
Investment Fund underwritten:	Dea Capital Corporate Credit Recovery I	
Target transaction:	The objective of the transaction is to optimize access to the capital market for borrowers (medium-sized companies, in financial difficulties, but with solid industrial fundamentals) sold from UniCredit to the fund, leveraging on an industrial and strategic partner as Dea Capital.	
Type of asset:	Corporate loans	Corporate loans
Quality of Asset:	Unlikely to pay	Unlikely to pay
Closing date:	31.05.2016	04.07.2019
Nominal Value of reference portfolio (€ million):	90	4
Net amount of preexisting writedown/writebacks (€ million):	52	2
Disposal Profit & Loss realised (€ million):	23	2
Portfolio disposal price (€ million):	76	4
Issued guarantees by the Bank:	-	-
Issued guarantees by third parties:	-	-
Bank Lines of Credit:	-	-
Third Parties Lines of Credit:	-	-
Other Credit Enhancements:	-	-
Other relevant information:	The assets sold have been derecognised from the balance sheet. The disposal price also includes the portion of equity instruments transferred (18%).	The assets sold have been derecognised from the balance sheet.
Units of Investment Fund underwritten		
. Units subscriber	UniCredit S.p.A.	UniCredit S.p.A.
. ISIN	IT0005126062	IT0005126062
. N°. of units at the subscription	1,593.698	144.672
. Book Value at the subscription (€ million)	76	4
. N°. of units at the end of accounting period	1,593.698	144.672
. Book value at the end of accounting period (€ million)	25	2

Annex 4 - Sales of financial assets to investment funds, receiving as consideration units issued by the same funds – qualitative tables

NAME OF THE TRANSACTION	F.I.NAV			
Type of transaction:	Sale of financial assets to Investment Fund with underwriting of units issued by the same Fund			
Originator:	UniCredit S.p.A.			
Investment Fund underwritten:	F.I.NAV			
Target transaction:	The objective of the transaction is to optimize access to the capital market for debtors sold by UniCredit to the fund, leveraging on an industrial and strategic partner such as FINAV and on the sector expertise of Pillarstone and the Private Equity Fund KKR.			
Type of asset:	Shipping loans	Shipping loans	Shipping loans	Shipping loans
Quality of Asset:	Unlikely to pay	Unlikely to pay	Unlikely to pay	Unlikely to pay
Closing date:	19.02.2019	11.07.2019	02.08.2019	18.02.2020
Nominal Value of reference portfolio (million):	1,833	15$; 6€	36€	42$
Net amount of preexisting writedown/writebacks (€ million):	114	8	12	31
Disposal Profit & Loss realised (€ million):	(1)	7	1	3
Portfolio disposal price (million):	131$	17$	14$	38$
Issued guarantees by the Bank:	-	-	-	-
Issued guarantees by third parties:	-	-	-	-
Bank Lines of Credit:	-	-	-	-
Third Parties Lines of Credit:	-	-	-	-
Other Credit Enhancements:	-	-	-	-
Other relevant information:	The assets sold have been derecognised from the Balance sheet.	The assets sold have been derecognised from the Balance sheet.	The assets sold have been derecognised from the Balance sheet.	The assets sold have been derecognised from the Balance sheet.
Units of Investment Fund underwritten				
. Units subscriber	UniCredit S.p.A.	UniCredit S.p.A.	UniCredit S.p.A.	UniCredit S.p.A.
. ISIN	IT0005359754	IT0005359754	IT0005359754	IT0005359754
. N°. of units at the subscription	130,932,648	17,367,908	14,150,677	38,277,000
. Book Value at the subscription (million)	131$	17$	14$	38$
. N°. of units at the end of accounting period	130,932,648	17,367,908	14,150,677	38,277,623
. Book value at the end of accounting period (million)	82	11	9	24

Annex 4 - Sales of financial assets to investment funds, receiving as consideration units issued by the same funds – qualitative tables

ORIGINATOR: UniCredit Leasing S.p.A.

GOALS - STRATEGIES - PROCESSES:	UniCredit Leasing S.p.A., through the sale of debtors to the fund, aims to reduce the stock of non-performing exposures of the Non Core perimeter, consistently with the Group's strategy of full rundown of this perimeter.
ROLE:	UniCredit Leasing S.p.A., once the loans have been sold to the fund and UniCredit Leasing S.p.A. become a holder of Fund's units, has no longer a role in managing the debtor, remaining a financial investor with no possibility of governance and management interference.
RISKS RELATED TO THE TRANSACTION:	UniCredit Leasing S.p.A. has all the risks arising from the units of the fund and therefore from the performances of the Asset Manager.
MONITORING SYSTEMS:	UniCredit Leasing S.p.A. monitors the manager's performance through quarterly management reports and participation in supervisory committees (Advisory Board) without voting mechanisms and therefore without the possibility of management or administrative interference in the fund.

Annex 4 - Sales of financial assets to investment funds, receiving as consideration units issued by the same funds – qualitative tables

Transactions from previous years

NAME OF THE TRANSACTION	RSCT FUND COMPARTO CREDITI - IQ EQ FUND MANAGEMENT
Type of transaction:	Sale of financial assets to Investment Fund with underwriting of units issued by the same Fund
Originator:	UniCredit Leasing S.p.A.
Investment Fund underwritten:	RSCT FUND COMPARTO CREDITI - IQ EQ FUND MANAGEMENT
Target transaction:	NPL Reduction
Type of asset:	Nr. 1 leasing transaction
Quality of Asset:	Unlikely to pay
Closing date:	13.07.2022
Nominal Value of reference portfolio (million):	25
Net amount of preexisting writedown/writebacks (€ million):	4
Disposal Profit & Loss realised (€ million):	-
Portfolio disposal price (million):	4
Issued guarantees by the Bank:	-
Issued guarantees by third parties:	-
Bank Lines of Credit:	-
Third Parties Lines of Credit:	-
Other Credit Enhancements:	-
Other relevant information:	-
Units of Investment Fund underwritten	
. Units subscriber	UniCredit Leasing S.p.A.
. ISIN	IT0005407975
. N°. of units at the subscription	4,106,776
. Book Value at the subscription (million)	4
. N°. of units at the end of accounting period	4,106,776
. Book value at the end of accounting period (million)	4

Annex 4 - Sales of financial assets to investment funds, receiving as consideration units issued by the same funds – qualitative tables

NAME OF THE TRANSACTION	BACK2BONIS - PRELIOS
Type of transaction:	Sale of financial assets to Investment Fund with underwriting of units issued by the same Fund
Originator:	UniCredit Leasing S.p.A.
Investment Fund underwritten:	BACK2BONIS - PRELIOS SGR S.p.A.
Target transaction:	Reduction NPL
Type of asset:	No. 1 real estate leasing contract
Quality of Asset:	Unlikely to pay
Closing date:	04.12.2020
Nominal Value of reference portfolio (million):	20
Net amount of preexisting write-down/write-backs (€ million):	5
Disposal Profit & Loss realised (€ million):	-
Portfolio disposal price (million):	8
Issued guarantees by the Bank:	-
Issued guarantees by third parties:	-
Bank Lines of Credit:	-
Third Parties Lines of Credit:	-
Other Credit Enhancements:	-
Other relevant information:	-
Units of Investment Fund underwritten	
. Units subscriber	UniCredit Leasing S.p.A.
. ISIN	IT0005396327
. No. of units at the subscription	16.764
. Book Value at the subscription (million)	5
. No. of units at the end of accounting period	16.764
. Book value at the end of accounting period (million)	4

Annex 5 - Country by Country

UniCredit group
Financial Institutions, Insurance Institutions, Banks, Other Non Financial Institutions

(€ million)

	b	c	d	e	f
INFORMATION/COUNTRY	TURNOVER	NUMBER OF EMPLOYEES ON A FULL TIME EQUIVALENT BASIS (UNIT)	PROFIT OR LOSS BEFORE TAX	TAX ON PROFIT OR LOSS	PUBLIC SUBSIDIES RECEIVED
ITALY	9,985	34,833	5,187	(834)	-
GERMANY	5,275	9,906	1,819	(309)	-
AUSTRIA	2,618	5,220	1,277	(251)	-
CZECH REPUBLIC	921	3,100	508	(86)	-
RUSSIA	894	3,171	658	(154)	-
CROATIA	753	3,170	520	(96)	-
ROMANIA	706	3,343	359	(60)	-
BULGARIA	643	3,961	449	(45)	-
HUNGARY	521	1,763	279	(40)	-
SERBIA	292	1,287	182	(22)	-
BOSNIA AND HERCEGOVINA	196	1,513	107	(12)	-
IRELAND	149	-	(2)	8	-
SLOVENIA	116	530	58	(11)	-
LUXEMBOURG	81	82	(31)	(1)	-
SLOVAKIA	32	196	12	(3)	-
U.S.A.	23	2	21	-	-
UNITED KINGDOM	19	-	48	(2)	-
JERSEY	4	-	-	-	-
BERMUDA	-	-	1	-	-
NETHERLANDS	-	-	-	-	-
LATVIA	-	-	-	-	-
TOTAL	**23,228**	**72,077**	**11,451**	**(1,917)**	**-**

Notes:
Column d) "Profit or loss before tax" includes the sum of P&L Items 290 and 320.
Column e) "Tax on profit or loss" includes P&L Item 300.
With regards to item f) "Public subsidies received", a new guarantee was received during 2023 which, added to the pre-existing ones, is equal to €3,570 million for 2023, of which:
- a pre-existing guarantee from the City of Vienna in favor of UniCredit Bank Austria AG (UCBA AG) for an amount equal to €3,476 million on certain exposures (the main ones refer to "pension funds" and "subordinated securities issued"). This guarantee can only be exercised following insolvency proceedings concerning UCBA AG;
- a new guarantee from the Ministry of Finance of the Republic of Serbia in favor of UniCredit Bank Serbia in addition to the pre-existing one, for a total amount of €94 million. Both are related to a "Special Law - Economic Support", in order to cover the possible economic risks that could occur in relationships with specific credit counterparties.

Data reported by individual Country have the following criteria:
- they refer to UniCredit's Consolidated financial statements as at 31 December 2023; they have been audited by KPMG S.p.A., so no further review has been expressly requested from the aforementioned auditing firm regarding this report;
- they are derived from the reporting package contributed by each company for the purpose of preparing UniCredit's Consolidated financial statements as at 31 December 2023;
- due to the number of consolidated companies, the data have been aggregated by company typology;
- they are net of intercompany transactions and consolidation entries;
- they have been aggregated by registered office of the company's Country;
- for some countries, the "Number of employees" equal to zero results from the following circumstances: i) companies accounted according to the equity method, ii) companies liquidated or sold during the period, iii) foreign branches, whose personnel is conventionally allocated to the parent country of reference, iv) in some special purpose vehicles, the related activities are carried out by the personnel of other Group companies.

It should be noted that the data stated in the Report have been presented using different criteria than other officially approved financial documents published by UniCredit and do not reflect the managerial view for commercial purposes.

Annex 5 - Country by Country

The notes and the comments above are valid for the same quantities as those given in the tables below.

Banks

(€ million)

	b	c	d	e	f
COUNTRY	TURNOVER	NUMBER OF EMPLOYEES ON A FULL TIME EQUIVALENT BASIS (UNIT)	PROFIT OR LOSS BEFORE TAX	TAX ON PROFIT OR LOSS	PUBLIC SUBSIDIES RECEIVED
ITALY	9,037	34,195	4,917	(772)	-
GERMANY	5,273	9,423	1,981	(334)	-
AUSTRIA	2,331	4,390	1,163	(247)	-
RUSSIA	868	3,088	641	(151)	-
CZECH REPUBLIC	814	2,807	471	(76)	-
CROATIA	737	3,049	515	(93)	-
ROMANIA	562	3,011	312	(52)	-
BULGARIA	517	3,413	382	(39)	-
HUNGARY	499	1,682	279	(40)	-
SERBIA	285	1,255	180	(21)	-
BOSNIA AND HERCEGOVINA	196	1,513	107	(12)	-
SLOVENIA	116	530	58	(11)	-
LUXEMBOURG	47	68	2	(1)	-
UNITED KINGDOM	19	-	48	(2)	-
TOTAL	**21,301**	**68,424**	**11,057**	**(1,852)**	**-**

Financial Institutions

(€ million)

	b	c	d	e	f
COUNTRY	TURNOVER	NUMBER OF EMPLOYEES ON A FULL TIME EQUIVALENT BASIS (UNIT)	PROFIT OR LOSS BEFORE TAX	TAX ON PROFIT OR LOSS	PUBLIC SUBSIDIES RECEIVED
ITALY	948	572	233	(82)	-
AUSTRIA	292	558	148	(10)	-
IRELAND	149	-	(2)	8	-
ROMANIA	144	332	43	(7)	-
BULGARIA	127	542	65	(6)	-
CZECH REPUBLIC	107	293	36	(9)	-
GERMANY	45	290	(82)	13	-
LUXEMBOURG	34	13	9	(2)	-
SLOVAKIA	32	196	10	(2)	-
RUSSIA	26	83	16	(3)	-
U.S.A.	23	2	21	-	-
HUNGARY	21	81	1	-	-
CROATIA	15	121	3	(2)	-
SERBIA	7	32	2	(1)	-
JERSEY	4	-	-	-	-
BERMUDA	-	-	1	-	-
NETHERLANDS	-	-	-	-	-
TOTAL	**1,975**	**3,115**	**505**	**(102)**	**-**

Annex 5 - Country by Country

Insurance Companies

(€ million)

	b	c	d	e	f
COUNTRY	TURNOVER	NUMBER OF EMPLOYEES ON A FULL TIME EQUIVALENT BASIS (UNIT)	PROFIT OR LOSS BEFORE TAX	TAX ON PROFIT OR LOSS	PUBLIC SUBSIDIES RECEIVED
ITALY	-	-	120	-	-
TOTAL	**-**	**-**	**120**	**-**	**-**

Note:
Column d) "Profit or loss before tax" refers to the contribution from Insurance Associated Companies accounted for equity method.

Non Financial Institutions

(€ million)

	b	c	d	e	f
COUNTRY	TURNOVER	NUMBER OF EMPLOYEES ON A FULL TIME EQUIVALENT BASIS (UNIT)	PROFIT OR LOSS BEFORE TAX	TAX ON PROFIT OR LOSS	PUBLIC SUBSIDIES RECEIVED
HUNGARY	1	-	(1)	-	-
CZECH REPUBLIC	-	-	1	(1)	-
LUXEMBOURG	-	-	(43)	2	-
RUSSIA	-	-	1	-	-
BULGARIA	-	7	1	-	-
CROATIA	-	-	2	(1)	-
SLOVAKIA	-	-	1	-	-
ITALY	-	66	(84)	19	-
ROMANIA	-	-	4	(1)	-
AUSTRIA	(5)	272	(34)	6	-
GERMANY	(43)	193	(80)	12	-
TOTAL	**(48)**	**538**	**(231)**	**37**	**-**

2023 Company Report and Accounts of UniCredit S.p.A. – GENERAL MEETING DRAFT

Unlocking **transformation,** together.

For our clients, our people, and our communities.

Empowering Communities to Progress. | UniCredit

Company report and accounts 2023 of UniCredit S.p.A.

Company report and accounts 2023 of UniCredit S.p.A.

Company report and accounts 2023 of UniCredit S.p.A.

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See our microsite for more information on how we have progressed against our UniCredit Unlocked plan across the following focus areas:

- Financial progress
- Clients
- People & Culture
- ESG
- Digital & Data
- UniCredit Foundation

Introduction and highlights

Introduction to Report on operations of UniCredit S.p.A.

This Report on operations illustrates the performance of UniCredit S.p.A. ("Company" or "Bank") and the related amounts and results. It includes financial information such as Highlights, Reclassified accounts and their quarterly figures as well as a comment on the Results of the year.

The information in this report is supported, in order to provide further information about the performance achieved by the Company, by some Alternative Performance Indicators (API) such as: Cost/Income ratio, Net bad loans to customers/Loans to customers, Net Non-Performing loans to customers/Loans to customers, Return On Assets (ROA), Cost of risk.
Although some of this information, including certain APIs, is neither extracted nor directly referred to with Company financial statements, the Report on operations, the Annexes and the Glossary provide explanatory descriptions of the contents and, in case, the calculation methods used, in accordance with European Securities and Markets Authority Guidelines (ESMA/2015/1415) of 5 October 2015.
In particular in Annex 1 is included the reconciliation between the reclassified accounts and the mandatory reporting schedule, as required by Consob Notice No.6064293 of 28 July 2006.

The amounts related to year 2022 Reclassified income statement differ from the ones published at that time. For further details about the reasons of these restatement, refer to following paragraphs relating to the reconciliation principles followed for the Reclassified income statement and Balance sheet.
For information relating to related-party relations and transactions refer to the Notes to the accounts, Part H - Related party transactions.
For a complete description of risks and uncertainties that the Bank has to face in the current market situation refer the Notes to the accounts, Part E - Information on risks and related hedging policies.

Introduction and highlights

Highlights, alternative performance indicators and other measures

Income statement

(€ million)

	YEAR 2023	YEAR 2022	% CHANGE
Revenue	14,494	9,915	+ 46.2%
of which:			
- Net interest	*5,822*	*3,782*	*+ 53.9%*
- Dividends	*3,069*	*1,404*	*n.m.*
- Fees	*4,042*	*4,269*	*- 5.3%*
Operating costs	(5,196)	(5,168)	+ 0.5%
Gross operating profit (loss)	9,298	4,747	+ 95.9%
Loan Loss Provisions (LLPs)	(177)	(1,055)	- 83.2%
Net operating profit (loss)	9,121	3,692	n.m.
Profit (Loss) before tax	11,900	3,138	n.m.
Stated net profit (loss)	**11,264**	**3,107**	**n.m.**

The figures in this table refer to the Reclassified income statement. The amounts related to year 2022 differ from the ones published at that time. For further details refer to “Reconciliation principles followed for the Reclassified income statement”. The Annex 1 includes the reconciliation between the reclassified accounts and the mandatory reporting schedule.

Balance sheet

(€ million)

	AMOUNTS AS AT 31.12.2023	AMOUNTS AS AT 31.12.2022	% CHANGE
Total assets	382,110	436,198	- 12.4%
Financial assets held for trading	15,384	18,785	- 18.1%
Loans and receivables with customers	172,661	191,959	- 10.1%
Financial liabilities held for trading	14,311	20,719	- 30.9%
Deposits from customers and debt securities issued	253,217	264,385	- 4.2%
of which:			
- deposits from customers	*206,660*	*217,322*	*- 4.9%*
- debt securities issued	*46,557*	*47,063*	*- 1.1%*
Shareholders' equity	**60,303**	**57,362**	**+ 5.1%**

Profitability ratios

	YEAR 2023	YEAR 2022	CHANGE
EPS(*) (€)	6,067	1,465	4,602
Cost/Income ratio(**)	35.8%	52.1%	- 16.3%
ROA(***)	2.9%	0.7%	+ 2.2%

Notes:
(*) Earnings per share. For further details refer to Part C - Section 22.
(**) Ratio between operating expenses and operating income.
(***) Return on assets calculated as the ratio between Net profit (loss) and Total assets pursuant to Art.90 of CRD IV.

Introduction and highlights

Risk ratios

	AS AT 31.12.2023	AS AT 31.12.2022	% CHANGE ON
Net bad loans to customers/Loans to customers	0.2%	0.1%	+ 0.1%
Net non-performing loans to customers/Loans to customers	1.3%	1.3%	-

For further details refer to table “Loans to customers - Credit quality” reported in paragraph “Credit quality” in this Report on operations.

Staff and branches

	AS AT 31.12.2023	AS AT 31.12.2022	CHANGE
Number of employees	34,041	35,850	(1,809)
Number of branches	2,281	2,323	(42)
of which:			
- Italy	*2,270*	*2,312*	(42)
- Other countries	*11*	*11*	-

Notes:
Number of employees counted for the rate of presence (FTEs - Full Time Equivalent).
Number of branches includes only Retail branches.

Transitional capital ratios

DESCRIPTION	AS AT 31.12.2023	AS AT 31.12.2022	CHANGE
Total Own Funds (€ million)	55,330	58,501	(3,171)
Total RWEA (€ million)	164,162	173,029	(8,867)
Common Equity Tier 1 Capital ratio	**26.02%**	**25.70%**	**0.32%**
Total Capital ratio	**33.70%**	**33.81%**	**-0.11%**

Notes:
- Transitional own funds and capital ratios including all transitional adjustments according to the yearly applicable percentages.
- It should be noted that UniCredit S.p.A. decided to not apply the IFRS9 transitional approach as reported in article 473a of the Regulation 575/2013/EU (CRR).

For more details refer to paragraph "Capital and value management - Capital ratios" of this Report on operations.

Reclassified company accounts

Reconciliation principles followed for the reclassified balance sheet

The main reclassifications, whose amounts are provided analytically in the tables enclosed with this report, involve:

- the inclusion in "Loans to banks" of item "Financial assets at amortised cost: a) loans and advances to banks", net of debt securities and lease assets in accordance with IFRS16 accounting standard reclassified in "Other financial assets", and of loans related to item "Financial assets at fair value through profit or loss: c) other financial assets mandatorily at fair value";
- the inclusion in "Loans to customers" of item "Financial assets at amortised cost: b) Loans and advances to customers", net of debt securities and of IFRS16 leasing assets reclassified in "Other financial assets", and of loans related to item "Financial assets at fair value through profit or loss: c) other financial assets mandatorily at fair value";
- the aggregation as "Other financial assets" of items (i) "Financial assets at fair value through profit or loss: b) financial assets designated at fair value and c) other financial assets mandatorily at fair value", net of loans reclassified in "Loans to banks and to customers", of (ii) "Financial assets at fair value through other comprehensive income", of (iii) "Equity investments", besides reclassifications of (iv) debt securities from item "Financial assets at amortised cost: a) loans and advances to banks and b) loans and advances to customers" and of (v) IFRS16 leasing assets from item "Financial assets at amortised cost: a) loans and advances to banks and b) loans and advances to customers";
- the inclusion in "Other financial liabilities" of leasing liabilities pursuant to accounting standard IFRS16 relating to item "Financial liabilities at amortised cost: a) deposits from banks and b) deposits from customers";
- grouping under "Hedging instruments", both assets and liabilities, of items "Hedging derivatives" and "Changes in fair value of portfolio hedged items" in the assets and "Value adjustment of hedged financial liabilities" in the liabilities;
- the inclusion of items "Provision for employee severance pay" and "Provisions for risks and charges" under "Other liabilities".

Reclassified company accounts

Reclassified balance sheet

(€ million)

ASSETS	AMOUNTS AS AT 31.12.2023	AMOUNTS AS AT 31.12.2022	CHANGE AMOUNT	CHANGE %
Cash and cash balances	12,301	54,713	(42,412)	- 77.5%
Financial assets held for trading	15,384	18,785	(3,401)	- 18.1%
Loans to banks	17,908	17,008	900	+ 5.3%
Loans to customers	172,661	191,959	(19,298)	- 10.1%
Other financial assets	131,294	120,940	10,354	+ 8.6%
Hedging instruments	8,887	9,780	(893)	- 9.1%
Property, plant and equipment	3,730	3,911	(181)	- 4.6%
Goodwill	-	-	-	-
Other intangible assets	1,580	1,641	(61)	- 3.7%
Tax assets	9,714	10,597	(883)	- 8.3%
Non-current assets and disposal groups classified as held for sale	299	233	66	+ 28.3%
Other assets	8,352	6,631	1,721	+ 26.0%
Total assets	**382,110**	**436,198**	**(54,088)**	**- 12.4%**

(€ million)

LIABILITIES AND SHAREHOLDERS' EQUITY	AMOUNTS AS AT 31.12.2023	AMOUNTS AS AT 31.12.2022	CHANGE AMOUNT	CHANGE %
Deposits from banks	32,584	74,606	(42,022)	- 56.3%
Deposits from customers	206,660	217,322	(10,662)	- 4.9%
Debt securities issued	46,557	47,063	(506)	- 1.1%
Financial liabilities held for trading	14,311	20,719	(6,408)	- 30.9%
Other financial liabilities	8,182	6,367	1,815	+ 28.5%
Hedging instruments	4,547	3,489	1,058	+ 30.3%
Tax liabilities	2	19	(17)	- 89.5%
Liabilities included in disposal groups classified as held for sale	-	-	-	-
Other liabilities	8,964	9,251	(287)	- 3.1%
Shareholders' equity:	60,303	57,362	2,941	+ 5.1%
- capital and reserves	*49,039*	*54,255*	*(5,216)*	*- 9.6%*
- stated net profit (loss)	*11,264*	*3,107*	*8,157*	*n.m.*
Total liabilities and shareholders' equity	**382,110**	**436,198**	**(54,088)**	**- 12.4%**

Reclassified company accounts

Reclassified balance sheet - Quarterly figures

(€ million)

ASSETS	AMOUNTS AS AT 31.12.2023	30.09.2023	30.06.2023	31.03.2023	AMOUNTS AS AT 31.12.2022	30.09.2022	30.06.2022	31.03.2022
Cash and cash balances	12,301	21,439	23,643	62,435	54,713	74,442	62,171	68,588
Financial assets held for trading	15,384	16,703	20,523	19,328	18,785	20,904	19,388	15,127
Loans to banks	17,908	23,785	21,375	17,923	17,008	17,926	29,302	29,001
Loans to customers	172,661	176,134	189,655	189,328	191,959	194,525	197,759	197,447
Other financial assets	131,294	123,004	121,876	121,902	120,940	122,886	126,554	126,030
Hedging instruments	8,887	9,544	8,926	8,789	9,780	11,362	8,347	5,971
Property, plant and equipment	3,730	3,743	3,802	3,877	3,911	3,957	4,043	4,095
Goodwill	-	-	-	-	-	-	-	-
Other intangible assets	1,580	1,581	1,588	1,618	1,641	1,602	1,566	1,556
Tax assets	9,714	9,295	9,616	10,160	10,597	10,457	10,497	10,956
Non-current assets and disposal groups classified as held for sale	299	460	443	174	233	229	50	1,329
Other assets	8,352	8,399	7,532	7,670	6,631	7,927	5,247	4,126
Total assets	**382,110**	**394,087**	**408,979**	**443,204**	**436,198**	**466,217**	**464,924**	**464,226**

(€ million)

LIABILITIES AND SHAREHOLDERS' EQUITY	AMOUNTS AS AT 31.12.2023	30.09.2023	30.06.2023	31.03.2023	AMOUNTS AS AT 31.12.2022	30.09.2022	30.06.2022	31.03.2022
Deposits from banks	32,584	37,885	37,219	72,602	74,606	91,477	88,244	93,967
Deposits from customers	206,660	213,559	219,134	222,834	217,322	224,666	228,069	222,469
Debt securities issued	46,557	49,893	48,684	46,128	47,063	48,736	48,712	52,071
Financial liabilities held for trading	14,311	16,696	20,813	21,065	20,719	21,331	17,254	16,236
Other financial liabilities	8,182	7,543	7,359	7,009	6,367	5,818	5,559	5,284
Hedging instruments	4,547	3,094	3,364	3,239	3,489	4,213	3,440	3,289
Tax liabilities	2	5	5	19	19	142	130	133
Liabilities included in disposal groups classified as held for sale	-	-	-	-	-	-	-	-
Other liabilities	8,964	9,033	15,996	11,703	9,251	13,143	16,247	12,485
Shareholders' equity:	60,303	56,379	56,405	58,605	57,362	56,691	57,269	58,292
- capital and reserves	*49,039*	*50,548*	*51,706*	*55,498*	*54,255*	*55,363*	*56,134*	*58,877*
- stated net profit (loss)	*11,264*	*5,831*	*4,699*	*3,107*	*3,107*	*1,328*	*1,135*	*(585)*
Total liabilities and shareholders' equity	**382,110**	**394,087**	**408,979**	**443,204**	**436,198**	**466,217**	**464,924**	**464,226**

Reclassified company accounts

Reconciliation principles followed for the reclassified income statement

The main reclassifications, whose amounts are provided analytically in the tables enclosed with this report, involve:

- the inclusion in "Dividends" of "Profit (Loss) of equity investments valued at equity" and the exclusion of (i) "Dividends from held for trading equity instruments" and (ii) "Dividends on equity investments, shares and equity instruments mandatorily at fair value" which are included in "Trading income";
- the inclusion in the "Other expenses/income" of "Other operating expenses/income", excluding "Recovery of expenses" which is classified under its own item, the exclusion of the costs for "Net value adjustments/write-backs on leasehold improvements" classified among "Other administrative expenses", the inclusion of result of industrial companies and of gains/losses on disposal and repurchase of financial assets at amortised cost represented by performing loans;
- presentation of "Other expenses/income", "HR costs", "Non HR costs", "Amortisations and depreciations" and "Other charges and provisions" net of any "Integration costs" relating to the reorganisation operations, classified as a separate item;
- the exclusion from the "Non HR costs" of the Contributions to the Resolution Funds (SRF), the Deposit Guarantee Schemes (DGS), the Bank Levy and the Guarantee fees for DTA reclassified in item "Other charges and provisions";
- the exclusion from "Amortisations and depreciations" of impairment/writebacks related to (i) inventories assets (IAS2) obtained from recovery procedures of NPE (ii) rights of use of land and buildings used in the business (classified in item "Net income from investments") and (iii) tangible in operating lease assets (classified in item "Other expenses/income");
- in "Loan Loss Provisions", the inclusion of net losses/recoveries on financial assets at amortised cost and at fair value through other comprehensive income net of debt securities, of the gains (losses) on disposal and repurchase of financial assets at amortised cost net of debt securities and of performing loans, of the "Net provisions for risks and charges" related to commitments and financial guarantees given;
- the inclusion in "Net income from investments" of net losses/recoveries on financial assets at amortised cost and at fair value through other comprehensive income - debt securities, of gains (losses) on tangible and intangible assets measured at fair value as well as gains (losses) of equity investments and on disposal on investments, including impacts from revaluation arising from IFRS5 non-current assets and disposal groups related to equity investment consolidated line by line and at net equity method not presented to item "Profit (Loss) of discontinued operations";
- the inclusion among "Trading income" (i) of the net gains (losses) on trading, (ii) of the net gains (losses) on hedge accounting, (iii) of the net gains/losses on other financial assets/liabilities at fair value through profit or loss, (iv) of the gains/losses on disposal or repurchase of financial assets at fair value through other comprehensive income, (v) of gains/losses on disposal and repurchase of financial assets at amortised cost represented by debt securities, (vi) of gains/losses on disposal and repurchase of financial liabilities at amortised cost and (vii) of the interest income and expenses deriving from Trading Book instruments, excluded the economical hedging or funding banking book positions;
- the inclusion in the "Fees" of commissions of the Structuring and mandate fees on certificates, and the connected derivatives, issued by the Group;
- the inclusion in the "Net interest" of interest component of the DBO (Defined Benefit Obligation), TFR (Trattamento di Fine Rapporto) and Jubilee deriving from HR costs.

Figures of Reclassified consolidated income statement relating to 2022 have been restated with the effects of the:

- shift from Trading Income to Fees of the client hedging mark-up (commercial margin between final price to the client and the offer price, the latter being quoted by the trader and containing bid/offer, market risk hedging costs and day one XVA) for FX spot operations, plain vanilla derivatives on FX, Fixed Income and Equity, Commodities derivatives;
- shift from Other expenses/income to Net interest of the interest on cash collaterals.

Reclassified company accounts

Reclassified income statement

(€ million)

	YEAR		CHANGE	
	2023	2022	P&L	%
Net interest	5,822	3,782	2,040	+ 53.9%
Dividends	3,069	1,404	1,665	n.m.
Fees	4,042	4,269	(227)	- 5.3%
Trading income	651	(58)	709	n.m.
Other expenses/income	910	518	392	+ 75.7%
Revenue	**14,494**	**9,915**	**4,579**	**+ 46.2%**
HR costs	(3,052)	(3,048)	(4)	+ 0.1%
Non HR costs	(1,945)	(1,844)	(101)	+ 5.5%
Recovery of expenses	486	458	28	+ 6.1%
Amortisation and depreciation	(685)	(734)	49	- 6.7%
Operating costs	**(5,196)**	**(5,168)**	**(28)**	**+ 0.5%**
GROSS OPERATING PROFIT (LOSS)	**9,298**	**4,747**	**4,551**	**+ 95.9%**
Loan Loss Provisions (LLPs)	(177)	(1,055)	878	- 83.2%
NET OPERATING PROFIT (LOSS)	**9,121**	**3,692**	**5,429**	**n.m.**
Other charges and provisions	(495)	(440)	(55)	+ 12.5%
of which: Systemic charges	*(457)*	*(526)*	*69*	*- 13.1%*
Integration costs	(541)	(249)	(292)	n.m.
Net income from investments	3,815	135	3,680	n.m.
PROFIT (LOSS) BEFORE TAX	**11,900**	**3,138**	**8,762**	**n.m.**
Income taxes	(636)	(31)	(605)	n.m.
Profit (Loss) of discontinued operations	-	-	-	-
NET PROFIT (LOSS) FOR THE PERIOD	**11,264**	**3,107**	**8,157**	**n.m.**
Goodwill impairment	-	-	-	-
STATED NET PROFIT (LOSS)	**11,264**	**3,107**	**8,157**	**n.m.**

Reclassified company accounts

Reclassified income statement - Quarterly figures

(€ million)

	2023				2022			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net interest	1,621	1,475	1,434	1,292	1,375	826	836	745
Dividends	34	131	592	2,312	(70)	-	1,252	222
Fees	970	950	1,023	1,099	996	1,010	1,103	1,160
Trading income	230	103	319	(1)	200	(58)	(264)	64
Other expenses/income	376	155	200	179	208	22	112	176
Revenue	**3,231**	**2,814**	**3,568**	**4,881**	**2,709**	**1,800**	**3,039**	**2,367**
HR costs	(850)	(744)	(731)	(727)	(810)	(740)	(743)	(755)
Non HR costs	(566)	(458)	(472)	(449)	(458)	(477)	(454)	(455)
Recovery of expenses	132	118	121	115	122	111	110	115
Amortisation and depreciation	(144)	(175)	(184)	(182)	(175)	(182)	(190)	(187)
Operating costs	**(1,428)**	**(1,259)**	**(1,266)**	**(1,243)**	**(1,321)**	**(1,288)**	**(1,277)**	**(1,282)**
GROSS OPERATING PROFIT (LOSS)	**1,803**	**1,555**	**2,302**	**3,638**	**1,388**	**512**	**1,762**	**1,085**
Loan Loss Provisions (LLPs)	52	(51)	(65)	(113)	(26)	(54)	183	(1,158)
NET OPERATING PROFIT (LOSS)	**1,855**	**1,504**	**2,237**	**3,525**	**1,362**	**458**	**1,945**	**(73)**
Other charges and provisions	(20)	(229)	(19)	(227)	(41)	(232)	104	(271)
of which: Systemic charges	*(14)*	(209)	(24)	*(210)*	*(19)*	*(216)*	*(24)*	*(267)*
Integration costs	(320)	(18)	(197)	(6)	(243)	(8)	4	(2)
Net income from investments	3,348	246	85	136	328	17	(78)	(132)
PROFIT (LOSS) BEFORE TAX	**4,863**	**1,503**	**2,106**	**3,428**	**1,406**	**235**	**1,975**	**(478)**
Income taxes	570	(371)	(514)	(321)	373	(42)	(255)	(107)
Profit (Loss) of discontinued operations				-	-	-	-	-
NET PROFIT (LOSS) FOR THE PERIOD	**5,433**	**1,132**	**1,592**	**3,107**	**1,779**	**193**	**1,720**	**(585)**
Goodwill impairment	-	-	-	-	-	-	-	-
STATED NET PROFIT (LOSS)	**5,433**	**1,132**	**1,592**	**3,107**	**1,779**	**193**	**1,720**	**(585)**

Results of the year

Main results and performance for the period

The income statement

Breakdown of Net operating profit (loss)

Net operating profit (loss) on 31 December 2023 totaled €9,121 million with a high increase (+€5,429 million) compared to the previous year. Net of Russia (whose contribution is €249 million), Net operating profit (loss) on 31 December 2023 totaled €8,873 million, in a decisive increase (+€4,345 million) compared to the previous year.
Gross operating profit (loss) totaled €9,298 million (+€4,451 million year on year, +96%) and Net write-downs of loans and provisions for guarantees and commitments amounted to -€177 million (+878 million versus December 2022, excluding Russia improving of €126 million).
The annual increase in the Gross operating profit (loss) compared to December 2022 is mainly attributable to the increase of Revenues (+€4,579 million).

Net operating profit (loss)

(€ million)

	YEAR		CHANGE	
	2023	2022	P&L	%
REVENUE	**14,494**	**9,915**	**+ 4,579**	**+ 46.2%**
Operating costs	(5,196)	(5,168)	- 28	+ 0.5%
GROSS OPERATING PROFIT (LOSS)	**9,298**	**4,747**	**+ 4,551**	**+ 95.9%**
Net write-downs of loans and provisions for guarantees and commitments	(177)	(1,055)	+ 878	- 83.2%
NET OPERATING PROFIT (LOSS)	**9,121**	**3,692**	**+ 5,429**	**n.m.**

Revenue

At 31 December 2023 Revenues totaled €14,494 million, up €4,579 million (+46.2%) on the previous year. The increase was mainly attributable to the increase of Net Interest (+€2,040 million), to Dividends (+€1,665 million), to Trading income (+€709 million) and Other expenses/income (+€392 million). Fees down (-€227 million) compared to the previous year.

Net interest at December 2023 amounted to €5,822 million, up 53.9% (€2,040 million) compared to the previous year despite the loss in the current year of the positive contribution of the TLTRO and the excess liquidity fee. This growth was supported by the favorable interest rate environment combined with prudent deposit beta management.
The average customer loans interest rates recorded overall an increase versus 2022. The growth was mainly attributable to short term loans, household mortgages and loans to enterprises, for which increase was also influenced by the maturity of state guarantees loans provided by Covid-19 measures. Interest rates increase led a reduction in customer demand that with the capital efficiency actions led a stock decrease.

Average interest rates on deposits show an increase, in particular for corporate customers. During 2023, there was also a reduction in the volumes of customer deposits, strongly influenced by higher placements in government bonds (BTPs).
It should be noted that following the decision of the European Central Bank, starting from 20 September 2023 no remuneration will be paid to the compulsory reserve.

During the year, the Bank executed its medium/long term Financial Plan adopting the usual approach of using a variety structures/currencies/maturities to avoid concentration risk and to benefit a large degree of name recognition with Investors.
For additional details reference is made to the paragraph “Other information on Group activities” of Consolidated annual report.

Dividends recorded in 2023 totaled €3,069 million, up €1,665 million compared to previous year. This trend is mainly explained by the growth in the distribution of dividends by UniCredit Bank GmbH (+915 million) and banks in the CEE area (+€636 million), mainly Zagrebacka Banka D.D. (+€296 million), AO UniCredit Bank (+€137 million) and UniCredit Bank Czech Republic and Slovakia (+€105 million).

Fees at 31 December 2023 amounted to €4,042 million, down to €227 million (-5.3%) compared to the previous year.

Results of the year

Commissions on investment services recorded a decline of 82 million (-5.50% compared to the previous year) attributable to lower commissions on current accounts negatively impacted by the repricing maneuvers resulting from the changed market interest rate scenario (Deposit Facility Rate). Excluding the effects of the maneuver on current accounts linked to the Deposit Facility Rate, commissions on transactional services increased by €98million (7.8% compared to the previous year) thanks to higher commissions on cards and payment services and non-life insurance products. Financial services decreased by €60 million (-7.1%) compared to the previous year due to lower commissions on loans, guarantees and loan protection insurances as well as higher costs related to securitisation transactions. Commissions on investment services decreased by €34 million compared to the previous year (down by 1.9%) mainly due to the reduction in the average stock of assets under management, which led to a fall in management notwithstanding the increase in commissions on assets under custody led by higher placements of government bonds (BTP).

Trading income at December 2023 (+€651 million) was essentially attributable to the gains from investment portfolio (+€198 million), to the effects of the revaluation of the issuance of Additional Tier1 of UniCredit Bank GmbH (+€136 million) and UniCredit Bank Austria AG (+€40 million) and to the hedging activity in derivatives with customers (+€89 million). In addition, effects unrealized related to Webuild S.p.A. (+€21 million) and effects realized and unrealized related to equity investments in Visa Inc (+€18 million) were recorded.
In 2023, the effects of the revaluation of the hedging derivative related to the issuance in USD of Additional Tier1 instruments amounted to -€31 million.
In addition, losses related to XVA - Credit, Funding and Debt Value Adjustment, amounting to -€49 million, were partially offset by gains from relative hedging activity (+€21 million).

Overall, Trading income increased of +€709 million compared to the previous year.
The mainly positive changes in comparison with 2022 are attributable to the following:
- +€515 million deriving from the unrealized effects related to the issuance of Additional Tier1 of UniCredit Bank GmbH;
- +€181 million deriving from the unrealized effects related to the issuance of Additional Tier1 of UniCredit Bank Austria AG;
- +€52 million due to the effects of the evaluation of Webuild.

Other expenses/income at December 2023 amounted to €910 million, increasing by +€392 million compared to the previous year. Net of Russia, other expenses/income at December 2023 amounted to €770 million, increasing by +€41 million compared to 2022. The main impacts in 2023 are attributable for €821 million to income for services, ICT projects and software provided to other Group companies, for €136 million to positive effects from credit performing exposure disposal, for €30 million to NEXI Payment S.p.A. contract renewal benefit, for €30 million to closure of Cordusio 4 securitisation, for -€68 million to charges for clients Incentives and for -€56 million to compensation for early interruption of the insurance policies contract.

Operating costs

Operating costs at December 2023 amounted to -€5,196million, increasing of €28 million (+0.5%) compared to the previous year. HR costs, amounted to -€3,052 million, slightly increased compared to 2022 (+4 million, +0.1%) mainly due to the effect of CCNL renewal and higher accrual on variable for improved results balanced by lower FTEs.
Full Time Equivalent (FTE) evolution stands at 34,041 at 31 December 2023 and showed a decrease of about 1,800 FTE year-on-year thanks to multiyear personnel exit plan linked with “UniCredit Unlocked”.

Non HR costs in 2023 amounted to -€1,945million, up by €101 million (+5.5%) compared to 2022. The increase was concentrated on Real Estate for higher utilities costs and on ICT for digitalization development.

Recovery of expenses, amounting to -€486 million, are increasing compared to the previous year (+€28 million, +6.1%) mainly for higher cost of indirect taxes and duties.

Amortization and depreciation amounted to -€685 million, decreasing (-6.7%) compared to the previous year connected to initiatives of rationalization of real estate assets and to the modification of the useful life of the properties.

Results of the year

Loan Loss Provisions (LLPs)

At December 2023 Loan Loss Provisions (LLPs) sum up to -€177 million, down €878 million (-83,2%) in respect of previous year.
Net of the Russian, which showed recoveries of €76 million (of which €66 million on balance exposure and €10 million on off balance exposure), LLPs amounted to -€253 million, in reduction of €126 million compared to the previous year.

With reference to Russia, the result recorded in 2023 is essentially attributable to the contraction of receivables in the Russia perimeter as a result of repayments as the amortization schedule.

With regard to the other segments, the amount of LLPs in 2023 amounted to -€253 million and were mainly determined by the combined effect of the following events: (i) -€203 million of LLPs increase due to the introduction of overlays on Commercial Real Estate Financing in the expected credit loss calculation, in light of the persistent uncertainty linked to the overall macroeconomic situation, and in particular on portfolio exposed to Real Estate risks, (ii) €285 million of LLPs release of the remaining overlays connected to the Covid-19 pandemic event, in light of the progressive softening of the related economic impacts, (iii) -€30 million of LLPs increase due to maintenance of the overlay specifically connected to the Geopolitical risk, (iv) -€21 million of LLPs increase connected to IFRS9 macro-economic scenario update (v) -68 million main Rating Model credit risk parameters calibration (PD, LGD and EAD), (vi) -€65 million of LLPs write down due to Non Performing Portfolio disposals and -€7 million of LLPs increase due to selling scenario update, (vii) -€148 million of LLPs increase mainly connected to credit portfolio dynamics like recoveries, Inflows and Outflows to NPE.

Cost of Risk in 2023 was 10 basis points. Excluding Russia, Cost of Risk was 14 basis point, in reduction versus 20 basis points of 2022.

For more details on the actions taken to address the current macroeconomic scenario both with reference to direct risks to Russian exposures and indirect risks, please refer to Section 4 - Other aspects, Notes to the accounts, Part A - Accounting policies, A.1 General.

For more details on measurement methods for expected losses reference is made to the paragraph 2.3 Measurement methods for expected losses, Notes to the consolidated account, Part E - Information on risks and on hedging policies, Section 2 - Risks on the prudential consolidate perimeter, 2.1 Credit Risk - Qualitative information.

Net profit (loss)

In the table below, the data showing the transition to Stated Net profit (loss) for illustrative purposes.

Net profit (loss)

(€ million)

	YEAR		CHANGE	
	2023	2022	P&L	%
NET OPERATING PROFIT (LOSS)	**9,121**	**3,692**	**+ 5,429**	**n.m.**
Other charges and provisions	(495)	(440)	- 55	+ 12.5%
Integration costs	(541)	(249)	- 292	n.m.
Net income from investments	3,815	135	+ 3,680	n.m.
PROFIT (LOSS) BEFORE TAX	**11,900**	**3,138**	**+ 8,762**	**n.m.**
Income taxes	(636)	(31)	- 605	n.m.
Profit (Loss) of discontinued operations	-	-	-	-
NET PROFIT (LOSS) FOR THE PERIOD	**11,264**	**3,107**	**+ 8,157**	**n.m.**
Goodwill impairment	-	-	-	-
STATED NET PROFIT (LOSS)	**11,264**	**3,107**	**+ 8,157**	**n.m.**

Results of the year

Other charges and provisions
Other charges and provisions, amounting to -€495 million, up compared to -€440 million in 2022, considered the Deposit Guarantee Scheme (DGS) ordinary and additional contribution to Fondo Interbancario di Tutela dei Depositi - FITD (-€174 million), the contribution to the Single Resolution Fund (-€185 million) and other provisions and release for litigations, lawsuits, disputes, incidents and claims in which the Bank is passive subject.

Integration costs
Integration costs amounted to -€541 million, up by €292 million compared to 2022, mainly related to severance costs connected to the new Strategic Plan "UniCredit Unlocked".

Net income from investments
Net income from investments was €3,815 million, up compared to €135 million in 2022.
In particular, in 2023 write-backs on equity regarding UniCredit Bank Austria AG (+€3,917 million) and UniCredit Leasing S.p.A. (+€179 million) were recorded, partially offset by write-downs on equity related to AO UniCredit Bank (-€198 million).
For further information on the methodology, results and base assumptions used in the impairment test of investments in subsidiaries refer to "Section 7 - Equity investments - Item 70", Notes to the accounts, Part B - Balance sheet - Assets.

Taxes on income
Taxes on income for 2023 reports a negative amount of €636 million, with respect to the negative amount of €31 million in 2022, this amount is mainly composed by:
- IRES (current and deferred taxes) negative value of €415 million. The amount of the current IRES is zero since the fiscal year 2023 generate a tax loss for a total of €121 million in terms of taxes, fully concerning Net equity. This tax loss, mainly determined by credit impairment and goodwill amount of the year, has been converted in a tax credit as per Art.2 par.56-bis of Law Decree 29 December 2010, No.225 and subsequent amendments. The handling of deferred tax assets and liabilities of the period is negative for €415 million, mainly determined by write-up of TLCF DTA, the recovery of temporary convertible DTA and provisions for risks and charges DTA;
- IRAP negative (current and deferred taxes) of €374 million. The amount of the current negative IRAP is negative for €202 million (negative €203 million produced by tax cases from Income statement and positive €1 million produced by tax cases from Net equity) while IRAP deferred taxes negative for €172 million (mainly determined by the recovery of temporary convertible DTA and provisions for personnel fund DTA);
- a provision of -€2 million related to the taxation on a transparent basis of controlled foreign companies (CFC);
- non-deductible withholding tax of -€30 million suffered in Italy and abroad;
- net amount of previous years current and deferred taxes positive of €85 million;
- tax accrual referred to foreign branches and permanent establishment for an amount equal to -€5 million;
- tax credits of €5 million (of which energy tax credit D.L. 197/2022 D.L. 34/2023 of €3 million);
- tax credit deriving from the conversion of the "ACE" benefit into IRAP tax credit for €100 million (of which €22 million related to previous years).

For further details refer to the Notes to the accounts, Part B - Balance Sheet - Assets, Section 10 - Tax assets and Tax liabilities and Part C - Income Statement, Section 19 - Tax expense (income) related to profit or loss from continuing operations.

Results of the year

The balance sheet

Loans to Customers
As at 31 December 2023, loans to customers totalled €172,661 million, a decrease of €19,298 million (-10.1%) compared to 31 December 2022.

Loans and advances to customers

(€ million)

	AMOUNTS AS AT		CHANGE	
	31.12.2023	31.12.2022	AMOUNT	%
Performing loans	151,480	167,266	- 15,786	- 9.4%
Repos	18,965	22,119	- 3,154	- 14.3%
Non-performing exposures	2,216	2,574	- 358	- 13.9%
Total loans and receivables with customers	**172,661**	**191,959**	**- 19,298**	**- 10.1%**

More specifically:
- **performing loans** recorded a decrease of -€15,786 million (-9.4%);
- **reverse repos** recorded a decrease of -€3,154 million (-14.3%);
- **impaired assets** recorded a decrease of -€-358 million (-13.9%).

The reduction of **performing loans** is mainly due to the contraction in the provision of credit to businesses segment.
Performing loans (€151,480 million at 31 December 2023) included €362 million due to Special Purpose Vehicles (SPVs), attributable mainly to liquidity which UniCredit S.p.A., following the downgrading from 2012 by the rating agencies involved in the transactions, had to transfer (based on the contractual documentation signed) to other banks, still considered “eligible”, in favor of the SPVs granting loans as part of the transactions originated by UniCredit S.p.A. in relation to securitisations and covered bond issue programmes.
During 2023 the aforementioned receivables from Special Purpose Vehicle (S.P.V.) decreased by €503 million compared to 31 December 2022 related to the normal management of securitisation transactions.

Reverse repos, whose performance are strictly linked to liquidity management, amounted to €18,965 million at 31 December 2023 (€22,119 million at the end of 2022), and consisted almost entirely of transactions with Cassa di Compensazione e Garanzia, with Cassa Depositi e Prestiti and Poste Italiane S.p.A.

Impaired loans at the end of December 2023 amounted to €2,216 million and came to 1.3% of the total amount of loans to customers.They mainly referred to the business segment.
The decrease of -€358 million (-13.9% in comparison to €2,574 million at the end of December 2022) is mainly due to the intense activity of the Bank aimed to reduce impaired credit exposures operated through disposal operations.

Credit quality
As at 31 December 2023, the gross book value (GBV) of the Non-Performing Exposures (NPE) amounts to €4,340 million, representing 2.5% of total GBV loans to customers, a slight decreased, compared to 2022. The decrease is mainly due to sales operations carried out during the year both on loans classified as bad exposures and on loans classified as unlikely to pay.

The ratio of bad exposures loans (GBV) amounted to 0.6% of total loans to customers (0.4% at 31 December 2022) loans classified as unlikely to pay amounted to 1.5% of total loans (1.9% at 31 December 2022), while impaired past due exposures amounted to 0.27% of total loans (0.23% at 31 December 2022).

The coverage ratio of impaired loans (specific write-downs to face value) came to around 48.9%, compared to the 48.1% recorded on 31 December 2022, in detail the coverage ratio is equal to 70.3% for bad exposures loans, 42.9% for loans classified as unlikely to pay and 32.1% for impaired past due exposures.

Performing loans, which amounted to €172,287 million at GBV (€192,099 million at 31 December 2022), were written down, at 31 December 2023, by a total of €1,842 million, with a coverage ratio of 1.07%, including written down in the Russian segment net of which the coverage ratio stands at 1.01% (1.41% at 31 December 2022).

Results of the year

For additional information on the methodological developments that impacted the determination of write-downs, refer to the paragraph "2.3 Methods for measuring expected losses" of the Consolidated financial statements of UniCredit group, Notes to the consolidated account, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Qualitative information.

Therefore, overall, total Loans to customers at 31 December 2023 stood at €176,627 million, with value adjustments of €3,966 million taking the general level of coverage for Loans to Customers to 2.2% (2.6% at 31 December 2022).
The overall reduction in the coverage ratio is mainly due to the contraction in receivables in the Russian perimeter, as a result of both repayments, according to the amortization schedule, and as a result of disposals that mainly affected performing customers' loans.

For the management and recovery of problematic loans, the Bank uses also the services offered by doValue S.p.A., a bank specialised in loan recovery (bad exposures loans and unlikely-to-pay loans) and Prelios Credit Servicing S.p.A., a company specializing in the management of unlikely to pay loans.

The summary table below provides additional details:

Loans to customers - Asset quality

(€ million)

	BAD EXPOSURES	UNLIKELY TO PAY	NON-PERFORMING PAST-DUE	TOTAL NON-PERFORMING	PERFORMING	TOTAL LOANS
As at 31.12.2023						
Gross exposure	1,141	2,728	470	**4,340**	172,287	**176,627**
as a percentage of total loans	*0.65%*	*1.54%*	*0.27%*	***2.46%***	*97.54%*	
Writedowns	802	1,171	151	**2,124**	1,842	**3,966**
as a percentage of face value	*70.28%*	*42.93%*	*32.05%*	***48.94%***	*1.07%*	
Carrying value	339	1,557	320	**2,216**	170,445	**172,661**
as a percentage of total loans	*0.20%*	*0.90%*	*0.19%*	***1.28%***	*98.72%*	
As at 31.12.2022						
Gross exposure	844	3,654	458	**4,956**	192,099	**197,055**
as a percentage of total loans	*0.43%*	*1.85%*	*0.23%*	***2.51%***	*97.49%*	
Writedowns	619	1,645	118	**2,382**	2,714	**5,096**
as a percentage of face value	*73.34%*	*45.03%*	*25.77%*	***48.07%***	*1.41%*	
Carrying value	225	2,009	340	**2,574**	189,385	**191,959**
as a percentage of total loans	*0.12%*	*1.05%*	*0.18%*	***1.34%***	*98.66%*	

Note:
Total loans to customers exclude the receivables arising from subleases recognised due to the application of IFRS16.

Deposits from customers and debt securities in issue

Deposits from customers and debt securities in issue decrease in respect of 2022 for the combined effect of decrease attributable to operating units in Italy (-€11,352 million) and increase due to operating units abroad (€184 million).

Deposits from customers and debt securities in issue

(€ million)

	AMOUNTS AS AT		CHANGE	
	31.12.2023	31.12.2022	AMOUNT	%
Deposits from customers	206,660	217,322	- 10,662	- 4.9%
Debt securities in issue	46,557	47,063	- 506	- 1.1%
Total deposits from customers and debt securities in issue	**253,217**	**264,385**	**- 11,168**	**- 4.2%**

Deposits from customers change due to:
- current accounts and demand deposits, decreased by €11,639 million;
- time deposits, decreased by €343 million;
- repurchase agreements with customers, increased by €78 million;
- other types of deposits, increased by €1,242 million, mainly driven by operativity in hot money transactions.

Debt securities in issue, only managed by operating units in Italy, decrease mainly driven by bond issues (-€1,303 million), repos on own issued bonds (+€803 million), certificates of deposit (-€3 million) and to "buoni fruttiferi" (-€3 million).

Results of the year

Other financial assets

In 2023 financial investments showed an increase mainly attributable to bonds and equity investments.

Other financial assets

(€ million)

	AMOUNTS AS AT		CHANGE	
	31.12.2023	31.12.2022	AMOUNT	%
Financial assets at fair value through profit or loss - Other financial assets designated at fair value	132	204	- 72	n.m.
Financial assets at fair value through profit or loss - Other financial assets mandatorily at fair value	5,548	4,322	+ 1,226	+ 28.4%
Financial assets at fair value through other comprehensive income	31,636	26,921	+ 4,715	+ 17.5%
Debt securities and loans at amortised cost	51,460	50,924	+ 536	+ 1.1%
Equity investments	42,517	38,569	+ 3,948	+ 10.2%
Total other financial assets	**131,294**	**120,940**	**+ 10,354**	**+ 8.6%**

More specifically:
- financial assets designated at fair value are composed by few government bonds;
- financial assets mandatory at fair value are mainly composed by units in investment funds (€2,408 million) and bonds (€2,525 million), whose changes in respect of December 2022 are mainly originated by the combination of buy/sell and maturities dynamic and fair value evaluation. Equity investments increase by €440 million mainly due new investments realized during the year;
- financial assets at fair value through other comprehensive income included €30,281 million in debt (increased by €4,402 million primarily due to government and bank bonds) and €1,355 million in equity interests that have undergone an annual increase of €313 million, mainly attributable to:
  - purchase of quotes in Alpha Services and Holding SA (€315 million);
  - fair value changes, of which ABH Holding (-€11 million) and Alpha Services and Holding SA (+€33 million);
- debt securities and loans at amortised cost mainly include (i) government and bank securities, increased due to combination of buy/sell and maturities dynamic in the year and (ii) receivables for subleases deriving from the application of the IFRS16 standard;
- the value of equity investments increased mainly driven by the combined effects arising from:
  - the write-downs of the investment, of which: AO UniCredit Bank (-€198 million), Nuova Compagnia di Partecipazioni S.p.A. (-€25 million), Anthemis Evo Llp. (-€14 million), UniCredit Turn Around Management Cee GmbH (-€4 million);
  - the write-up of the investment, of which: UniCredit Bank Austria AG (€3,917 million), UniCredit Leasing S.p.A. (€179 million), UniCredit International Luxembourg S.A. (€3 million), Pioneer Alternative Investment Management Ltd (€8 million).

Interbank position

The Bank recorded, under its financial activities, a net interbank position at the end of 2023 of assets (€17,908 million) and liabilities (€32,584 million) equal to -€14,676 million. Compared with the corresponding figures at the end of 2022 (net equal to -€57,598 million), the balance showed a significant decrease in the net liabilities of €42,922 million due to the combined effect of the reduction of Deposits from banks (-€42,022 million) and a slight increase of Loans and receivables with banks (-€900 million).
In this regard, the Deposits from banks dynamics includes the decrease in the participation to ECB TLTRO, from a nominal of €48,420 million at the end of 2022 to a nominal of €5,129 million at the end of 2023, following the prepayment of €43,291 million finalised in June 2023.

Interbank position

(€ million)

	AMOUNTS AS AT		CHANGE	
	31.12.2023	31.12.2022	AMOUNT	%
Loans and receivables with banks	17,908	17,008	+ 900	+ 5.3%
Deposits from banks	32,584	74,606	- 42,022	- 56.3%
NET INTERBANK POSITION	**(14,676)**	**(57,598)**	**+ 42,922**	**- 74.5%**

Macroeconomic situation, banking and financial markets

Recerence is made to the paragraph “Macroeconomic situation, banking and financial markets” of the Consolidated financial statements of UniCredit group, Consolidated report on operations, Group results, which is herewith quoted entirely.

Results of the year

Capital and Value Management

Principles of value creation and disciplined capital allocation

Reference is made to the paragraph "Principles of value creation and disciplined capital allocation" of the Consolidated financial statements of UniCredit group, Consolidated report on operations, Results of the year, Capital and Value Management, which is herewith quoted entirely.

Capital ratios

Transitional Own Funds and capital ratios

DESCRIPTION	AS AT 31.12.2023	31.12.2022
Common Equity Tier 1 Capital (€ million)	42,721	44,470
Tier 1 Capital (€ million)	47,553	50,539
Total Own Funds (€ million)	55,330	58,501
Total RWEA (€ million)	164,162	173,029
Common Equity Tier 1 Capital ratio	**26.02%**	**25.70%**
Tier 1 Capital ratio	**28.97%**	**29.21%**
Total Capital ratio	**33.70%**	**33.81%**

Notes:
- Transitional own funds and capital ratios including all transitional adjustments according to the yearly applicable percentages.
- UniCredit S.p.A. has decided to not apply the IFRS9 transitional approach as reported in article 473a of the Regulation 575/2013/EU (CRR).

The negative change with respect to 31 December 2022, equal to €1,749 million on Common Equity Tier 1 Capital, mainly reflects: (i) the negative effect of the deduction for €3,343 million connected to the "Share Buy-Back Programme 2022"; (ii) the negative effect of the deduction for €2,500 million connected to the "First tranche of Share Buy-Back Programme 2023"; (iii) the higher deduction for €897 million on deferred tax assets that rely on future profitability and do not arise from temporary differences, resulting from the Deferred Tax Assets sustainability test related to tax losses carry forward (TLCF) carried out in the fourth quarter 2023; (iv) other negative impacts for €0.1 billion; partially compensated by the profit of 2023 (equal to €11,264 million), net of foreseeable charges (equal to €6,135 million that include also €35 million of social and charity initiatives), computed for €5,129 million.
With reference to the Total Own Funds, the negative change with respect to 31 December 2022, equal to €3,171 million, in addition to the effects on Common Equity Tier 1 Capital, also reflects the negative impacts for €1,237 million related to the execution, on the 3 June 2023, of the authorization received by the competent authority to early redeem the AT1 instrument (ISIN XS1619015719).

- The individual net profit as at 31 December 2023 is equal to €11,264 million.
- As at 31 December 2023, the amount of the individual net profit to be included in the Own Funds is equal to €5,129 million; the reduction for €6,135 million is related to the approval by the UniCredit S.p.A. Board of Directors of the following items:
  (i) cash dividend for €3,015 million. The amount is coherent with the updated 2023 dividend policy, envisaging 35% cash pay-out ratio applied to the Net Profit. The latter means stated (i.e., accounting) consolidated net profit, adjusted for DTAs tax loss carry forward stemming from sustainability test. As at 31 December 2023, the consolidated stated net profit stands at €9,507 million, while the DTAs tax loss carry forward write-up recognised as a result of the sustainability test is €893 million; therefore, the Net Profit is equal to €8,614 million, and its 35% amounts to €3,015 million;
  (ii) Share Buy-Back of €3,085 million (additional to the €2,500 million Share Buy-back authorised by the Shareholders' Meeting on 27 October 2023, already deducted from the CET1 capital), classified as foreseeable charge as at 31 December 2023, in line with the EBA Q&A #6887;
  (iii) allocation for €35 million to support social and charity activities.

Capital strengthening

Reference is made to the paragraph "Capital strengthening", of the Consolidated financial statements of UniCredit group, Consolidated report on operations, Results of the year, Capital and Value Management, which is herewith quoted entirely.

Results of the year

Shareholders' equity

Shareholders' equity

(€ million)

	AMOUNTS AS AT		CHANGE	
	31.12.2023	31.12.2022	AMOUNT	%
Share capital	21,278	21,220	+ 58	+ 0.3%
Share premium	23	2,516	- 2,493	- 99.1%
Equity instruments	4,863	6,100	- 1,237	- 20.3%
Reserves	23,944	23,707	+ 237	+ 1.0%
Revaluation reserves	658	712	- 54	- 7.6%
Treasury shares	(1,727)	-	- 1,727	n.m.
Total capital and reserves	***49,039***	***54,255***	***- 5,216***	***- 9.6%***
Net profit (loss)	11,264	3,107	+ 8,157	n.m.
Total shareholders' equity	**60,303**	**57,362**	**+ 2,941**	**+ 5.1%**

Shareholders' equity as at 31 December 2023 amounted to €60,303 million, with an increase of €2,941 million compared to previous year attributable to:

- -€1,875 million for distribution of cash dividend from allocation of 2022 net profit as approved by Shareholders' Meeting of 31 March 2023;
- -€20 million in favor of UniCredit Foundation for social, charity and cultural initiatives as approved by Shareholders' Meeting of 31 March 2023;
- -€1,237 million from the early redemption of the Additional Tier 1 (AT1) instruments issued in 2017, net of the related placement costs, exercising the redemption option in accordance with the relevant terms and conditions of the securities;
- -€263 million from the allocation to the reserves of the coupon paid to subscribers of Additional Tier 1 notes, net of related tax effects and transaction costs on redeemed issues.
- -€175 million from the allocation to the reserves of the cash-out related to the usufruct contract connected to the "Cashes" financial instruments;
- +€72 million from the adjustment to the reserve dedicated to Equity Settled Share Based Payments;
- -€3 million for allocation to the reserve of the cash settlements related to share-based payments;
- -€5 million for allocation to equity of realized net gains and losses from disposal of financial assets and liabilities at fair value through other comprehensive income;
- -€3,343 million for the purchase of No.170,174,493 treasury shares in execution of the Share Buy-Back Programme 2022 (first and second tranche);
- -€1.415 million for the purchase of No.58,179,836 treasury shares in execution of the first tranche of the Share Buy-Back Programme 2023 started on 30 October 2023 and whose completion is expected by the end of the 1st quarter of 2024;
- -€3 million for charges and fees connected with the execution of the buyback transactions on treasury shares;
- -€2 million for the use of the Reserve for social, charity and cultural initiatives for the promotion of specific initiatives;
- +€11,264 million from the net profit of the year;
- -€54 million to the net effect deriving from revaluation reserves, of which: +€24 million from financial assets at fair value through other comprehensive income; -€35 million from financial liabilities designated at fair value through profit or loss, due to changes in their creditworthiness; -€34 million from cash flow hedges; -€10 million from revaluation of real estate properties following the tax realignment of the properties used in business under IAS16 with impact on equity and +€1 million from defined benefit plans.

Note also the following significant changes occurred in 2023 within the components of shareholders' equity which did not lead to a change in the overall amount of the same:

- the increase of €58 million in share capital following the resolution of the Board of Directors of 16 February 2023 executed through a withdrawal from the specifically constituted reserve, for the issue of the shares connected to the medium-term incentive plan for Group personnel;
- following the resolutions of the Shareholders' Meeting of 31 March 2023 occurred: (i) the allocation of the net profit of the year 2022 to the establishing of a specific Reserve for social, charity and cultural initiatives (€5 million), to the Reserve for the issue of the shares connected to the medium term incentive plan for Group personnel (€75 million), to the Legal reserve (€100 million) and to the Statutory reserve (€1,032 million); ii) coverage of the negative reserves totaling €376 million, partly buy use of Share premium reserve to cover the reserve related to the payment of AT1 coupons (€302 million) and partly by use of the Statutory reserve to cover the reserve emerged from the cash-out related to the usufruct contract connected to the "Cashes" financial instruments (€74 million); iii) the establishment of the specific unavailable reserve of €3,343 million for the execution of the Share Buy-Back Programme 2022 with withdrawal in part from the share premium reserve (€2,191 million) and in part from the IFRS3 business combination reserve (€1,152 million).
- on 12 September 2023 following the cancellation of treasury shares in portfolio up to date the unavailable reserve for the share buyback was partially used to offset the negative item Treasury shares (€3,031 million).
- on 27 October 2023 the Shareholders' Meeting authorized a first tranche of purchases of treasury shares aimed at the remuneration of shareholders for the year 2023 and consequently the specific unavailable reserve for share buyback was set up for the maximum authorized amount (€2,500 million) with withdrawal from the Statutory Reserve.

Results of the year

Shareholders

The share capital, subscribed and paid up, amounts to €21,277,874,388.48 divided into No.1,784,663,080 ordinary shares with no face value.
As at 31 December 2023, according to the analyses performed using data from the content of the Register of Shareholders:

- shareholders were approximately 217,000;
- resident shareholders held around 16.11% of the capital and foreign shareholders 83.89%;
- 93.80% of the share capital is held by legal entities, the remaining 6.20% by natural persons.

At the same date, on the basis of the communications pursuant to Art.120 of the Consolidated Law on Finance (TUF), the relevant direct or indirect investments in the share capital are listed below. The shareholders listed below hold more than 3% and they are not exempted from the reporting provided for by Art.119-bis of the CONSOB Regulation 11971/99.

Principal UniCredit shareholders

SHAREHOLDER	ORDINARY SHARES	% OWNED
BlackRock Group	114.907.383	6.439%(**)
Allianz SE Group	69.622.203	3.901%

Notes:
The table shows the information notified by the shareholders pursuant to Art.120 of the Consolidated Law on Finance (TUF) following the update disclosed on the Consob website on 3 April 2023. The percentages here indicated are calculated on the number of shares representing the share capital as at 31 December 2023, which takes into account the cancellation of treasury shares carried out on 12 September 2023. 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.

(**) Non-discretional asset management.

Treasury shares

The 2022-2024 Strategic Plan "UniCredit Unlocked" presented to the market on 9 December 2021 set among the objectives a shareholders' distribution to be implemented in part through treasury share buyback programs with the with the aim to ensure higher and progressively growing remuneration over the course of the plan.

In this context, during the year 2022, in force of the authorization granted by the Shareholders' Meeting on 8 April 2022, a program for the purchase of UniCredit ordinary shares was implemented as part of the distribution to the shareholders for the year 2021 for a total expenditure of €2,580 million and which involved the purchase in two distinct tranches ("First and Second Tranche of the 2021 Buy-Back Programme") of a total of No.249,134,870 treasury shares. The treasury shares purchased were entirely canceled during the same year at the completion of the two tranches with no reduction of share capital but exclusively through a reduction in the number of existing shares and with a consequent increase in their accounting par value of the shares issued by the Company.

On 31 March 2023 the Shareholders' Meeting, in line with the targets envisaged by the Strategic Plan in terms of shareholder remuneration, for the year 2022 authorized a share buyback program for a total expenditure of €3,343 million, entirely carried out during 2023 in two distinct tranches ("First and Second Tranche of the 2022 Buy-Back Programme"). The first tranche of purchases of treasury shares was launched on 3 April 2023 and concluded on 29 June 2023 with the purchase of a total of No.125,036,173 shares for a total expenditure equal to the maximum amount authorised (€2,343 million); the second tranche of purchases of treasury shares was started on 30 June 2023 and completed on 29 September 2023 with the purchase of a total of No.45,138,320 UniCredit ordinary shares for a total expenditure equal to the residual authorized amount available (€1,000 million).

On 12 September 2023, with the aim of submitting to the approval of the Shareholders' Meeting the launch already in 2023 of a first tranche of a share buyback program from distribution for the year 2023, the treasury shares purchased up to date under the 2022 Buy-Back Programme (No.156,114,828 for a total amount of €3,031 million) were cancelled without reduction of the share capital.

On 27 October 2023 the Shareholders' Meeting of the Company approved a fist tranche of purchase of treasury shares for a maximum amount of €2.5 billion and not exceeding No.160 million of UniCredit shares (the "First Tranche of the Buy-Back Programme 2023"). The initiative, previously authorized by the ECB on 26 October 2023, is part of the overall distribution expected for the year 2023, equal to or greater than 6.5 billion announced in the context of the presentation of the results for the first half of 2023 which highlighted a significant organic generation of capital. The purchase transactions started on 30 October 2023 and it is expected to be completed by the end of first quarter of 2024.

As a result of the above transactions the treasury shares in portfolio on 31 December 2023 amounted to a total of No.72,239,501 for an equivalent value of €1,727 million arising from the purchases at the completion of the 2022 Buy-Back Programme (No.14,059,665) and from the purchases carried out since the start of the Buy-Back Programme 2023 (No.58,179,836).
The treasury shares outstanding at year- end 2023 were entirely canceled on 16 January 2024.

Company activities

The commercial network

Operating structure in Italy

During 2023, UniCredit domestic Retail Commercial Banking Network was subject to the closure of 36 branches.

The structure of the domestic network at 31 December 2023 consisted of a total of 2,270 branches, of which 1,950 belonging to Retail Commercial Banking Network.
On that date, following the initiatives described above and a small-scale branch re-organization and optimization resulting from the ongoing streamlining process of organizational units, the Italian distribution network was structured as follows.

Italian network

REGION	NUMBER OF BRANCHES AT 31.12.2023	%
- Abruzzo	24	1.1%
- Basilicata	7	0.3%
- Campania	114	5.0%
- Calabria	19	0.9%
- Emilia Romagna	301	13.3%
- Friuli Venezia Giulia	72	3.2%
- Lazio	285	12.5%
- Liguria	45	2.0%
- Lombardy	273	12.1%
- Marche	46	2.0%
- Molise	15	0.7%
- Piedmont	233	10.3%
- Puglia	89	3.9%
- Sardinia	35	1.5%
- Sicily	231	10.1%
- Tuscany	99	4.4%
- Trentino Alto Adige	36	1.6%
- Umbria	55	2.4%
- Valle d'Aosta	12	0.5%
- Veneto	279	12.3%
Total branches	**2,270**	**100.0%**

Company activities

Branches and Representatives abroad

As at 31 December 2023 UniCredit S.p.A. is present abroad through eleven Branches, one Permanent Establishment and two Representative offices. Below the detail:

Foreing branches:
- Germany - Munich;
- United Kindom - London;
- United States - New York;
- France - Paris;
- Spain - Madrid;
- Czech Republic - Prague[86];
- Slovakia - Bratislava[86];
- Romania - Bucarest[86];
- Poland - Szczecin[86];
- Hungary - Budapest[86];
- PRC - Shanghai[87].

Foreing Permanent Establishment:
- Austria - Wien.

Foreing Representative offices:
- Belgium - Bruxelles;
- PRC - Beijing.

86 Branch that carries out only digital/operations activities, without banking license.
87 Branch in liquidation phase, Banking license withdrawn on 28 November 2023.

Company activities

Resources

Personnel trend

As at 31 December 2023, the workforce of UniCredit S.p.A. amounted to 34,041 FTEs, compared to 35,850 FTEs as at 31 December 2022. The decrease in resources is mainly due to exits for Restructuring Plan.

Breakdown by category

	31.12.2023		31.12.2022		CHANGE	
	NUMBER	*OF WHICH: ABROAD*	NUMBER	*OF WHICH: ABROAD*	AMOUNT	%
Senior management	596	*4*	646	*5*	(51)	-7.8%
Management - grade 4 and 3	7,286	*355*	7,577	*378*	(291)	-3.8%
Management - grade 2 and 1	11,075	*1,014*	11,396	*1,081*	(321)	-2.8%
Other staff	15,084	*1,749*	16,231	*1,972*	(1,147)	-7.1%
Total	**34,041**	***3,122***	**35,850**	***3,435***	**(1,810)**	**-5.0%**
of which: part-time	*3,586*	*174*	*3,762*	*184*	*(177)*	*-4.7%*

The composition of the workforce by seniority and by age bracket is shown in the following tables. With respect to educational level, 45% of UniCredit S.p.A. employees have university degrees (mostly in the areas of economics and banking, or law).
Women make up 48% of personnel.

Breakdown by seniority

	31.12.2023		31.12.2022		CHANGE	
	NUMBER	%	NUMBER	%	AMOUNT	PERCENT
Up to 10 years	8,204	24.1%	8,145	22.7%	59	0.7%
From 11 to 20 years	9,112	26.8%	10,323	28.8%	(1,211)	-11.7%
From 21 to 30 years	8,949	26.3%	9,499	26.5%	(550)	-5.8%
Over 30 years	7,776	22.8%	7,884	22.0%	(107)	-1.4%
Total	**34,041**	**100.0%**	**35,850**	**100.0%**	**(1,810)**	**-5.0%**

Breakdown by age

	31.12.2023		31.12.2022		CHANGE	
	NUMBER	%	NUMBER	%	AMOUNT	PERCENT
Up to 30 years	2,940	8.6%	3,050	8.5%	(110)	-3.6%
From 31 to 40 years	4,867	14.3%	5,287	14.7%	(421)	-8.0%
From 41 to 50 years	11,185	32.9%	11,988	33.4%	(803)	-6.7%
Over 50 years	15,049	44.2%	15,525	43.3%	(476)	-3.1%
Total	**34,040**	**100.0%**	**35,850**	**100.0%**	**(1,810)**	**-5.0%**

With regard to training, managerial growth, union relations, environment and occupational safety, refer to the Integrated Report. This document, published on the institutional website, describes how UniCredit creates sustainable value that has a positive impact on society by supporting the advancement of local communities, the competitiveness of enterprises and the well-being of individuals. The Integrated Report of UniCredit constitutes a Non-Financial Statement pursuant to articles 3 and 4 of Legislative Decree 254/2016.

Other information

Share information
Reference is made to the paragraph “Share information” of the Consolidated financial statements of UniCredit group, Consolidated report on operations, Group and UniCredit share historical data series, which is herewith quoted entirely.

Report on corporate governance and ownership structure
Within the meaning of Art.123-bis par.3 of the Legislative Decree No.58 dated 24 February 1998, the “Report on corporate governance and ownership structure” is available in the “Governance/Our Governance System” section of the UniCredit website (https://www.unicreditgroup.eu).
An explanatory chapter on the corporate governance structure is likewise included in this document (“Corporate Governance”).

Report on remuneration
Pursuant to Art.123-ter of the Legislative Decree dated 24 February 1998 No.58 and of Art.84-quater, of the Consob Issuers’ Regulations, the “Group Remuneration Policy and Report” is available on UniCredit’s website (https://www.unicreditgroup.eu).

Non-financial information
Pursuant to Art.6 of the Legislative Decree dated 30 December 2016 No.254, the “Non-financial information” is drawn up at consolidated level exclusively and, therefore, reference is made to the paragraph “Non-financial information” of the Consolidated financial statements of UniCredit group, Consolidated report on operations, Other information, which is herewith quoted entirely.

Research and development projects
Reference is made to the paragraph “Research and development projects” of the Consolidated financial statements of UniCredit group, Consolidated report on operations, Other information, which is herewith quoted entirely.

Group activities development operations and other corporate transactions
With specific regard to events relating to the parent company UniCredit S.p.A., reference is made to the paragraph “Group activities development operations and other corporate transactions” of the Consolidated financial statements of UniCredit group, Consolidated report on operations, Other information, which is herewith quoted entirely.

Organisational model
Reference is made to the paragraph “Organisational model” of the Consolidated financial statements of UniCredit group, Consolidated report on operations, Other information, which is herewith quoted entirely.

Conversion of Deferred tax assets (DTAs) into tax credits
The 2022 and 2023 financial year closed with a profit (€3,107 million financial year 2022 and €11,264 million financial year 2023) therefore, the conditions to carry out a new transformation of deferred tax assets, for IRES and IRAP, into tax credits are not verified.

Certifications and other communications
Reference is made to the paragraph “Certifications and other communications” of the Consolidated financial statements of UniCredit group, Consolidated report on operations, Other information, which is herewith quoted entirely.
For more information on related-party transactions refer to the Notes to the accounts, Part H - Related-party transactions.

Information on risks
For a complete description of the risks and uncertainties that the Bank must face under the current market conditions, refer to Part E - Information on risks and related hedging policies of the Notes to the accounts.

Subsequent events and outlook

Subsequent events[88]

With specific regard to events relating to the parent company UniCredit S.p.A., reference is made to the paragraph “Subsequent events” of the Consolidated financial statements of UniCredit group, Consolidated report on operations, Subsequent events and outlook, which is herewith quoted entirely.

88 Up to the date of approval by the Board of Directors’ Meeting of 29 February 2024 which, on the same date, authorised the publication also in accordance with IAS10.

Subsequent events and outlook

Outlook

Reference is made to the paragraph "Outlook", of the Consolidated financial statements of UniCredit group, Consolidated report on operations, Subsequent events and outlook, which is herewith quoted entirely.

Milan, 29 February 2024

THE BOARD OF DIRECTORS

CHAIRMAN
PIETRO CARLO PADOAN

CEO
ANDREA ORCEL

Proposal to Shareholders’ Meeting

For the proposals to Shareholders’ Meeting refer to the specific Board of Directors’ reports in relation to the allocation of the 2023 result.

Company accounts

Balance sheet

(€)

ASSETS	AMOUNTS AS AT 31.12.2023	31.12.2022
10. Cash and cash balances	12,300,646,051	54,713,168,717
20. Financial assets at fair value through profit or loss:	21,267,989,561	23,524,482,886
a) financial assets held for trading	15,383,565,674	18,784,841,265
b) financial assets designated at fair value	131,799,109	203,687,509
c) other financial assets mandatorily at fair value	5,752,624,778	4,535,954,112
30. Financial assets at fair value through other comprehensive income	31,636,271,633	26,920,975,995
40. Financial assets at amortised cost:	241,824,989,251	259,676,819,203
a) loans and advances to banks	34,249,206,255	31,255,616,224
b) loans and advances to customers	207,575,782,996	228,421,202,979
50. Hedging derivatives	10,842,783,352	13,741,134,962
60. Changes in fair value of portfolio hedged items (+/-)	(1,955,951,795)	(3,961,145,758)
70. Equity investments	42,517,221,538	38,568,942,111
80. Property, plant and equipment	3,730,489,182	3,910,680,246
90. Intangible assets	1,580,047,133	1,640,612,317
of which: goodwill	-	-
100. Tax assets:	9,714,047,808	10,597,243,951
a) current	811,207,169	1,088,507,228
b) deferred	8,902,840,639	9,508,736,723
110. Non-current assets and disposal groups classified as held for sale	299,375,469	233,394,511
120. Other assets	8,352,197,584	6,631,821,817
Total assets	**382,110,106,767**	**436,198,130,958**

Company accounts

continued: Balance sheet

(€)

LIABILITIES AND SHAREHOLDERS' EQUITY	AMOUNTS AS AT 31.12.2023	31.12.2022
10. Financial liabilities at amortised cost:	286,723,579,156	339,995,694,666
a) deposits from banks	32,608,235,210	74,612,712,906
b) deposits from customers	207,558,139,239	218,319,668,873
c) debt securities in issue	46,557,204,707	47,063,312,887
20. Financial liabilities held for trading	14,311,299,296	20,719,156,949
30. Financial liabilities designated at fair value	7,260,356,965	5,362,797,586
40. Hedging derivatives	11,950,477,886	16,227,353,444
50. Value adjustment of hedged financial liabilities (+/-)	(7,403,173,362)	(12,738,518,536)
60. Tax liabilities:	2,350,490	18,651,635
a) current	2,350,490	18,651,635
b) deferred	-	-
70. Liabilities associated with assets classified as held for sale	-	-
80. Other liabilities	6,950,304,070	6,937,739,205
90. Provision for employee severance pay	330,090,848	361,265,405
100. Provisions for risks and charges:	1,681,598,523	1,952,110,828
a) commitments and guarantees given	466,262,365	467,103,183
b) post-retirement benefit obligations	34,154,805	65,070,188
c) other provisions for risks and charges	1,181,181,353	1,419,937,457
110. Valuation reserves	658,187,274	711,984,612
120. Redeemable shares	-	-
130. Equity instruments	4,862,697,736	6,099,697,039
140. Reserves	23,944,526,253	23,706,970,948
150. Share premium	22,580,466	2,516,382,837
160. Share capital	21,277,874,388	21,220,169,840
170. Treasury shares (-)	(1,726,850,405)	-
180. Profit (Loss) of the year (+/-)	11,264,207,183	3,106,674,500
Total Liabilities and Shareholders' Equity	**382,110,106,767**	**436,198,130,958**

Company accounts

Income statement

(€)

ITEMS	YEAR 2023	YEAR 2022
10. Interest income and similar revenues	14,680,432,711	5,547,434,040
of which: interest income calculated with the effective interest method	*11,199,480,459*	*4,965,046,262*
20. Interest expenses and similar charges	(8,758,159,380)	(1,747,226,690)
30. Net interest margin	**5,922,273,331**	**3,800,207,350**
40. Fees and commissions income	4,751,591,616	4,752,511,721
50. Fees and commissions expenses	(817,636,022)	(650,234,602)
60. Net fees and commissions	**3,933,955,594**	**4,102,277,119**
70. Dividend income and similar revenues	3,086,391,025	1,458,972,674
80. Net gains (losses) on trading	501,635,998	(285,930,665)
90. Net gains (losses) on hedge accounting	4,646,856	(17,776,543)
100. Gains (Losses) on disposal and repurchase of:	414,024,831	290,459,278
a) financial assets at amortised cost	201,433,819	12,999,947
b) financial assets at fair value through other comprehensive income	147,162,009	203,189,734
c) financial liabilities	65,429,003	74,269,597
110. Net gains (losses) on other financial assets/liabilities at fair value through profit or loss:	(111,981,736)	(78,999,619)
a) financial assets/liabilities designated at fair value	(421,539,372)	595,697,459
b) other financial assets mandatorily at fair value	309,557,636	(674,697,078)
120. Operating income	**13,750,945,899**	**9,269,209,594**
130. Net losses/recoveries on credit impairment relating to:	(210,316,882)	(1,048,966,193)
a) financial assets at amortised cost	(199,136,084)	(1,040,199,614)
b) financial assets at fair value through other comprehensive income	(11,180,798)	(8,766,579)
140. Gains/Losses from contractual changes with no cancellations	6,609,865	9,078,851
150. Net profit from financial activities	**13,547,238,882**	**8,229,322,252**
160. Administrative expenses:	(5,903,841,788)	(5,614,305,865)
a) staff costs	(3,518,992,873)	(3,262,987,251)
b) other administrative expenses	(2,384,848,915)	(2,351,318,614)
170. Net provisions for risks and charges:	(37,216,496)	40,698,697
a) commitments and financial guarantees given	840,819	(47,956,584)
b) other net provisions	(38,057,315)	88,655,281
180. Net value adjustments/write-backs on property, plant and equipment	(368,921,821)	(388,595,537)
190. Net value adjustments/write-backs on intangible assets	(436,240,907)	(385,595,088)
200. Other operating expenses/income	1,229,717,326	1,110,825,370
210. Operating costs	**(5,516,503,686)**	**(5,236,972,423)**
220. Gains (Losses) of equity investments	3,889,361,619	137,595,471
230. Net gains (losses) on property, plant and equipment and intangible assets measured at fair value	(19,945,926)	8,111,826
240. Goodwill impairment	-	-
250. Gains (Losses) on disposals on investments	(261,139)	(55,370)
260. Profit (Loss) before tax from continuing operations	**11,899,889,750**	**3,138,001,756**
270. Tax expenses (income) for the year from continuing operations	(635,682,567)	(31,327,256)
280. Profit (Loss) after tax from continuing operations	**11,264,207,183**	**3,106,674,500**
290. Profit (Loss) after tax from discontinued operations	-	-
300. Profit (Loss) of the year	**11,264,207,183**	**3,106,674,500**

Company accounts

Statement of other comprehensive income

(€)

ITEMS	YEAR 2023	YEAR 2022
10. Profit (Loss) of the year	**11,264,207,183**	**3,106,674,500**
Other comprehensive income after tax not reclassified to profit or loss	**(4,635,754)**	**261,586,125**
20. Equity instruments designated at fair value through other comprehensive income	39,190,888	28,307,156
30. Financial liabilities designated at fair value through profit or loss (own creditworthiness changes)	(34,820,534)	42,065,687
40. Hedge accounting of equity instruments designated at fair value through other comprehensive income	-	-
50. Property, plant and equipment	(9,306,962)	43,264,045
60. Intangible assets	-	-
70. Defined-benefit plans	56,500	148,351,877
80. Non-current assets and disposal groups classified as held for sale	244,354	(402,640)
90. Portion of valuation reserves from investments valued at equity method	-	-
Other comprehensive income after tax reclassified to profit or loss	**(49,161,584)**	**(212,187,422)**
100. Foreign investments hedging	-	-
110. Foreign exchange differences	-	-
120. Cash flow hedging	(33,836,793)	32,043,053
130. Hedging instruments (non-designated items)	-	-
140. Financial assets (different from equity instruments) at fair value through other comprehensive income	(15,324,791)	(244,230,475)
150. Non-current assets and disposal groups classified as held for sale	-	-
160. Part of valuation reserves from investments valued at equity method	-	-
170. Total other comprehensive income after tax	**(53,797,338)**	**49,398,703**
180. Other comprehensive income (Item 10+170)	**11,210,409,845**	**3,156,073,203**

Company accounts

Statement of changes in the shareholders' equity as at 31 December 2023

(€)

	BALANCE AS AT 31.12.2022	CHANGE IN OPENING BALANCE	BALANCE AS AT 01.01.2023	PREVIOUS YEAR PROFIT (LOSS) ALLOCATION		CHANGES IN THE YEAR								
							SHAREHOLDERS' EQUITY TRANSACTIONS							
				RESERVES	DIVIDENDS AND OTHER ALLOCATIONS	CHANGES IN RESERVES	ISSUE OF NEW SHARES	PURCHASE OF TREASURY SHARES	DIVIDENDS EXTRAORDINARY DISTRIBUTION	CHANGE IN EQUITY INSTRUMENTS	TREASURY SHARES DERIVATIVES	STOCK OPTIONS	OTHER COMPREHENSIVE INCOME 2023	SHAREHOLDERS' EQUITY AS AT 31.12.2023
Share capital:	21,220,169,840	-	21,220,169,840	-	-	-	57,704,548	-	-	-	-	-	-	21,277,874,388
- ordinary shares	*21,220,169,840*	-	*21,220,169,840*	-	-	-	*57,704,548*	-	-	-	-	-	-	*21,277,874,388*
- other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premium	2,516,382,837	-	2,516,382,837	-	-	(2,493,802,371)	-	-	-	-	-	-	-	22,580,466
Reserves:	23,706,970,948	-	23,706,970,948	1,212,066,067	-	(988,225,427)	(57,704,548)	-	-	-	-	71,419,213	-	23,944,526,253
- from profits	*18,617,664,875*	-	*18,617,664,875*	*1,212,066,067*	-	*(2,580,685,383)*	*(57,704,548)*	-	-	-	-	-	-	*17,191,341,011*
- other	*5,089,306,073*	-	*5,089,306,073*	-	-	*1,592,459,956*	-	-	-	-	-	*71,419,213*	-	*6,753,185,242*
Valuation reserves	711,984,612	-	711,984,612	-	-	-	-	-	-	-	-	-	(53,797,338)	658,187,274
Equity instruments	6,099,697,039	-	6,099,697,039	-	-	-	-	-	-	(1,236,999,303)	-	-	-	4,862,697,736
Treasury shares	-	-	-	-	-	-	3,031,011,692	(4,757,862,097)	-	-	-	-	-	(1,726,850,405)
Profit (Loss) for the year	3,106,674,500	-	3,106,674,500	(1,212,066,067)	(1,894,608,433)	-	-	-	-	-	-	-	11,264,207,183	11,264,207,183
Shareholders' equity	**57,361,879,776**	**-**	**57,361,879,776**	**-**	**(1,894,608,433)**	**(3,482,027,798)**	**3,031,011,692**	**(4,757,862,097)**	**-**	**(1,236,999,303)**	**-**	**71,419,213**	**11,210,409,845**	**60,303,222,895**

The changes in the year of the item "Treasury shares" refer to the purchases of UniCredit ordinary shares executed under the share buy-back programs and the subsequent cancellation of the shares purchased with no reduction in the nominal share capital; the positive change due to the cancellation of the treasury shares is conventionally reported in the column “issue of new shares”.
The amounts disclosed in column “Stock Options” represent the effects of the delivery of shares connected with the ESOP Plans and other Group Executive Incentive Plans.

Company accounts

Statement of changes in the shareholders' equity as at 31 December 2022

(€)

						CHANGES IN THE YEAR								
				PREVIOUS YEAR PROFIT (LOSS) ALLOCATION			SHAREHOLDERS' EQUITY TRANSACTIONS							
	BALANCE AS AT 31.12.2021	CHANGE IN OPENING BALANCE	BALANCE AS AT 01.01.2022	RESERVES	DIVIDENDS AND OTHER ALLOCATIONS	CHANGES IN RESERVES	ISSUE OF NEW SHARES	PURCHASE OF TREASURY SHARES	DIVIDENDS EXTRAORDINARY DISTRIBUTION	CHANGE IN EQUITY INSTRUMENTS	TREASURY SHARES DERIVATIVES	STOCK OPTIONS	OTHER COMPREHENSIVE INCOME 2022	SHAREHOLDERS' EQUITY AS AT 31.12.2022
Share capital:	21,133,469,082	-	21,133,469,082	-	-	-	86,700,758	-	-	-	-	-	-	21,220,169,840
- ordinary shares	*21,133,469,082*	-	*21,133,469,082*	-	-	-	*86,700,758*	-	-	-	-	-	-	*21,220,169,840*
- other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premium	5,446,439,577	-	5,446,439,577	-	-	(2,930,056,740)	-	-	-	-	-	-	-	2,516,382,837
Reserves:	15,130,046,727	-	15,130,046,727	9,137,113,175	-	(528,738,993)	(86,700,758)	-	-	-	-	55,250,797	-	23,706,970,948
- from profits	*9,424,119,219*	-	*9,424,119,219*	*9,137,113,175*	-	*143,133,239*	*(86,700,758)*	-	-	-	-	-	-	*18,617,664,875*
- other	*5,705,927,508*	-	*5,705,927,508*	-	-	*(671,872,232)*	-	-	-	-	-	*55,250,797*	-	*5,089,306,073*
Valuation reserves	793,718,204	-	793,718,204	-	-	(131,132,295)	-	-	-	-	-	-	49,398,703	711,984,612
Equity instruments	6,594,697,039	-	6,594,697,039	-	-	-	-	-	-	(495,000,000)	-	-	-	6,099,697,039
Treasury shares	(199,465,013)	-	(199,465,013)	-	-	-	3,231,527,091	(3,032,062,078)	-	-	-	-	-	-
Profit (Loss) for the year	10,311,117,362	-	10,311,117,362	(9,137,113,175)	(1,174,004,187)	-	-	-	-	-	-	-	3,106,674,500	3,106,674,500
Shareholders' equity	**59,210,022,978**	**-**	**59,210,022,978**	**-**	**(1,174,004,187)**	**(3,589,928,028)**	**3,231,527,091**	**(3,032,062,078)**	**-**	**(495,000,000)**	**-**	**55,250,797**	**3,156,073,203**	**57,361,879,776**

Company accounts

Cash flow statement (indirect method)

(€)

	YEAR	
	2023	2022
A. OPERATING ACTIVITIES		
1. Operations:	**7,383,039,081**	**5,967,916,589**
- profit (loss) for the year (+/-)	11,264,207,183	3,106,674,500
- gains/losses on financial assets held for trading and on other financial assets/liabilities at fair value through profit or loss (-/+)	(1,072,080,177)	472,886,213
- gains (losses) on hedge accounting (-/+)	(4,646,856)	17,776,543
- net impairment losses/writebacks on impairment for credit risk (+/-)	1,684,315,991	2,533,937,150
- net value adjustments/write-backs on property, plant and equipment and intangible assets (+/-)	825,108,654	766,078,799
- net provisions for risks and charges and other expenses/income (+/-)	11,962,264	(354,384,501)
- unpaid duties, taxes and tax credits (+/-)	605,144,623	14,585,474
- impairment/write-backs after tax on discontinued operations (+/-)	-	-
- other adjustments (+/-)	(5,930,972,601)	(589,637,589)
2. Liquidity generated/absorbed by financial assets:	**9,765,193,151**	**8,342,559,333**
- financial assets held for trading	(1,578,756,486)	1,793,344,931
- financial assets designated at fair value	80,721,832	(133,251,652)
- other financial assets mandatorily at fair value	(915,992,793)	714,337,928
- financial assets at fair value through other comprehensive income	(4,699,524,073)	9,261,567,024
- financial assets at amortised cost	16,107,041,201	6,920,800,267
- other assets	771,703,470	(10,214,239,165)
3. Liquidity generated/absorbed by financial liabilities:	**(53,635,440,655)**	**(26,394,669,576)**
- financial liabilities at amortised cost	(53,272,115,514)	(30,143,730,421)
- financial liabilities held for trading	(336,644,032)	55,952,014
- financial liabilities designated at fair value	1,516,991,111	1,973,044,589
- other liabilities	(1,543,672,220)	1,720,064,242
Net liquidity generated/absorbed by operating activities	**(36,487,208,423)**	**(12,084,193,654)**
B. INVESTMENT ACTIVITIES		
1. Liquidity generated by:	**3,160,101,819**	**1,940,419,620**
- sales of equity investments	87,397,943	502,192,416
- collected dividends on equity investments	3,044,099,631	1,385,696,303
- sales of property, plant and equipment	24,554,110	52,530,901
- sales of intangible assets	4,050,135	-
- sales of business units	-	-
2. Liquidity absorbed by:	**(625,836,947)**	**(2,748,668,309)**
- purchases of equity investments	(95,301,601)	(379,680,467)
- purchases of property, plant and equipment	(150,317,918)	(340,697,482)
- purchases of intangible assets	(380,217,428)	(2,028,290,360)
- purchases of business units	-	-
Net liquidity generated/absorbed by investment activities	**2,534,264,872**	**(808,248,689)**
C. FUNDING ACTIVITIES		
- issue/purchase of treasury shares	(4,762,935,009)	(3,043,415,534)
- issue/purchase of equity instruments	(1,250,000,000)	(500,000,000)
- dividend distribution and other	(2,417,652,641)	(1,658,649,444)
Net liquidity generated/absorbed by funding activities	**(8,430,587,650)**	**(5,202,064,978)**
NET LIQUIDITY GENERATED/ABSORBED IN THE YEAR	**(42,383,531,201)**	**(18,094,507,321)**

Key:
(+) generated;
(-) absorbed.

Company accounts

Reconciliation

(€)

ITEMS	YEAR 2023	YEAR 2022
Cash and cash balances at the beginning of the year	**54,713,168,717**	**72,829,812,085**
Net liquidity generated/absorbed in the year	(42,383,531,201)	(18,094,507,321)
Cash and cash balances: foreign exchange effect	(28,991,465)	(22,136,047)
Cash and cash balances at the end of the year	**12,300,646,051**	**54,713,168,717**

The item "Cash and cash balances" refers to the definition according to Banca d'Italia (Circular No.262 of 22 December 2005 and subsequent amendments) and is mainly related to "Current accounts and Demand deposits with Central Banks" for €9 billion.

Part A - Accounting policies

A.1 - General

Section 1 - Statement of compliance with IFRS

These Company financial statements have been prepared in accordance with the IFRS issued by the International Accounting Standards Board (IASB), including the interpretation documents issued by the SIC and the IFRIC, and endorsed by the European Commission up to 31 December 2023, pursuant to EU Regulation No.1606/2002 which was incorporated into Italian legislation through Legislative Decree No.38 of 28 February 2005 (refer also to Section 4 - Other matters).

These financial statements are an integral part of the Annual financial statements as required by Art.154-ter, par.1 of the Single Finance Act (Consolidated Law on Finance - "TUF", Legislative Decree No.58 of 24 February 1998).

In Circular No.262 of 22 December 2005 (and subsequent amendments), with regard to the banks and financial institutions subject to supervision, Banca d'Italia has established the formats for the financial statements and Notes to the accounts used to prepare these Company financial statements.

Part A - Accounting policies

Section 2 - General Preparation Criteria

As mentioned above, these "Company financial statements as at 31 December 2023" have been prepared in accordance with the international accounting standards endorsed by the European Commission.

The following documents have been used to interpret and support the application of IAS/IFRS, even though they have not all been endorsed by the European Commission:

- the Conceptual Framework for Financial Reporting;
- Implementation Guidance, Basis for Conclusions, IFRICs and the documents prepared by either the IASB (including the IFRS Foundation communication of 27 March 2020 concerning "IFRS9 and Covid-19") or the International Financial Reporting Interpretations Committee (IFRIC) supplementing the IFRS;
- Interpretative documents on the application of the IAS/IFRS in Italy prepared by the Organismo Italiano di Contabilità (the Italian Standard Setter; OIC) and Associazione Bancaria Italiana (Italian Banking Association, that is the trade association of Italian banks; ABI);
- Coordination Table between Banca d'Italia, Consob and Ivass with regard to the application of IAS/IFRS, in particular the Document No.9, dated 5 January 2021, Accounting Treatment of tax credits connected with the "Cura Italia" and "Rilancio" Law Decrees purchased following the sale without recourse by the direct beneficiaries or previous buyers ("Trattamento contabile dei crediti d'imposta connessi con i Decreti Legge "Cura Italia" e "Rilancio" acquistati a seguito di cessione da parte dei beneficiari diretti o di precedenti acquirenti"); such document was subsequently updated by Banca d'Italia on 24 July 2023 with the clarification note "Credit risk - Standardised method and IRB - Clarification note" ("Rischio di credito - Metodo Standardizzato e IRB - Nota di chiarimenti");
- ESMA (European Securities and Markets Authority), European Banking Authority, European Central Bank and Consob documents on the application of specific IAS/IFRS provisions also with specific reference to the presentation of the effects arising from Covid-19 pandemic and geopolitical tensions and their effects on the evaluation processes. In particular, it shall be made reference to the ESMA statements dated 28 October 2020, 29 October 2021, 14 March 2022, 13 May 2022, 28 October 2022 and 25 October 2023; to the European Central Bank statement dated 4 December 2020, to the European Banking Authority statements dated 2 December 2020, and to Consob "Call for attention" dated 16 February 2021, 18 March 2022 and 19 May 2022. The content of such communications, when relevant, has been reported in "Section 4. Other matters" of Notes to the accounts, Part A - Accounting policies, A.1 - General, in the context of valuation choices performed by the Bank as at 31 December 2023.

The Company financial statements include the Balance sheet, the Income statement, the Statement of other comprehensive income, the Statement of changes in shareholders' equity, the Cash flow statement (compiled using the "indirect method") and the Notes to the accounts, together with the Report on operations and Annexes. The schemes and Notes of the "Company financial statements as at 31 December 2023" are in line with Banca d'Italia templates as prescribed by Circular 262 dated 22 December 2005 (and subsequent amendments) as well as 14 March 2023 communication on impacts of Covid-19 and measures to support the economy, and they present comparative figures, as at 31 December 2022.
Unless otherwise specified, figures in the Company accounts are given in units of euro and the Notes to the accounts in millions of euros.

Risks and uncertainty relating to the use of estimates

Under the IFRS, management must make judgments, estimates and assumptions that affect the application of accounting principles and the amounts of assets/liabilities and income and expenses reported in the accounts, as well as the disclosure concerning contingent assets and liabilities.
Estimates and related assumptions are based on previous experience and on the available information framework with reference to the current and expected context and have been used to estimate the carrying values of assets and liabilities not readily available from other sources.
Estimates and assumptions are regularly reviewed. Any change resulting from these reviews is recognised in the period in which the review was carried out, provided the change only concerns that period. If the review concerns both current and future periods, it is recognised accordingly in both current and future periods.
In particular, estimated figures have been used for the recognition and measurement of some of the main items in the Company financial statements as at 31 December 2023, as required by the accounting policies, statements and regulations described above.

The current market environment continues to be affected by high levels of uncertainty for both the short and the medium-term outlook. The economic consequences stemming from the geopolitical tension are continuing to unfold and darken the outlook for the euro area economy. In this respect, according to ECB macroeconomic projections updated in December 2023[89], the outlook for the euro area, compared with September, is deteriorated, and it is expected to recover at a slightly slower pace than foreseen in September 2023. In detail, growth is expected to strengthen from early 2024, as real disposable income rises, supported by declining inflation, robust wage growth and resilient employment, and export growth catches up with improvements in foreign demand. The impact of the ECB's monetary policy tightening and adverse credit supply conditions continue to feed through to the economy, affecting the near-term growth outlook. These dampening effects are expected to fade later in the projection horizon, supporting growth.

89 ECB staff macroeconomic projections for the euro area, December 2023.

Part A - Accounting policies

With regard to the inflation, it has continued to decline owing to falling energy inflation, the impact of monetary policy tightening and the ongoing easing of pipeline pressures and supply bottlenecks. Having dropped to 2.4% in November 2023, HICP[90] inflation is expected to temporarily pick up in the short-term owing to a rebound in energy inflation. The underlying disinflationary process is, however, expected to continue, despite strong increases in labour costs, which are increasingly the dominant driver of HICP inflation excluding energy and food.
Overall, with medium-term inflation expectations assessed to remain anchored at the ECB's 2% inflation target, headline HICP inflation is expected to decrease from 5.4% in 2023 to an average of 2.7% in 2024, 2.1% in 2025. The ECB macroeconomic projections acknowledged that the economic outlook continues to be surrounded by high uncertainty related to the evolution of the conflict in middle East, as well as development in commodity and energy prices.
With reference to interest rates, it is worth mentioning that, in December 2023, the ECB Governing Council decided to keep the three official interest rates unchanged (Deposit facility, Main refinancing operations, Marginal lending facility). Indeed, through its Press Release dated 14 December 2023, the ECB Governing Council pointed out that according to the latest ECB Macroeconomic projections for the euro area, inflation is expected to decline gradually over the course of next year, before approaching the 2% target in 2025; nonetheless, domestic price pressures remain elevated, primarily owing to strong growth in unit labour costs. In light of the above, the ECB Governing Council reaffirmed its determination to ensure that inflation returns to its 2% medium-term target in a timely manner, anticipating that its future decisions are aimed to ensure that its policy rates will be set at sufficiently restrictive levels for as long as necessary and will be based on its assessment of the inflation outlook in light of the incoming economic and financial data, the dynamics of underlying inflation and the strength of monetary policy transmission.

Additionally, the ESMA issued a public statement ("European common enforcement priorities for 2023 Annual Financial Reports") indicating the most relevant areas for monitoring and assessing the application of the reporting requirements for 2023 year-end financial statements. In particular, the ESMA observed the need to assess, and reflect on financial statements, the effects arising from the current macroeconomic environment and make reference to its previous 2022 and 2021 public statements in which it recommended, given the uncertainty, the use of multiple scenarios for the impairment of assets.

In the context of persisting uncertainty explained above and considering the mentioned ESMA communication, UniCredit bank defined different macro-economic scenarios, to be used for the purposes of the evaluation processes related to the 2023 Company financial statements.
In particular, in addition to the "Base" scenario, which reflects the expectations considered most likely concerning macro-economic trends, an "Alternative" scenario was outlined, the latter reflecting a downward forecast of the macroeconomic parameters and consequently in the expected profitability of the business; in light of the persistent level of uncertainty, no positive scenario was included in the approach (thus, the positive scenario was weighted at zero percent). These scenarios are used for the Deferred Tax Assets (DTA) sustainability test and for LLP calculation.

The paragraphs below provide a detailed description of the characteristics associated with the above scenarios.

Features of the scenarios

- Base scenario: it is the main reference scenario, underlying the approved budget for 2024, and the projections for 2025 and 2026. Such scenario assumes, in terms of macro-economic conditions: (i) moderate growth expected for 2024, as tight financing conditions dampen activity with acceleration in the following years underpinned by global trade and demand; (ii) inflation along a declining path during 2024, reflecting the impulse of lower energy prices, converging towards the Central Banks targets in 2025-2026 in several countries; iii) ECB monetary policy assumed unchanged up to mid-2024; iv) 3months Euribor assumed to decrease up to 2025, consistently with the inflation normalization, landing to 255 bps in 2025 and staying at the same level in 2026; (v) Russia Sovereign Rating at CCC.

  In Italy and Germany, the Gross Domestic Product (GDP) is expected to expand in 2024, but still at a modest pace, consistently with tight financing conditions impacting on private consumptions and investments, and with moderate growth of global trade; improving growth is expected in 2025 and 2026 also supported by lower inflation; for Central and Eastern Europe (including Austria and excluding Russia), the Real GDP is expected to increase by 2.2% in 2024, improving to approx. 3% in the following 2 years; for Russia, no growth is assumed in 2024, while growth will resume in 2025 and 2026.

  With reference to the FX rates, the Base scenario assumes the Russian ruble depreciation over time, from current level to 139 as at year-end 2026, reflecting decreasing energy prices and gas export.

  Average Inflation (excluding Russia) will decrease in 2024, remaining above the Central Banks targets, but converging in subsequent years (+3.3% in 2024; +2.5% in 2025 and +2.2% in 2026 in UniCredit Countries excluding Russia). A similar path is also expected for Central Europe and Eastern Europe.

  Uncertainties/risks of inflation volatility in the short/medium term persist, also considering that ECB expectations for 2024 and 2025, remain higher than medium/term inflation target of 2% (December 2023 ECB forecast at 2.7% for Eurozone in 2024 and 2.1% in 2025).

  Furthermore, potential pressure is assumed on BTP-Bund spread (210 bps year-end 2024, 195 bps year-end 2025), considering that high rates could impact on Sovereign Debt.

90 Harmonised Index of Consumer Prices.

Part A - Accounting policies

As far as real estate prices are concerned, the Base scenario envisages a real estate price correction, largely connected to the interest rates increase. This correction is more pronounced in countries that recorded high price increases in recent years (e.g., in Germany), while being more moderate where real estate markets have seen more limited increases (e.g., Italy). Such correction should end with the turning point in monetary policy, which acts on the real estate market with a time lag, and with the economic growth acceleration from 2025.

- Alternative scenario: this scenario embeds stressed macro-economic conditions and assumes negative geopolitical escalation implying high energy prices and inflation in the short term (approx. +1 pp vs. Base in 2024, in UniCredit Countries weighted average excluding Russia). Recession is assumed in 2024 in most countries, with the ECB responding cutting rates quickly and meaningfully in 2024, contributing to weaker EUR. Russia Sovereign and Multinationals rating is expected at CCC.

For Italy and Germany, the GDP would contract in 2024, and turning positive in 2025 (thanks to supply chains normalization); for Central and Eastern Europe (including Austria and excluding Russia), the growth shock is assumed to be about -1.7%, with a faster recovery in 2025 (+1.6%) and in 2026 (+3.6%); for Russia, the growth shock is assumed to be -4.3% in 2024 and -0.6% in 2025, while growth will resume in 2026 at +2.2%.
With reference to inflation, expected inflation is higher than in the Base case in 2024 and back to Base level in subsequent years also thanks to weakness in demand and widening of output gap.
Concerning the ECB monetary policy, its normalization is anticipated versus Base case (3months Euribor equal to 200 bps for year-end 2024 and subsequent years).
In addition, the pressure on BTP-Bund spread is higher compared to the Base case (250 bps for year-end 2024, 235 bps for year-end 2025), reflecting deteriorated economic conditions.
In the Alternative scenario, the residential real estate prices are less impacted than in the Base case, mainly in 2024, considering the reduction in interest rates that supports household investments. Differently, commercial real estate prices suffer more than in the Base case, as the worse macro-economic developments weaken firms' fundamentals.

The table below shows the most significant macro-economic data featuring the Base and Alternative scenarios.

INTEREST RATES, INFLATION AND YIELD ENVIRONMENT		**2023**	**2024**	**2025**	**2026**
Base Scenario 2023	Euribor 3M (EoP, bps)	391	325	255	255
	Spread BTP - Bund (EoP, bps)	167	210	195	190
	Real GDP growth y/y, %				
	Italy	0.8	0.8	1.2	1.3
	Germany	(0.6)	0.4	1.4	1.5
	CE & EE (excl. Russia)	0.7	2.2	3.0	3.0
	Russia	1.9	-	0.8	1.5
	Inflation average %				
	Italy	5.7	2.3	1.9	2.0
	Germany	6.0	3.1	2.3	2.0
	CE & EE (excl. Russia)	10.4	4.8	3.5	3.0
	Russia	5.8	5.5	4.0	4.0
Alternative Scenario 2023	Euribor 3M (EoP, bps)	-	200	200	200
	Spread BTP - Bund (EoP, bps)	-	250	235	220
	Real GDP growth y/y, %				
	Italy	-	(2.6)	0.1	1.1
	Germany	-	(2.0)	0.2	1.5
	CE & EE (excl. Russia)	-	(1.7)	1.6	3.6
	Russia	-	(4.3)	(0.6)	2.2
	Inflation average %				
	Italy	-	3.6	1.8	1.8
	Germany	-	4.0	2.2	2.3
	CE & EE (excl. Russia)	-	6.1	3.9	2.8
	Russia	-	7.9	5.5	3.1

Part A - Accounting policies

Investments in subsidiaries and deferred tax assets

With reference to equity investments in subsidiaries and deferred tax assets, the measurement is significantly influenced by assumptions about future cash flows, which in turn incorporate assumptions on the evolution of the macro-economic scenario. As a result, for the measurement purposes, and with the aim to reflect the uncertainty, both the scenarios above outlined were considered, pursuant to requirements of ESMA public statement. In particular, the future cash flows were estimated by weighting the Base and the Alternative scenarios respectively for 60% and 40%. Moreover, considering that, further to the cash flows, additional parameters are relevant in the calculation approach underlying the DTA sustainability test, the evaluation of (i) a volatility parameter calculated on the historical series since 2007 of the pre-tax results of a significant sample of European banks[91], and (ii) the confidence level used in the MonteCarlo calculation, was reviewed taking into consideration the ESMA statements on recognition of deferred tax assets arising from the carry-forward of unused tax losses[92].

The results of these evaluations might be subject to changes depending on the evolution of the underlying parameters, mainly Profit Before Tax, volatility parameter, and confidence level used in the MonteCarlo calculation, whose changes might determine a change in the valuation.
With reference to the Profit Before tax, it should be noted that is also affected by parameters that are outside the control of the Bank. Therefore, levels of interest rates and deposit beta[93] different from those currently considered in the sustainability test might determine a change in such Profit Before tax, thus impacting the valuation. Following the ESMA requirements[94], the Bank has reflected in the test such circumstance also through the application of an appropriate confidence level when executing the sustainability test as at 31 December 2023.

For further information on the methodology, results and base assumptions used in the impairment test of investments in subsidiaries and deferred tax assets, refer respectively to sections “Section 7 - Equity investments - Item 70” and “Section 10 - Tax assets and tax liabilities - Item 100 (Assets) and Item 60 (Liabilities)” of the Notes to the accounts, Part B - Balance sheet - Assets.

Measurement of credit exposures

With reference to the credit exposures as at 31 December 2023, the macroeconomic scenarios used for calculation of credit risk parameters (Probability of Default, Loss Given Default, Exposure at Default) were updated according to the Bank policies, on the basis of the scenarios highlighted above. The Alternative scenario includes adjustments to neutralize those assumptions which would favorably affect the calculation of Credit risk parameters; namely, the evolution of short-term interest rates and House Prices Index were set in line with the Base, assuming no anticipation in the rate cutting and no upwards on real estate market.

In light of the persistent level of uncertainty, and in continuity with evaluations applied in the previous periods since 30 June 2022, the positive scenario was not considered (kept at 0%), while the Base and Alternative scenarios were respectively kept at 60% and 40%. In this regard, it shall be noted that the amount of loan loss provisions is determined by considering: (i) the classification (current and expected) of credit exposures as non-performing; (ii) the sale prices, for those non-performing exposure whose recovery is expected through sale to external counterparties; and (iii) credit parameters (Probability of Default, Loss Given Default and Exposure at Default) which, in accordance with the IFRS9, incorporate forward looking information and the expected evolution of the macro-economic scenario.
For additional information on the measurement of credit exposures refer to the paragraph “2.1 Credit risk” of the Notes to the consolidated accounts Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter.

As well as for other assets, also in this case the measurement might be subject to changes depending on the evolution of macro-economic scenario following geopolitical tensions, persistent inflation and uncertainty on measures put in place by Authority to counteract such effects.
Indeed, the evolution of these factors may require - in future financial years - the classification of additional credit exposures as non-performing, thus determining the recognition of additional loan loss provisions, also related to performing exposures, following the update in credit parameters. In addition, adjustments to the loan loss provisions might derive from the occurrence of a macro-economic scenario different from the one estimated for the calculation of the credit risk parameters, or by the prevalence on the market of non-performing exposures of prices different from those used in the measurement.
Finally, the evolution of the real estate market, in terms of downward correction of real estate prices, might impact (i) the value of properties received as collateral requiring an adjustment to the loan loss provisions or (ii) the ability of certain counterparties operating in the real estate sector to serve their debt.

91 Data from European Central Bank (ECB) Statistical Datawarehouse.
92 ESMA Public Statement. Consideration on recognition of deferred tax assets arising from the carry-forward of unused tax losses”, issued on 15 July 2019.
93 Deposit Beta is the sensitivity of banks’ deposit rates to changes in interest rates and indicates how the cost of deposit liabilities for banks are affected by changes in Key ECB interest rates.
94 In its public statement “Considerations on recognition of deferred tax assets arising from the carryforward of unused tax losses (ESMA32-63-743 - 15 July 2019), ESMA indicates that those events that cannot be controlled and are still highly uncertain should not be anticipated or considered. Such events include changes in interest rates.

Part A - Accounting policies

Measurement of real estate portfolio

Always with reference to the valuation of non-financial assets, the valuation of the real estate portfolio has become relevant following the adoption, starting from 31 December 2019, of the fair value model (assets held for investment) and the revaluation model (assets used in the business). For these assets, on 31 December 2023, the fair value was determined by making recourse to external appraisals, following the Bank guidelines.
In this context, it is worth to note that, in upcoming financial years, the fair value of these assets might be different from the fair value observed as at 31 December 2023, as a result of the possible evolution of real estate market.
For additional information on the measurement of the real estate portfolio, refer to the paragraph "Section 8 - Property, plant and equipment - Item 80" of the Notes to the accounts Part B - Balance sheet - Assets.

Other measurements

The following additional Balance sheet items might be significantly affected in their evaluation by risks and uncertainties, even if not directly connected with the slow-down of the economic activity and the associated uncertainty level of the economic recovery:
- fair value of financial instruments not listed in active markets;
- severance pay (in Italy) and other employee's benefits (including defined benefit obligation);
- provisions for risks and charges.

While evaluations have been made on the basis of information deemed to be reasonable and supportable as at 31 December 2023, they might be subject to changes not foreseeable at the moment, as a result of the evolution in the parameters used for the evaluation.
Furthermore, the following factors, in addition to those illustrated above, might influence the future results of the Bank and cause outcomes materially different from those deriving from the valuations: (1) general economic and industrial conditions of the regions in which the Bank operates or holds significant investments; (2) exposure to various market risks (e.g., foreign exchange risk); (3) political instability in the areas in which the Bank operates or holds significant investments; (4) legislative, regulatory and tax changes, including regulatory capital and liquidity requirements, also taking into account increased regulation in response to the financial crisis; (5) adverse change in climate which may affect the value of the assets held and/or the ability of customers to serve their debts[95]. Other unknown and unforeseeable factors could determine material deviations between actual and expected results.

Regarding the Russian Ruble FX rate, the ECB stopped the quotation of EUR/RUB exchange rate since 2 March 2022. Therefore, as at 31 December 2023 and in coherence with the previous year, the Bank is applying an OTC foreign exchange rate provided by Electronic Broking Service (EBS[96]). In this regard it cannot be excluded that, once the ECB will restart listing RUB/EUR FX rate, these quotes might be different from EBS quotes, thus requiring the recognition of an impact in Net Equity and in P&L.
For additional information on the FX rate, refer to the "Section 4 - Other matters", Notes to the accounts, Part A - Accounting policies, A.1 General.

Statement of going concern

In their joint Document No.4 of 3 March 2010, Banca d'Italia, Consob and ISVAP made observations on the situation of the markets and businesses and requested that information essential for a better understanding of business trends and outlook be disclosed in financial reports. Also following such guideline, the present statement of going concern is released.

UniCredit Directors observed that during 2023 the geopolitical tensions between Russian Federation and Ukraine persisted while further conflicts started in the middle East. Such events determined a relevant uncertainty in the macroeconomic outlook, in terms of GDP, inflation rates and interest rates.
The Directors assessed such circumstances, also evaluating the operations directly held in the Russian market through its subsidiary AO UniCredit Bank, and concluded, with reasonable certainty, that the Bank will be able to operate profitably in the foreseeable future; as a result, in accordance with the provisions of IAS1, the Company financial statements of UniCredit S.p.A. as at 31 December 2023 were prepared on a going concern basis.

For releasing such statement and the connected evaluations, the main Group regulatory ratios were also taken into account at 31 December 2023, in terms of: (i) actual figures as at 31 December 2023 (CET1 Ratio Transitional equal to 16.14%; TLAC Ratio equal to 26.97% in terms of RWA and 8.75% in terms of Leverage Exposure; Liquidity Coverage Ratio at 154% based on monthly average on 12 months); (ii) the related buffer versus the minimum requirements at the same reference date (CET1 Ratio Transitional: excess of 638 basis points; TLAC Ratio: excess of 502 basis points in terms of RWEA and 163 in terms of Leverage Exposure; Liquidity Coverage Ratio: excess of about 54 percentage points); iii) the expected evolution of the same ratios during 2024 (in particular, in 2024, it is expected to stay well above the capital requirements, consistently with the "UniCredit Unlocked" CET1 ratio target of 12.5-13 per cent).

95 For additional information about climate risk and how the Group affects it refer to Part E - Information on risks and related hedging policies - Climate-related and environmental risks.
96 EBS is a wholesale electronic trading platform used to trade on the foreign exchange market (FX) with market-making banks. It is part of CME Group (Chicago Mercantile Exchange).

Part A - Accounting policies

Consistently with such situation, on 31 March 2023 the Directors submitted to the Shareholders' meeting of the Company the proposal for distributing a remuneration for the Fiscal Year 2022 composed partly by cash and partly through shares buyback. In this regard, on 28 March 2023 UniCredit received the ECB authorisation for the Fiscal Year 2022 share buy-back for a maximum of €3,343,438,000. Afterwards, as per the authorisation granted by the ECB, and the approval by the Shareholders' Meeting on 31 March 2023: (i) on 3 April 2023, UniCredit announced the execution of the first tranche of the share buy-back programme for a maximum amount of €2,343,438,000 and for a number of UniCredit shares not exceeding 230,000,000 (the "First Tranche of the Buy-Back Programme 2022"); (ii) on 20 June 2023, UniCredit announced the execution of the second tranche of the share buy-back programme for a maximum amount of €1,000,000,000 and for a number of UniCredit shares not exceeding 230,000,000[97].

In addition, on 20 September 2023 UniCredit has announced the intention to launch a tranche of the 2023 share buy-back programme for a maximum of €2,500,000,000.
Commencement of this buy-back 2023 tranche was subject to the approval by shareholders of the Company at an Extraordinary Shareholders' Meeting held on 27 October 2023, as well as approval by the supervisor obtained on 26 October 2023.
On 30 October 2023, UniCredit announced that it has defined the measures for the execution of the first tranche of the share buy-back programme for a maximum amount of €2,500,000,000 and for a number of shares not exceeding 160,000,000 (the "First Tranche of the Buy-Back Programme 2023"). In this regard, it is worth to mention that the purchases of UniCredit's shares may be carried out and therefore completed within the earliest of (a) the date of the shareholders' meeting which will be called to approve the financial statements for the year ending on 31 December 2023; and (b) 30 June 2024.

The measurement criteria adopted are therefore consistent with this assumption and with the principles of accrual-based accounting, the relevance and materiality of accounting information, and the prevalence of economic substance over legal form.
These criteria have not changed with respect to the previous year.

Section 3 - Subsequent events

No material events[98] have occurred after the Balance sheet date that would make it necessary to change any of the information given in the Company financial statements as at 31 December 2023.
For a description of the significant events[99] after year-end, refer to both the information evidenced in the paragraph "Subsequent events" of the Consolidated financial statements of UniCredit group, Consolidated report on operations, Subsequent events and outlook, and to the information below.

On 2 January 2024, UniCredit S.p.A. perfected the purchase of the 100% of the quota of Fondo Aurora, a real estate fund, from Fondo Pensione UniCredit.
UniCredit S.p.A. separate financial statements will recognise the quotas of the fund that will be measured at fair value with recognition of the difference in profit or loss.

97 On 29 September 2023, UniCredit announced the completion of the second tranche of the share buy-back programme communicated to the market on 20 June 2023 and initiated on 30 June 2023, in execution of the resolution of the Shareholders' Meeting held on 31 March 2023 (the "Second Tranche of the Buy-Back Programme 2022").
98 Events happened subsequently to Financial Statements' reporting date that are adjusting events in accordance with IAS10.
99 Events happened subsequently to Financial Statements' reporting date that are non adjusting events in accordance with IAS10.

Part A - Accounting policies

Section 4 - Other matters

In 2023 the following standards, amendments or interpretations of the existing accounting standards came into force:

- amendments to IAS1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (EU Regulation 2022/357);
- amendments to IAS8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (EU Regulation 2022/357);
- amendments to IAS12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (EU Regulation 2022/1392);
- amendments to IFRS17 Insurance contracts: Initial Application of IFRS17 and IFRS9 - Comparative Information (EU Regulation 2022/1491);
- IFRS17 Insurance Contracts; including Amendments to IFRS17 (EU Regulation 2021/2036);
- amendments to IAS12 Income taxes: International Tax Reform - Pillar Two Model Rules (EU Regulation 2023/2468) whose adoption did not determine substantial effects on the amounts recognised in Balance sheet and Income statement.

As at 31 December 2023, the following documents, applicable to reporting starting from 1 January 2024, have been endorsed by the European Commission:

- amendments to IFRS16 Leases: Lease Liability in a Sale and Leaseback (EU Regulation 2023/2579);
- amendments to IAS1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current; Classification of Liabilities as Current or Non-current - Deferral of Effective Date and Non-current Liabilities with Covenants (EU Regulation 2023/2822).

The Bank does not expect significant impacts arising from the entry into force of such amendments.

As at 31 December 2023 the IASB issued the following accounting standards, amendments or interpretations of the existing accounting standards, whose application is subject to completion of the endorsement process by the competent bodies of the European Union:

- amendments to IAS7 Statement of Cash Flows and IFRS7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on 25 May 2023);
- amendments to IAS21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023).

Tax credits connected with the "Cura Italia" and "Rilancio" Law Decrees purchased following the sale without recourse by the direct beneficiaries or previous buyers

The Law Decrees 18/2020 (so-called "Cura Italia") and 34/2020 (so-called "Rilancio"), converted into law No.27 and No.77 of 2020, introduced into the Italian legal system some tax incentive measures related to both investment expenses (e.g., Eco and Sismabonus) and current expenses (e.g., rents for non-residential premises).
These incentives, that apply to households or businesses, are commensurate with a percentage of the expenditure incurred (which in some cases even reaches 110%), and they are disbursed in the form of tax credits or tax deductions (convertible, on option, into tax credits).
The holders of these credits, not refundable by the government, can use them to offset tax liabilities, or can further transfer them (in whole or in part) to third parties.

Since the third quarter of 2020, UniCredit S.p.A. launched commercial initiatives aimed at:

- providing "bridge" credit facilities subject to the presentation of appropriate documentation proving the intervention and the future generation of tax credit, to support the financial needs related to the cost of the interventions;
- simultaneously underwriting commitments related to the purchase of the future tax credit with the associated obligation of the assigning customer to use the amount collected from the transfer of the tax credit to reimburse the granted "bridge" loan;
- directly purchasing tax credits from assignors who do not require any "bridge" loan.

Starting from the second quarter of 2021, indirect purchases of tax credits have been executed also through a fully consolidated Italian SPV incorporated under Law 130/99. Such purchased tax credits are then transferred and used to offset UniCredit S.p.A. tax liabilities.

The specific features of these tax credits are such that these assets are not in the scope of international accounting standards IAS/IFRS; therefore, the paragraph of IAS8[100] is applied, requiring the management to define an accounting policy suitable for providing relevant and reliable information.
In accordance with the paper published by the Organismo Italiano di Contabilità on 17 May 2020[101] and the Document No.9 jointly published by Banca d'Italia, CONSOB, IVASS on 5 January 2021[102], an accounting model based on IFRS9 is deemed more suitable for providing relevant and reliable information.

As a result of the above, on initial recognition tax credits used to offset UniCredit S.p.A. tax liabilities are booked among assets in item "120. Other assets", for a value equivalent to the purchase price, assumed equal to a Level 3 fair value of the fair value hierarchy according to IFRS13.

100 IAS8 paragraph 10.
101 "Cessione del credito d'imposta" - Law 17 July 2020 No.77.
102 Accounting treatment of tax credits associated with the "Cura Italia" and "Rilancio" Law Decrees purchased following the sale by direct beneficiaries or previous buyers.

Part A - Accounting policies

For subsequent measurements, the provisions of IFRS9 relating to the "Held to collect portfolio" are applied to tax credits, either purchased directly or indirectly through the Italian securitisation SPV, used to offset UniCredit S.p.A. tax liabilities. As a result, these tax credits are measured at amortised cost[103], by recognising in the Income statement (item "10. Interest income and similar revenues") the portion, accrued in the period, related to the difference between the value at initial recognition and the value that is expected to be utilised through the offsetting with tax liabilities. The latter is subject to periodical re-assessment, with recognition in the Income statement (item "10. Interest income and similar revenues") of any write-down.

As at 31 December 2023:
- the tax credit presented in "Other assets" amounts to €4,011 million;
- the commitments linked with the purchase of future tax credits are recognised among the "Other commitments" (for a value equal to the price that will be paid when the commitment is used by customers), for an amount equal to €7,261 million.

Power Purchase Agreement (PPA)
Within its ESG strategy, the Bank signed a partnership for 5 years with CVA, a green power company based in the Aosta Valley, for the supply of electricity produced from renewable sources. The collaboration with CVA resulted in the construction of three new solar plants in Piedmont, Lombardy and Sicily.

The new solar plants having a total capacity of 25MW are active since 2023, generating 35GWh per year to supply the energy demand of UniCredit data centres in Verona, and covering around 20% of the bank's total electricity consumption in Italy.
CVA sells green energy to UniCredit at a set price.

The partnership with CVA will strengthen UniCredit's bank Green Energy Procurement strategy and support the de-carbonisation of Italy's energy system by increasing the country's renewable energy capacity and self-sufficiency, while decreasing dependence on imported energy. In addition, UniCredit's choice to enter a dedicated green PPA is fully in line with Italian and European legislation (Clean Energy Package), which sees PPA as a fundamental way to develop new renewable energy installations and achieve the objectives of the European Green Deal.

From an accounting point of view, since the renewable energy purchased under the PPA is used for its own business activity (and not sold to third parties), the *own use exemption* envisaged by IFRS9[104] was applied. As a result, the Bank did not recognise any derivative in its financial statements; indeed, only the costs of the energy provided by CVA are recognised on an accrual basis in the Income statement, under the items "160 b) Other administrative expenses".

Windfall tax Italy
The article 26 of the Law Decree 10 August 2023, No.104, converted, with amendments, into the Law 9 October 2023, No.136, containing «Urgent provisions to protect users, regarding economic and financial activities and strategic investments», introduced an extraordinary tax calculated on the increase in the interest margin; in particular, the paragraph 1 establishes for the year 2023 an extraordinary tax for banks, as per the article 1 of the Legislative Decree of 1 September 1993, No.385 (TUB).
Pursuant to paragraph 2, such tax is determined by applying a rate equal to 40 percent on the amount of the interest margin recognised under the item 30 of the Income Statement, according to the schemes approved by the Bank of Italy, relating to the financial year prior to the one in progress as at 1 January 2024, which exceeds by at least 10 percent the same margin referring to the financial year prior to the one in progress as at 1 January 2022.
The paragraph 3 sets a cap to the amount of the extraordinary tax equal to 0.26 percent of the overall amount of risk weighted assets on individual basis, determined according to the paragraphs 3 and 4 of article 92 of the Regulation (EU) 575/2013 of the European Parliament and of the Council of 26 June 2013 (Capital Requirements Regulation, "CRR"), with reference to the closing date of the financial year preceding the one in progress as at 1 January 2023.

Regarding UniCredit S.p.A., the aggregates that contribute to determine the amount of the extraordinary tax are the following:
a) net interest margin (Income Statement - Item 30.) of UniCredit S.p.A. (on individual basis) as at 31 December 2023: €5,922,273,331;
b) net interest margin (Income Statement - Item 30.) of UniCredit S.p.A. (on individual basis) as at 31 December 2021: €3,162,503,953;
c) 40 per cent on the difference between a) and b), the latter increased by 10 per cent: €977,407,593;
d) risk weighted assets of UniCredit Spa (on individual basis) as at 31 December 2022: €173,028,975,687;
e) cap to the tax amount equal to 0.26 per cent of the amount under item d): €449,875,337;
f) tax amount equal to the lower between c) and e): €449,875,337.

Moreover, upon conversion of the decree, it was introduced the paragraph 5-bis which allows banks, instead of paying the tax, to allocate an amount not lower than two and a half times the tax to a non-distributable reserve identified for this purpose, when approving the financial statements relating to the financial year prior to the one in progress as at 1 January 2024. Hence, when approving the financial statements relating to the financial year

103 For the sake of completeness it should be noted that as result of hedging relationships in place the tax credit is revalued for the change in fair value attributed to the hedged interest rate risk. Such change is recognised in Income statement where the change in FV of the hedging derivatives is also recognised.
104 IFRS9 par.2.4 "This Standard shall be applied to those contracts to buy or sell a non-financial item that can be settled net in cash or another financial instrument, or by exchanging financial instruments, as if the contracts were financial instruments, with the exception of contracts that were entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale or usage requirements".

prior to the one in progress as of 1 January 2024, the Shareholders' meeting, as an alternative to the payment of the extraordinary tax, can decide on the allocation of an amount to a non-distributable reserve of an amount equal to at least two and a half times the tax calculated pursuant to the same article 26.

Regarding UniCredit S.p.A., the Board of Directors:
- in October 2023, resolved to submit to the 2024 Shareholders' meeting the request for the approval of the constitution of the mentioned non-distributable reserve, equal to two and a half times of the extraordinary tax;
- on 29 February 2024, approved the resolution for the "Allocation of the net profit of the year 2023" to be submitted to the 2024 Shareholders' meeting which, in priority over any other provision, proposes the establishment of the reserve for an amount equal to €1,124,688,342 (i.e., 2.5 times of the tax maximum amount as per the letter f) above).

The establishment of the reserve will take place in April 2024, following approval by the Shareholders' meeting, which will be held on 12 April. Therefore, subject to approval by the Shareholders' meeting, the evidence of the establishment of the reserve and, from time to time, of the related movements will be provided through the Explanatory notes, starting from the First Half Financial Report as at 30 June 2024.

Interbank Offered Rates (IBORs) transition

Following the concerns raised about the integrity and reliability of major financial market benchmarks the Financial Stability Board (FSB) started in 2013 a comprehensive reference rates reform with the end goal of a successful transition to robust benchmarks, including the transition away from LIBOR.

It is worth to mention that a *European working group on euro risk-free rates* (the Working Group) was initially established in 2018 by the ECB together with the Belgian Financial Services and Markets Authority (FSMA), the European Securities and Markets Authority (ESMA) and the European Commission to identify and recommend risk-free rates that could serve as an alternative to prevailing EUR interest rate benchmarks while other international working groups and bodies (e.g., International Swaps and Derivatives Association - ISDA; ICE Benchmark Administration - IBA; London Clearing House - LCH) issued recommendations, focused on LIBOR discontinuation for relevant financial instruments to be considered while envisaging market practice to handle transitioning.

At the same time UniCredit launched a project to assess relevant risks and taking appropriate actions in order to manage the IBORs (Interbank Offered Rates) discontinuation with a multiyear roadmap defined based on both Bank exposure and transition timeline.

The EU Benchmark Regulation was amended to allow the European Commission to provide for statutory replacement rates, while the other involved international market authorities (e.g., Financial Conduct Authority and Bank of England in the UK, New York State Department of Financial Services in the US) defined amendments to the applicable laws to support a smooth transition.
The European Commission adopted an Implementing Act of the BMR in October 2021; the Implementing Act provided legal ground for an EU Statutory Replacement Rate for legacy contracts indexed to CHF LIBOR and EONIA that had not yet been repapered or did not contain adequate fallback rates.

Such a replacement rate operating by law in Europe brought further stability in the market and reduced the conduct risk associated with the outstanding stock of assets, liabilities and derivatives transformed or transitioned or yet to be transformed or transitioned.

The end of June 2023 marked the final major milestone in the LIBOR transition, managed by *ICE Benchmarking Administration* according to the *Financial Conduct Authorities* recommendations/requisites, with the end of the remaining USD LIBOR panelist. After June 2023 only three of the US dollar LIBOR settings (1,3,6 months) and one GBP sterling LIBOR setting (3 month) continue in a synthetic form. The US dollar LIBOR settings are intended to cease at end-September 2024 while the GBP sterling LIBOR setting (will cease) at end-March 2024.

In November 2023, the *European working group on euro risk-free rates* agreed that the Group in its current form will cease as the original mandate had been successfully completed following the transition from EONIA to €STR at the end of 2021, the recommendation issued in May 2021 on EURIBOR fallbacks and the availability of a term €STR rate alongside the already existing backward-looking €STR.
In addition, reform of other interest rate benchmarks and related transition efforts have either been completed or are near their planned conclusion.

As a result, also UniCredit successfully completed the Bank transition away from IBOR's to reference risk-free rates and identified appropriate alternatives for the limited number of contracts that continue to use synthetic LIBORs.

Part A - Accounting policies

In order to address potential source of uncertainty on the effect of the IBOR reform on existing accounting hedge relationships the "Amendments to IFRS9, IAS39 and IFRS7 Interest Rate Benchmark Reform" (the Amendment) clarifies that the reform does not require to terminate such hedge relationships, whose volume for UniCredit bank as at 31 December 2023 is presented below:

Hedging contracts: notional amount

(€ million)

		INDEX		
HEDGING RELATIONSHIP	HEDGED ITEMS	SYNTHETIC LIBOR USD	SYNTHETIC LIBOR OTHER CURRENCIES	OTHERS
Fair value	Assets	3,615	-	-
	Liabilities	6,728	-	-
Cash flows	Assets	2,996	-	-
	Liabilities	11,312	-	-
Total		**24,651**	**-**	**-**

Note:
For this chart it has been used the double-entry method when relevant.

IASB issued "Interest Rates benchmark Reform - Phase 2; Amendments to IFRS9, IAS39 and IFRS7" including indications to manage changes in financial instruments that are directly required by the Reform and providing for (i) exceptions to standard rules dealing with accounting for changes of the contractual cash flows of assets and liabilities and (ii) reliefs from discontinuing hedge relationships.

As long as contractual terms (i) are amended as a direct consequence of interest rate benchmark reform and (ii) the new basis (to determine the contractual cash flows) is economically equivalent to the previous basis[105], they will be treated as changes to a floating interest rate arising from movement in the market rate of interest (meaning the EIR will be updated prospectively without adjusting the carrying amount[106]).
Similarly, the Amendments requires an assessment whether a modification of a financial instruments might lead to its derecognition (i.e., when the modification results in a "substantial change" in the expected cash flows) to be applied only to changes beyond those resulting from the market-wide reforms of an interest rate benchmark[107].
As a result, the changes deemed to be practical expedient to manage the transition will not be regarded as sufficiently substantial that the instrument would be derecognised and, consequently, IFRS9 classification requirements (to be run at initial recognition of a financial assets, including SPPI test) does not have to be re-assessed.
The major relief Amendments introduced in respect of hedge relationships is that changes to the documentation neither result in the discontinuation of hedge accounting nor (in) the designation of a new hedge relationship as long as it only refers to:
- designating an alternative benchmark rate as the hedged risk; or
- amending the description (i) of the hedged item/portion of the cashflows or fair value being hedged, (ii) of the hedging instruments or (iii) how the entity will assess hedge effectiveness[108] as a consequence of changes to hedged and hedging instruments induced by the Reform (including the addition of a fixed spread to compensate for the basis difference).

The volume of financial instruments that have yet to evolve to an alternative risk-free rate as at the end of the reporting period are the following:

Financial instruments subject to IBOR reform: contractual/notional amount

(€ million)

	INDEX			
	SYNTHETIC LIBOR USD	SYNTHETIC LIBOR OTHER CURRENCIES	OTHERS	Total
Non-derivative financial assets	**1,086**	**-**	**-**	**1,086**
Loans&Advances	*1,086*	-	-	***1,086***
Securities	-	-	-	**-**
Non-derivative financial liabilities	**-**	**-**	**-**	**-**
Deposits	-	-	-	**-**
Issued securities	-	-	-	**-**
Derivatives	**24,651**	**-**	**-**	**24,651**

Note:
This chart refers to figures submitted to KMPs.

105 Including replacement of the benchmark, addition of a fixed spread to compensate for the "basis difference" among former and new benchmark duration, and changes to the reset period, reset dates or the number of days between coupon payment dates, addition of a fallback provision.
106 Ref. IFRS9.5.4.7-8.
107 Ref. IFRS9.5.4.9.
108 Ref. IFRS9.6.9.1, IAS39.102P.

Part A - Accounting policies

In order to properly manage possible discontinuation of relevant benchmarks, if any, UniCredit bank is continuously monitoring the market, also attending the international & industry working groups and participating to the relevant public consultations[109], if any.

Implications of geopolitical tensions between Russia and Ukraine on Company financial statements
UniCredit S.p.A. holds assets and liabilities potentially exposed to the consequences of the geopolitical tensions between Russia and Ukraine, specifically: (i) the financial assets held by UniCredit S.p.A. towards Russian counterparties; (ii) its Russian Subsidiary.

1. Financial assets held by UniCredit S.p.A. toward Russian counterparties
The present section provides information about the credit exposures subject to Russian risk held by UniCredit S.p.A. (i.e., such exposures do not include Letters of Credit).

The overall Gross Book Value for €0.4 billion is composed as follows:
- €0.4 billion attributable to the credit exposures of the Russia operating segment, having the following features:
  - on-balance exposures for an amount of €0.3 billion, and off-balance exposures equal to approx. €0.07 billion;
  - overall coverage for approx. 34%;
- a not material amount related to the exposures not belonging to the Russian Operating Segment, mostly off-balance.

The reduction for -€1.3 billion compared to year-end 2022 (gross exposure for €1.7 billion and overall write down for -€0.5 billion) is mainly attributable to sales, redemptions and expiry of Off-Balance exposures occurred in the period.

	PERFORMING ASSETS		
	GROSS EXPOSURE	OVERALL WRITEDOWNS	NET EXPOSURES
Deposits	-	-	-
Financial assets held for trading	-	-	-
Financial assets at FV through OCI	-	-	-
Financial assets at amortized cost	311	110	201
Total on balance exposures	**311**	**110**	**201**
Off Balance	69	19	50
Total 31.12.2023	**380**	**129**	**251**
Total 31.12.2022	1,689	531	1,158

Note:
Non-performing assets report a gross exposure (GBV) of €64 million and overall writedowns (LLP) of -€46 million (o/w Non-ECA amounting to €59 million in terms of GBV and -€46 million in terms of LLP)

1.1 Classification and re-rating of loans toward Russian counterparties held by UniCredit S.p.A.
In the course of 2022, a series of events occurred:
- several Multinational Corporations decided to exit from Russian market and, among them, certain financial groups disposed their activities in Russia or announced their intention to do so even incurring significant losses resulting from significant impairment and write-downs due to the reduced recoverable value of their assets in such country together with difficulties in disposing it;
- certain Russian counterparties, including Russia, entered in technical default because 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.

As a result, an analysis was performed on the amount of LLPs to grant that they would be able to reflect in the measurement the differentiation in asset valuation between onshore and offshore investors, where the latter are penalized in their ability to recover the claims against investments in Russia. Indeed, in the perspective of an offshore investor exposed towards obligors with direct risk on Russia, such exposures are expected to suffer from higher risk of missed fulfilment of credit obligation, as a consequence of sanctioning limitations and potential accelerated de-leveraging actions.

Such analysis is still valid as at 31 December 2023; indeed, the persisting sanctions against Russia indicates that the mentioned differentiation in asset valuation observed in 2022 continues to exist.

The additional LLPs were quantified by assuming a coverage ratio comparable with the proactive classification of these exposures as unlikely to pay. As at 31 December 2023 the stock of overall writedowns is equal to -€129 million. The strong reduction in the impact compared to December 2022 (-€531 million) is due to the reduction of the portfolio following derisking activities also involving disposals.

109 In October 2023 European Money Market Institute (EMMI) launched a public consultation seeks respondents' views on proposed changes to the hybrid methodology to make sure the benchmark will continue in being representative of the underlying market.

Part A - Accounting policies

1.2 Geopolitical overlay resulting from Russia-Ukraine crisis
For further information on geopolitical overlay refer to the paragraph “2.3.1 Staging allocation and Expected Credit Losses calculation” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Qualitative information, 2. Credit risk management policies, 2.3 Measurement methods for expected losses, where the amounts related to UniCredit S.p.A. are also available.

2. Russian subsidiary
With reference to the investment in AO UniCredit Bank, write downs for -€198 million have been recognised.
For further details on the valuation of equity investments refer to Part B - Balance sheet - Assets, Section 7 - Equity investments - Item 70.

3. FX rate used as at 31 December for the conversion of exposures denominated in Rubles
As a result of the geopolitical tension, the ECB suspended the EUR/RUB listing since 2 March 2022 (last fixing on 1 March 2022), while Central Bank of Russia (CBR) continued to provide a fixing versus other currencies. Despite such suspension, the availability of RUB FX rate is needed for preparing the Company financial statements for the conversion into EUR of RUB denominated exposures.

In light of the IAS21 requirements (which establish that when several exchange rates are available, the rate used is the one at which the future cash flows represented by the transaction could have been settled if those cash flows had occurred at the measurement date), the Bank decided to adopt the RUB quotes listed by the Electronic Broking Service (EBS) in substitution of the lacking EUR/RUB quote. The choice of the provider was executed following qualitative and quantitative assessment, which reported the following outcome: (i) the RUB quotes published by the platform are representative of effective transactions between participants to the market; (ii) the FX quotes are liquid; (iii) the EBS RUB quotes resulted from actual transactions by non-Russian based operators, thus granting that such quote effectively represents a market participant assessment of the value of the RUB and therefore of the economic conditions of Russia[110].

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The Company financial statements of UniCredit S.p.A. and the Consolidated financial statements of UniCredit group as at 31 December 2023 are audited by KPMG S.p.A. pursuant to Legislative Decree No.39 of 27 January 2010 and to the resolution passed by the Shareholder’s Meeting on 9 April 2020.

UniCredit group prepared and published within the time limits set by law and in manner required by Consob, the Consolidated first half financial report as at 30 June 2023, subject to limited scope audit, as well as the Consolidated interim reports as at 31 March and 30 September 2023, both as press releases.

The Company financial statements of UniCredit S.p.A. and the Consolidated financial statements of UniCredit group as at 31 December 2023 have been approved by the Board of Directors’ meeting of 29 February 2024, which authorised its disclosure to the public also pursuant to IAS10.

Directive 2004/109/EC (the "Transparency Directive") and Delegated Regulation (EU) 2019/815 introduced the obligation for issuers of securities listed on regulated markets of the European Union to draw up the annual financial report in the language XHTML, based on the European Single Electronic Format (ESEF), approved by ESMA.

The whole document is filed in the competent offices and entities as required by law.

110 Such conclusions are also corroborated by the meeting held by ECB - Foreign Exchange Contact Group during May 2022 in which EBS representative reported that EBS EUR/RUB Market continue to function, and that liquidity in the Russian ruble is below pre-invasion levels, with activity concentrated mostly among larger banks in offshore markets.

Part A - Accounting policies

A.2 - Main items of the accounts

1 - Financial assets at fair value through profit or loss

a) Financial assets held for trading
Reference is made to the paragraph “a) Financial assets held for trading” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part A - Accounting policies, A.2 - Main items of the accounts, 1 - Financial assets at fair value through profit or loss, which is herewith quoted entirely.

b) Financial assets designated at fair value through profit or loss
Reference is made to the paragraph “b) Financial assets designated at fair value through profit or loss” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part A - Accounting policies, A.2 - Main items of the accounts, 1 - Financial assets at fair value through profit or loss, which is herewith quoted entirely.

c) Other financial assets mandatorily at fair value
Reference is made to the paragraph “c) Other financial assets mandatorily at fair value” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part A - Accounting policies, A.2 - Main items of the accounts, 1 - Financial assets at fair value through profit or loss, which is herewith quoted entirely.

2 - Financial assets at fair value through other comprehensive income
Reference is made to the paragraph “2 - Financial assets at fair value through other comprehensive income” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part A - Accounting policies, A.2 - Main items of the accounts, which is herewith quoted entirely.

3 - Financial assets at amortised cost
Reference is made to the paragraph “3 - Financial assets at amortised cost” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part A - Accounting policies, A.2 - Main items of the accounts, which is herewith quoted entirely.

4 - Hedge accounting
Reference is made to the paragraph “4 - Hedge accounting” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part A - Accounting policies, A.2 - Main items of the accounts, which is herewith quoted entirely.

5 - Equity investments
Equity investments are equity instruments and consequently defined as financial instruments under IAS32.

Investments in equity instruments made with the intention of establishing or maintaining a long-term operational relationship with the investee are strategic investments.

The following are the types of equity investment:

Subsidiaries
Entities, including structured entities, over which the Bank has direct or indirect control, are considered subsidiaries. Control over an entity entails the Bank's ability to exercise power in order to influence the variable returns to which the Bank is exposed through its relationship with them.

In order to verify the existence of control, the following factors are considered:
- the purpose and establishment of the investee, in order to identify which are the entity's objectives, the activities that determine its returns and how these activities are ruled;
- the power, in order to understand whether the Bank has contractual rights that attribute the ability to govern the relevant activities; to this end only substantial rights that provide practical ability to govern are considered;
- the exposure held in relation to the investee, in order to assess whether the Bank has relationships with the investee, the returns of which are subject to changes deriving from variations in the investee's performance;
- the existence of potential principal - agent relationships.

Part A - Accounting policies

If the relevant activities are ruled through voting rights, the existence of control is verified considering the voting rights held, including the potential ones, and the existence of any shareholders' or other agreements which attribute the right to control the majority of the voting rights, to appoint the majority of the governing body or in any case the power to determine the entity's financial and operating policies.

Subsidiaries may also include any "structured entity" in which the voting rights are not significant for establishing control, including special purpose entities and investment funds.

In the case of structured entities, the existence of control is ascertained considering both the contractual rights that enable governance of the relevant activities (or those that contribute most to the results) and the Bank's exposure to the variability of returns deriving from these activities.

Joint venture

A joint venture is an entity in which the Bank has:
- a joint control agreement;
- rights on the net assets of the entity.

In detail a joint control exists when the decisions over the relevant activities require the unanimous consent of all the parties that share control.

Associates

An associate is an entity over which the investor has significant influence and which are not subsidiaries or joint ventures.

Significant influence is presumed when the investor:
- holds, directly or indirectly, at least 20% of the share capital of another entity; or
- is able, also through shareholders' agreements, to exercise significant influence through:
  - representation on the governing body of the company;
  - participation in the policy-making process, including participation in decisions about dividends or other distributions;
  - the existence of significant transactions;
  - interchange of managerial personnel;
  - provision of key technical information.

It should be noted that only companies which are governed through voting rights can be classified as associates.

Investments in subsidiaries, associates and joint ventures are measured at cost.

The purchase price of an equity investment is the sum of:
- the fair value, at the date of acquisition, of the assets sold, liabilities assumed and equity instruments issued by the purchaser in exchange for control of the investee; and
- any cost directly attributable to the acquisition.

If there is evidence that an equity investment may have become impaired, its carrying value is compared with its recoverable value, which is determined on the basis of its value in use, in turn calculated by means of valuation models in general use in financial business, which discount expected future cash flow from the equity investment (methodology Discounted Cash Flow).
If it is not possible to obtain sufficient information the value in use is considered to be the net worth of the company.

If the recoverable value is less than the carrying value, the difference is recognised through profit or loss in item "220. Gains (Losses) of equity investments". If the reasons for impairment are removed following a subsequent event occurring after the recognition of impairment, write-backs are made through same profit or loss item.
Equity investments considered strategic investments not covered by the above definitions and not recognised in item "110. Non-current assets and disposal groups classified as held for sale" are classified as financial assets at fair value through other comprehensive income or other financial assets mandatorily at fair value and accordingly treated.

Part A - Accounting policies

6 - Property, plant and equipment (Tangible assets)
Reference is made to the paragraph "6 - Property, plant and equipment (Tangible assets)" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part A - Accounting policies, A.2 - Main items of the accounts, which is herewith quoted entirely.

7 - Intangible assets
An intangible asset is an identifiable non-monetary without physical substance which is expected to be used for more than one period, controlled by the Bank and from which future economic benefits are probable.

Intangible assets are principally represented by software, brands and patents.

Intangible assets other than goodwill are recognised at purchase cost, i.e. including any cost incurred to bring the asset into use, less accumulated amortisation and impairment losses.

Costs sustained after purchase are:
- added to initial cost, provided they increase future economic benefits arising from the underlying asset (i.e., if they increase its value or productive capacity);
- in other cases (i.e., when they do not increase the asset's original value, but are intended merely to preserve its original functionality) are taken to profit or loss in a single amount in the year in which they have been borne.

In case of internally generated software the expenses incurred to develop the project are recognised under intangible assets only if the following elements are demonstrated: (i) the technical feasibility of the project, (ii) the intention to complete the intangible asset, (iii) its future usefulness, (iv) the availability of adequate technical, financial and other resources to complete the development and (v) the ability to measure reliably the expenditure attributable to the intangible asset during its development.
An intangible asset with a finite life is subject to straight-line amortisation over its estimated useful life.

Residual useful life is usually assessed as follows:

• software	up to 7 years;
• other intangible assets	up to 20 years.

If there is clear evidence that an asset has been impaired, the carrying amount of the asset is compared with its recoverable value, equal to the greater of its fair value less selling cost and its value in use, i.e. the present value of future cash flows expected to be originated from the asset. Any impairment loss is recognised in profit and loss item "190. Net value adjustments/write-backs on intangible assets".

If the value of a previously impaired intangible asset, other than goodwill is restored, its increased carrying amount cannot exceed the net carrying amount it would have had if there were no losses recognised on the prior-year impairment.

An intangible asset is derecognised (i) on disposal or (ii) when no further future economic benefits are expected from its use or sale in the future and any difference between sale proceeds or recoverable value and carrying value is recognised in the profit and loss item "250. Gains (Losses) on disposal of investments" or "190. Net value adjustments/write-backs on intangible assets", respectively.

8 - Non-current assets and disposals groups classified as held for sale
Reference is made to the paragraph "8 - Non-current assets and disposal group classified as held for sale" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part A - Accounting policies, A.2 - Main items of the accounts, which is herewith quoted entirely.

9 - Current and deferred tax
Reference is made to the paragraph "9 - Current and deferred tax" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part A - Accounting policies, A.2 - Main items of the accounts, which is herewith quoted entirely.

Part A - Accounting policies

10 - Provisions for risks and charges

Committments and guarantees given
Reference is made to the paragraph "Commitments and guarantees given" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part A - Accounting policies, A.2 - Main items of the accounts, 10 - Provision for risks and charges, which is herewith quoted entirely.

Retirement payments and similar obligations
Reference is made to the paragraph "Retirement payments and similar obligations" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part A - Accounting policies, A.2 - Main items of the accounts, 10 - Provision for risks and charges, which is herewith quoted entirely.

Other provisions
Reference is made to the paragraph "Other provisions" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part A - Accounting policies, A.2 - Main items of the accounts, 10 - Provision for risks and charges, which is herewith quoted entirely.

11 - Financial liabilities measured at amortised cost
Reference is made to the paragraph "11 - Financial liabilities measured at amortised cost" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part A - Accounting policies, A.2 - Main items of the accounts, which is herewith quoted entirely.

12 - Financial liabilities held for trading
Reference is made to the paragraph "12 - Financial liabilities held for trading" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part A - Accounting policies, A.2 - Main items of the accounts, which is herewith quoted entirely.

13 - Financial liabilities designated at fair value
Reference is made to the paragraph "13 - Financial liabilities designated at fair value" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part A - Accounting policies, A.2 - Main items of the accounts, which is herewith quoted entirely.

14 - Foreign currency transactions
Reference is made to the paragraph "14 - Foreign currency transactions" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part A - Accounting policies, A.2 - Main items of the accounts, which is herewith quoted entirely.

15 - Other information

Impairment
Reference is made to the paragraph "Impairment" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part A - Accounting policies, A.2 - Main items of the accounts, 16 - Other information, which is herewith quoted entirely.

Renegotiations
Reference is made to the paragraph "Renegotiations" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part A - Accounting policies, A.2 - Main items of the accounts, 16 - Other information, which is herewith quoted entirely.

Business combinations
Reference is made to the paragraph "Business combinations" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part A - Accounting policies, A.2 - Main items of the accounts, 16 - Other information, which is herewith quoted entirely.

Derecognition of financial assets
Reference is made to the paragraph "Derecognition of financial assets" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part A - Accounting policies, A.2 - Main items of the accounts, 16 - Other information, which is herewith quoted entirely.

Repo transactions and securities lending
Reference is made to the paragraph "Repo transactions and securities lending" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part A - Accounting policies, A.2 - Main items of the accounts, 16 - Other information, which is herewith quoted entirely.

Part A - Accounting policies

Equity instruments
Reference is made to the paragraph "Equity instruments" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part A - Accounting policies, A.2 - Main items of the accounts, 16 - Other information, which is herewith quoted entirely.

Treasury shares
Reference is made to the paragraph "Treasury shares" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part A - Accounting policies, A.2 - Main items of the accounts, 16 - Other information, which is herewith quoted entirely.

Leases
Reference is made to the paragraph "Leases" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part A - Accounting policies, A.2 - Main items of the accounts, 16 - Other information, which is herewith quoted entirely.

Factoring
Reference is made to the paragraph "Factoring" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part A - Accounting policies, A.2 - Main items of the accounts, 16 - Other information, which is herewith quoted entirely.

Italian staff severance pay (Trattamento di fine rapporto - "TFR")
Reference is made to the paragraph "Italian staff severance pay (Trattamento di fine rapporto - "TFR")" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part A - Accounting policies, A.2 - Main items of the accounts, 16 - Other information, which is herewith quoted entirely.

Share-based payment
Reference is made to the paragraph "Share-based payments" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part A - Accounting policies, A.2 - Main items of the accounts, 16 - Other information, which is herewith quoted entirely.

Guarantees and credit derivatives in the same class
Reference is made to the paragraph "Guarantees and credit derivatives in the same class" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part A - Accounting policies, A.2 - Main items of the accounts, 16 - Other information, which is herewith quoted entirely.

Offsetting financial assets and financial liabilities
Reference is made to the paragraph "Offsetting financial assets and liabilities" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part A - Accounting policies, A.2 - Main items of the accounts, 16 - Other information, which is herewith quoted entirely.

Amortised cost
Reference is made to the paragraph "Amortised cost" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part A - Accounting policies, A.2 - Main items of the accounts, 16 - Other information, which is herewith quoted entirely.

ESG instruments
Reference is made to the paragraph "ESG instruments" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part A - Accounting policies, A.2 - Main items of the accounts, 16 - Other information, which is herewith quoted entirely.

Recognition of income and expenses

Interest income and expenses
Reference is made to the paragraph "Interest income and expenses" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part A - Accounting policies, A.2 - Main items of the accounts, 16 - Other information, Recognition of income and expenses, which is herewith quoted entirely.

Fees and commissions income and other operating income
Reference is made to the paragraph "Fees and commissions income and other operating income" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part A - Accounting policies, A.2 - Main items of the accounts,16 - Other information, Recognition of income and expenses, which is herewith quoted entirely.

Dividends
Reference is made to the paragraph "Dividends" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part A - Accounting policies, A.2 - Main items of the accounts,16 - Other information, Recognition of income and expenses, which is herewith quoted entirely.

Part A - Accounting policies

A.3 - Information on transfers between portfolios of financial assets

There were no transfers between portfolios of financial assets in 2023.

A.4 - Information on fair value

Qualitative information

Reference is made to the paragraph "Qualitative information" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part A - Accounting policies, A.4 - Information on fair value, which is herewith quoted entirely.

A.4.1 Fair value Levels 2 and 3: valuation techniques and inputs used

Reference is made to the paragraph "A.4.1 Fair value Levels 2 and 3: valuation techniques and input used" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part A - Accounting policies, A.4 - Information on fair value, Qualitative information, which is herewith quoted entirely.

Assets and liabilities measured at fair value on a recurring basis

Reference is made to the paragraph "Assets and liabilities measured at fair value on a recurring basis" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part A - Accounting policies, A.4 - Information on fair value, Qualitative information, A.4.1 Fair value Levels 2 and 3: valuation techniques and inputs used, which is herewith quoted entirely.

Fair Value Adjustments (FVA)

Unless the info, reported below, reference is made to the paragraph "Fair Value Adjustments (FVA)" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part A - Accounting policies, A.4 - Information on fair value, Qualitative information, A.4.1 Fair value Levels 2 and 3: valuation techniques and inputs used, which is herewith quoted entirely.

As at 31 December 2023, net CVA/DVA cumulative adjustment, relating to performing counterparts, amounts to €4.7 million positive; in addition, the adjustment related to own credit spread evolution on own financial liabilities measured at fair value, which is filtered out from regulatory capital (accordingly to CRDIV), amounts to €79.8 million negative.

As at 31 December 2023 the Fair Value Adjustment component (FundVA) reflected into P&L amounts to €1.7 million positive.

Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis

Reference is made to the paragraph "Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part A - Accounting policies, A.4 - Information on fair value, Qualitative information, A.4.1 Fair value Levels 2 and 3: valuation techniques and inputs used, which is herewith quoted entirely.

Description of the valuation techniques

Reference is made to the paragraph "Description of the valuation techniques" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part A - Accounting policies, A.4 - Information on fair value, Qualitative information, A.4.1 Fair value Levels 2 and 3: valuation techniques and inputs used, which is herewith quoted entirely.

Description of the inputs used to measure the fair value of items categorised in Level 2 and 3

Reference is made to the paragraph "Description of the inputs used to measure the fair value of items categorised in Level 2 and 3" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part A - Accounting policies, A.4 - Information on fair value, Qualitative information, A.4.1 Fair value Levels 2 and 3: valuation techniques and inputs used, which is herewith quoted entirely.

Part A - Accounting policies

Quantitative information on significant unobservable inputs used in the fair value measurement: accounting portfolios measured at fair value categorised as Level 3

The following table shows the relevant unobservable parameters for the valuation of financial instruments classified at fair value level 3 according to the IFRS13 definition.

(€ million)

PRODUCT CATEGORIES			FAIR VALUE ASSETS	FAIR VALUE LIABILITIES	VALUATION TECHNIQUES	UNOBSERVABLE PARAMETERS	UNCERTAINTY RANGES	
Derivatives								
	Financial							
		Foreign Exchange	12	16	Option Pricing Model	Volatility	0%	29%
					Discounted Cash Flows	Interest rate (bps)	0	587
		Interest Rate	113	630	Discounted Cash Flows	Swap Rate (bps)	0	587
						Inflation Swap Rate (bps)	3	12
		Equity & commodities	371	68	Option Pricing Model	Volatility	1%	12%
						Correlation	2%	24%
	Credit		-	-	Hazard Rate Model	Credit Spread (bps)	1	80
						Recovery rate	0%	5%
Debt Securities and Loans		Corporate/Government/Other	49	556	Market Approach	Credit Spread (bps)	1	790
		Mortgage & Asset Backed Securities	1,308	-	Discounted Cash Flows	Credit Spread (bps)	30	4073
						Recovery rate	0%	70%
						Default Rate	0%	5%
						Prepayment Rate	0%	30%
Equity Securities		Unlisted Equity & Holdings	671	-	Market Approach	Price (% of used value)	0%	3%
					Gordon Growth Model	Ke	8%	17%
						Growth Rate	1%	4%
Units in Investment Funds		Real Estate & Other Funds	2,407	-	Adjusted Nav	PD	1%	30%
						LGD	35%	60%

Part A - Accounting policies

A.4.2 Valuations processes and sensitivities
Reference is made to the paragraph "A.4.2 Valuations processes and sensitivities" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part A - Accounting policies, A.4 - Information on fair value, Qualitative information, which is herewith quoted entirely.

Fair value sensitivity to variations in unobservable inputs used in the fair value computation for instruments categorised as Level 3
Unless the info, reported below, reference is made to the paragraph "Fair Value sensitivity to variations in unobservable inputs used in the fair value computation for instruments categorised as Level 3" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part A - Accounting policies, A.4 - Information on fair value, Qualitative information, A.4.2 Valuation processes and sensitivities, which is herewith quoted entirely.

(€ million)

PRODUCT CATEGORIES				FAIR VALUE MOVEMENTS
Derivatives				
	Financial			
		Equities & Commodities	+/-	10.99
		Foreign Exchange	+/-	-
		Interest Rate	+/-	2.63
	Credit		+/-	0.34
Debt Securities and Loans				
		Corporate/Government/Other	+/-	0.06
		Mortgage & Asset Backed Securities	+/-	0.23
Equity Securities				
		Unlisted Equity & Holdings	+/-	6.71
Units in investment funds				
		Real Estate & Other Funds	+/-	0.57

Within the unlisted Level 3 Units in Investment Funds, measured using a model, the shares in Atlante and Italian Recovery Fund, former Atlante II, (€273 million at 31 December 2023) are classified. For further information refer to Notes to accounts, Part B - Balance sheet - Assets, Section 2 - Financial assets at fair value through profit or loss: c) other financial assets mandatorily at fair value.

Amongst the financial instruments subject of valuation methods and sensitivity analysis, there are also included ABS issued by securitisation vehicles as per Italian law 130/99 where the Bank is both originator and underwriter of some issues and quotes of open investment funds acquired through credit disposal.

A.4.3 Fair value hierarchy
Reference is made to the paragraph "A.4.3 Fair value hierarchy" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part A - Accounting policies, A.4 - Information on fair value, Qualitative information, which is herewith quoted entirely.

Transfers between hierarchy levels
The main drivers to transfers in and out the fair values levels (both between Level 1 and Level 2 and in/out Level 3) include changes in market conditions (among which liquidity parameter) and enhancements to valuation techniques and weights for unobservable inputs used for the valuation itself.
Quantitative and qualitative details about transfers between fair value levels occurred in the period are presented in the following paragraph "A.4.5 Fair value hierarchy", Quantitative information.

A.4.4 Other information
Reference is made to the paragraph "A.4.4 Other information" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part A - Accounting policies, A.4 - Information on fair value, Qualitative information, which is herewith quoted entirely.

Part A - Accounting policies

Quantitative information

A.4.5 Fair value hierarchy

The following tables show the portfolios breakdown in terms of (i) financial assets and liabilities valued at fair value as well as (ii) assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis, according to the above-mentioned levels.

A.4.5.1 Assets and liabilities measured at fair value on a recurring basis: breakdown by fair value levels

(€ million)

FINANCIAL ASSETS/LIABILITIES MEASURED AT FAIR VALUE	AMOUNTS AS AT 31.12.2023			AMOUNTS AS AT 31.12.2022		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Financial assets at fair value through profit or loss	6,808	11,192	3,268	4,340	16,732	2,453
a) Financial assets held for trading	6,035	8,857	492	3,778	14,484	523
b) Financial assets designated at fair value	132	-	-	204	-	-
c) Other financial assets mandatorily at fair value	641	2,335	2,776	358	2,248	1,930
2. Financial assets at fair value through other comprehensive income	26,791	3,187	1,658	21,729	3,245	1,947
3. Hedging derivatives	81	10,758	4	177	13,564	-
4. Property, plant and equipment	-	-	2,538	-	-	2,577
5. Intangible assets	-	-	-	-	-	-
Total	**33,680**	**25,137**	**7,468**	**26,246**	**33,541**	**6,977**
1. Financial liabilities held for trading	4,580	9,043	688	4,915	14,914	890
2. Financial liabilities designated at fair value	-	6,704	556	-	5,168	195
3. Hedging derivatives	124	11,799	27	336	15,839	52
Total	**4,704**	**27,546**	**1,271**	**5,251**	**35,921**	**1,137**

The item “1. c) Financial assets mandatorily at fair value” at Level 3 as at 31 December 2023 includes the investments in Atlante and Italian Recovery Fund (IRF - former Atlante II) carrying value €273 million.
As at 31 December 2023 the fair value for Atlante and Italian Recovery Fund (former Atlante II) has been determined adopting an internal model in which credit risk changes of single ABS in which Atlante fund is invested are considered.
For futher information refer to the paragraph “2.5 Other financial assets mandatorily at fair value: breakdown by product” of the Notes to the accounts, Part B - Balance sheets - Assets, Section 2 - Financial assets at fair value through profit or loss - Item 20.

Transfers between level of fair value occurring during the year mainly reflect the evolution of reference market and the enhancement of processes for fair value level attribution.

Besides the transfers related to financial assets and liabilities carried at Level 3 detailed in the sections below during the year the following transfers occurred:

- from Level 1 to Level 2 owing to a worsening of the liquidity and price reliability indicators (based on the bid-ask spread, relative size and applicability of the published prices) collected by third parties as calculated and recorded in the context of the Global Bond IPV process:
  - of financial assets measured at fair value through profit or loss (financial assets held for trading, designed at fair value and mandatorily at fair value) for €130 million.

Part A - Accounting policies

A.4.5.2 Annual changes in assets measured at fair value on a recurring basis (Level 3)

(€ million)

	CHANGES IN 2023							
	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS							
	TOTAL	OF WHICH: A) FINANCIAL ASSETS HELD FOR TRADING	OF WHICH: B) FINANCIAL ASSETS DESIGNATED AT FAIR VALUE	OF WHICH: C) OTHER FINANCIAL ASSETS MANDATORILY AT FAIR VALUE	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	HEDGING DERIVATIVES	PROPERTY, PLANT AND EQUIPMENT	INTANGIBLE ASSETS
1. Opening balances	**2,453**	**523**	**-**	**1,930**	**1,947**	**-**	**2,577**	**-**
2. Increases	**4,508**	**3,449**	**-**	**1,059**	**170**	**187**	**96**	**-**
2.1 Purchases	3,909	3,042	-	867	17	96	2	-
2.2 Profits recognised in	468	385	-	83	60	88	61	-
2.2.1 Income statement	468	385	-	83	5	88	16	-
- of which unrealised gains	*287*	*217*	-	*70*	-	*1*	*16*	-
2.2.2 Equity	X	X	X	X	55	-	45	-
2.3 Transfers from other levels	51	22	-	29	-	2	-	-
2.4 Other increases	80	-	-	80	93	1	33	-
3. Decreases	**3,693**	**3,480**	**-**	**213**	**459**	**183**	**135**	**-**
3.1 Sales	3,079	3,054	-	25	48	87	-	-
3.2 Redemptions	107	-	-	107	314	-	-	-
3.3 Losses recognised in	421	372	-	49	78	96	109	-
3.3.1 Income statement	421	372	-	49	15	96	71	-
- of which unrealised losses	*262*	*216*	-	*46*	-	-	*36*	-
3.3.2 Equity	X	X	X	X	63	-	38	-
3.4 Transfers to other levels	73	53	-	20	-	-	26	-
3.5 Other decreases	13	1	-	12	19	-	-	-
of which: business combinations	-	-	-	-	-	-	-	-
4. Closing balances	**3,268**	**492**	**-**	**2,776**	**1,658**	**4**	**2,538**	**-**

The sub-items “2.2.1 Profits recognised in Income statement” and “3.3.1 Losses recognised in Income statement” in financial assets are included in the following items:
- Item 80: Net gains (losses) on trading;
- Item 90: Net gains (losses) on hedge accounting;
- Item 110: Net gains (losses) on other financial assets/liabilities at fair value through profit or loss.

The sub-item “2.2.2 Profits recognised in Equity” and the sub-item “3.3.2 Losses recognised in Equity” reports the profits and the losses arising from fair value changes on financial assets at fair value through other comprehensive income and tangible assets used in business, with reference to land and buildings, according to the rules explained below.
With reference to financial assets at fair value through other comprehensive income these profits and losses are accounted in item “110. Valuation reserves” of shareholder’s equity until the financial assets is not sold, instant in which cumulative gains and losses are reported: i) if referred to debt securities in Income statement under item “100. Gains (Losses) on disposal and repurchase of: b) financial assets at fair value through other comprehensive income” and ii) if referred to equity instruments in the shareholder’s equity under item “140. Reserves”; the exception regards the case of impairment and gains and losses on exchange rates on monetary assets (debt securities) which are reported respectively under item “130. Net losses/recoveries on credit impairment relating to: b) financial assets at fair value through other comprehensive income” and item “80. Net gains (losses) on trading”.
With reference to tangible assets used in business, the profits arising from the valuation are recognised in item “110. Valuation reserves” of shareholder’s equity for the portion exceeding the cumulated losses recognised in item “230. Net gains (losses) on property, plant and equipment and intangible assets measured at fair value”. Losses arising from the valuation are recognised in item “110. Valuation reserves” up to the cumulated profits recognised in the same item. Further losses are recognised in item “230. Net gains (losses) on property, plant and equipment and intangible assets measured at fair value”. On disposal the cumulated profits reported in item “110. Valuation reserves” are recycled to item “140. Reserves”.

Part A - Accounting policies

A.4.5.3 Annual changes in liabilities measured at fair value on a recurring basis (Level 3)

(€ million)

	CHANGES IN 2023		
	FINANCIAL LIABILITIES HELD FOR TRADING	FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE	HEDGING DERIVATIVES
1. Opening balances	**890**	**195**	**52**
2. Increases	**873**	**432**	**358**
2.1 Issuance	291	280	170
2.2 Losses recognised in	509	29	187
2.2.1 Income statement	509	24	187
- of which unrealised losses	*185*	*23*	*20*
2.2.2 Equity	X	5	-
2.3 Transfers from other levels	73	120	-
2.4 Other increases	-	3	1
3. Decreases	**1,075**	**71**	**383**
3.1 Redemptions	324	13	167
3.2 Purchases	-	-	-
3.3 Profits recognised in	645	9	216
3.3.1 Income statement	645	9	216
- of which unrealised gains	*354*	*9*	*46*
3.3.2 Equity	X	-	-
3.4 Transfers to other levels	106	46	-
3.5 Other decreases	-	3	-
of which: business combinations	-	-	-
4. Closing balances	**688**	**556**	**27**

The sub-items "2.2.1 Losses recognised in Income statement" and "3.3.1 Profits recognised in Income statement" in financial liabilities are included in the profit and loss in the following items:

- Item 80: Net gains (losses) on trading;
- Item 90: Net gains (losses) on hedge accounting;
- Item 110: Net gains (losses) on other financial assets/liabilities at fair value through profit or loss.

A.4.5.4 Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis: breakdown by fair value levels

(€ million)

ASSETS/LIABILITIES NOT MEASURED AT FAIR VALUE OR MEASURED AT FAIR VALUE ON A NON-RECURRING BASIS	AMOUNTS AS AT 31.12.2023				AMOUNTS AS AT 31.12.2022			
		FAIR VALUE				FAIR VALUE		
	BOOK VALUE	LEVEL 1	LEVEL 2	LEVEL 3	BOOK VALUE	LEVEL 1	LEVEL 2	LEVEL 3
1. Financial assets at amortised cost	241,825	37,783	81,776	117,778	259,677	38,547	99,745	114,663
2. Property, plant and equipment held for investment	-	-	-	-	-	-	-	-
3. Non-current assets and disposal groups classified as held for sale	299	-	13	-	233	-	14	-
Total	**242,124**	**37,783**	**81,789**	**117,778**	**259,910**	**38,547**	**99,759**	**114,663**
1. Financial liabilities at amortised cost	286,724	28,715	58,212	198,269	339,996	27,995	102,569	205,932
2. Liabilities associated with assets classified as held for sale	-	-	-	-	-	-	-	-
Total	**286,724**	**28,715**	**58,212**	**198,269**	**339,996**	**27,995**	**102,569**	**205,932**

The changes occurred between 31 December 2022 and 31 December 2023 in the ratio between fair value and book value for financial assets at amortised cost reflect the enhancement of the methodology and the parameters adopted for the fair value calculation for disclosure and the evolution in the benchmark interest rate, in the risk premium and in the probability of default depending on or deriving from markets trend.
These events together with the evolution of the approach to identify the significance of non-observable inputs have been reflected in fair value hierarchy level distribution.

Part A - Accounting policies

The decrease in the Level 2 of fair value hierarchy occurred in the item “1. Financial liabilities at amortised cost” mainly derives from the reduction of the TLTRO exposures liabilities occurred during the period.

The book value of item “3. Non-current assets and disposal groups classified as held for sale” (Assets) includes amounts referred to assets measured on Balance sheet on the basis of their cost for €286 million. For further details on this item refer to the table “11.1 Non-current assets and disposal groups classified as held for sale: breakdown by asset type”, Notes to the accounts, Part B - Balance sheet - Assets, Section 11 - Non-current assets and disposal groups classified as held for sale and Liabilities associated with classified as held for sale - Item 100 (Assets) and Item 70 (Liabilities).

A.5 - Information on “day one profit/loss”

The value at which financial instruments are recognised is equal to their fair value on the same date.

The fair value of financial instruments, other than those designated at fair value through profit or loss, at their recognition date is usually assumed to be equal to the amount collected or paid.

For financial instruments held for trading (refer to Sections 1.a) and 12 of part A.2 above) and instruments designated at fair value (refer to Sections 1.b) and 13 of part A.2 above), any difference from the amount collected or paid is posted under the appropriate items of the Income statement.

The use of conservative valuation models, the processes described above for revising the models used and related parameters and value adjustments to reflect model risk ensure that the amount recognised in the Income statement is not derived from the use of valuation parameters that cannot be observed.
More specifically, the calculation of fair value adjustments to reflect model risk ensures that the fair value portion of these instruments relating to the use of subjective parameters is not recognised in the profit and loss account, but changes the Balance sheet value of these instruments.
The presence of further “day one profit” leads to the recognition of a distinct asset component that is the object of linear competition.
Recognition of this portion in the profit and loss account is then made only when objective parameters are applied and therefore the adjustments are derecognised.

The overall fair value adjustments to reflect these adjustments (amount not recognised in the Income statement) amounts to +€5.9 million as at 31 December 2023 (+€7.7 million as at 31 December 2022).

Part B - Balance sheet - Assets

Assets

Section 1 - Cash and cash balances - Item 10

1.1 Cash and cash balances: breakdown

(€ million)

	AMOUNTS AS AT	
	31.12.2023	31.12.2022
a) Cash	1,394	1,322
b) Current accounts and demand deposits with Central Banks	9,166	51,877
c) Current accounts and demand deposits with Banks	1,741	1,514
Total	**12,301**	**54,713**

The change in the item "Current accounts and demand deposits with Central Banks" (equal to about €42 billion) is mainly attributable to the decrease of liquidity invested into overnight deposits with Banca d'Italia, in addition to the part that is maintained in the Compulsory Reserves. The aforementioned decrease in liquidity position is substantially due to a reduction of net surplus of funds recognised in the context of interbank business (about €45 billion the annual change in the net imbalance between Deposits and Receivables from/to banks, mainly as a result of the repayment of TLTRO facilities equal to €42 billion).

Section 2 - Financial assets at fair value through profit or loss - Item 20

2.1 Financial assets held for trading: breakdown by product

(€ million)

	AMOUNTS AS AT 31.12.2023			AMOUNTS AS AT 31.12.2022		
ITEMS/VALUES	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
A. Financial assets (non-derivatives)						
1. Debt securities	**6,027**	**1**	**-**	**3,764**	**-**	**-**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	6,027	1	-	3,764	-	-
2. Equity instruments	**-**	**-**	**-**	**-**	**-**	**-**
3. Units in investment funds	**-**	**-**	**-**	**-**	**-**	**-**
4. Loans	**-**	**-**	**-**	**-**	**-**	**-**
4.1 Reverse Repos	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
Total (A)	**6,027**	**1**	**-**	**3,764**	**-**	**-**
B. Derivative instruments						
1. Financial derivatives	**8**	**8,856**	**492**	**14**	**14,484**	**523**
1.1 Trading	8	8,546	159	14	14,134	323
1.2 Linked to fair value option	-	264	321	-	225	187
1.3 Other	-	46	12	-	125	13
2. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**
2.1 Trading	-	-	-	-	-	-
2.2 Linked to fair value option	-	-	-	-	-	-
2.3 Other	-	-	-	-	-	-
Total (B)	**8**	**8,856**	**492**	**14**	**14,484**	**523**
Total (A+B)	**6,035**	**8,857**	**492**	**3,778**	**14,484**	**523**
Total Level 1, Level 2 and Level 3			**15,384**			**18,785**

The sub-item "Financial assets (non-derivatives)" consists mainly of Italian Government bonds from Market Making activity.
The sub-item "Derivative instruments - Financial derivatives - Other" comprises derivatives that, for economic purposes, relate to banking book entries.
Fair value evolution of outstanding derivatives, further to volumes, is also influenced by growing dynamic of interest rates.
Valuations at fair value were classified according to a hierarchy of levels reflecting the observability of the valuations input.
For further information refer to the paragraph "A.4 - Information on fair value", Notes to the accounts, Part A - Accounting policies.

Part B - Balance sheet - Assets

2.2 Financial assets held for trading: breakdown by borrowers/issuers/counterparties

(€ million)

ITEMS/VALUES	AMOUNTS AS AT 31.12.2023	31.12.2022
A. Financial assets (non-derivatives)		
1. Debt securities	**6,028**	**3,764**
a) Central Banks	-	-
b) Governments and other Public Sector Entities	6,028	3,764
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
2. Equity instruments	**-**	**-**
a) Banks	-	-
b) Other financial companies	-	-
of which: insurance companies	-	-
c) Non-financial companies	-	-
d) Other issuers	-	-
3. Units in investment funds	**-**	**-**
4. Loans	**-**	**-**
a) Central Banks	-	-
b) Governments and other Public Sector Entities	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
Total A	**6,028**	**3,764**
B. Derivative instruments		
a) Central counterparties	1,389	2,390
d) Other	7,967	12,631
Total B	**9,356**	**15,021**
Total (A+B)	**15,384**	**18,785**

2.3 Financial assets designated at fair value: breakdown by product

(€ million)

ITEMS/VALUES	AMOUNTS AS AT 31.12.2023			AMOUNTS AS AT 31.12.2022		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	**132**	**-**	**-**	**204**	**-**	**-**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	132	-	-	204	-	-
2. Loans	**-**	**-**	**-**	**-**	**-**	**-**
2.1 Structured	-	-	-	-	-	-
2.2 Other	-	-	-	-	-	-
Total	**132**	**-**	**-**	**204**	**-**	**-**
Total Level 1, Level 2 and Level 3			**132**			**204**

The item is mainly composed of government debt securities.

Part B - Balance sheet - Assets

2.4 Financial assets designated at fair value: breakdown by borrowers/issuers

(€ million)

ITEMS/VALUES	AMOUNTS AS AT 31.12.2023	31.12.2022
1. Debt securities	**132**	**204**
a) Central Banks	-	-
b) Governments and other Public Sector Entities	132	174
c) Banks	-	30
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
2. Loans	**-**	**-**
a) Central Banks	-	-
b) Governments and other Public Sector Entities	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
Total	**132**	**204**

2.5 Other financial assets mandatorily at fair value: breakdown by product

(€ million)

	AMOUNTS AS AT 31.12.2023			AMOUNTS AS AT 31.12.2022		
ITEMS/VALUES	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	**66**	**2,335**	**124**	**288**	**2,162**	**129**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	66	2,335	124	288	2,162	129
2. Equity instruments	**575**	**-**	**41**	**70**	**79**	**28**
3. Units in investment funds	**-**	**-**	**2,407**	**-**	**-**	**1,567**
4. Loans	**-**	**-**	**204**	**-**	**7**	**206**
4.1 Reverse Repos	-	-	-	-	-	-
4.2 Other	-	-	204	-	7	206
Total	**641**	**2,335**	**2,776**	**358**	**2,248**	**1,930**
Total Level 1, Level 2 and Level 3			**5,752**			**4,536**

The sub-item “Debt securities” changes in respect of previous year due to fair value changes in purchased Additional Tier 1 instruments and includes investments qualified as Level 3 in FINO Project’s Mezzanine and Junior Notes with a value of €24 million, in Mezzanine and Junior bonds of Prisma securitisation for €1 million and in Mezzanine, Junior bonds of Olympia for €1 million, in Mezzanine and Junior bonds of Itaca securitisation for €1 million and in Mezzanine and Junior bonds of Altea securitisation for €7 million.

Into the item “Equity instruments”, the investment in a “Schema Volontario” (presented among Level 3 instruments) has been fully impaired in 2022. Changes in respect of December 2022 are mainly driven by purchases of new stakes.

The item “3 Unit in investment funds” includes the investments in Atlante and Italian Recovery Fund, former Atlante II (presented among Level 3) instruments, with a value of €273 million.

The item “4. Loans” includes exposures which have been granted payment moratoriums related to the Covid-19 pandemic context for a total amount of €87 million.

Valuations at fair value were classified according to a hierarchy of levels reflecting the observability of the valuations input.
For further information refer to the paragraph “A.4 - Information on fair value”, Notes to the accounts, Part A - Accounting policies.

Part B - Balance sheet - Assets

Exposures to securities relating to Securitisation transactions

(€ million)

TRANCHING	AMOUNTS AS AT 31.12.2023
Senior	-
Mezzanine	30
Junior	38
Total	**68**

Information about the units of Atlante Fund and Italian Recovery Fund (former Atlante II)

Atlante is a closed-end alternative investment fund (FIA) ruled by Italian law reserved to professional investors and managed by DeA Capital Alternative Funds SGR S.p.A. ("DeA"). The size of the fund was equal to €4,249 million, of which UniCredit S.p.A. invested for about 19.9%.
The investment policy of Atlante foresees that the fund may be invested (i) in banks with regulatory capital ratios lower than the minimum level set down in the SREP process and, thus, realise, upon request of the supervisory authority, actions of capital strengthening through capital increases and (ii) in Non-Performing Loans (NPLs) of a plurality of Italian banks.
With reference to Atlante fund, as at 31 December 2023 UniCredit S.p.A. holds shares classified as financial assets mandatory at fair value with a carrying value of €133 million. The year-to-date overall cash investments are equal to €844 million against which impairments for €684 million and positive fair value changes for €14 million were carried out. Received reimbursement amount to €41 million. In addition, UniCredit S.p.A. has a residual commitment to invest in the fund for an amount less than €2 million.
On August 2016, it was launched the Atlante II fund, redenominated Italian Recovery Fund since 27 October 2017, a closed-end investment alternative fund reserved to professional investors, also managed by DeA, which, unlike the Atlante fund, may invest only in NPL and instruments linked to NPL transactions (such as warrants) in order to reduce the risk in line with the parameters used by the largest world institutional investors.
With reference to Italian Recovery Fund, as at 31 December 2023 UniCredit S.p.A. holds shares with a carrying value of €140 million, classified as financial assets mandatory at fair value. The year-to-date overall cash investments are equal to €187 against which positive fair value changes for €8 million were carried out. Received reimbursement amount to €55 million. In addition, UniCredit S.p.A. has a residual commitment to invest in Italian Recovery Fund for about €8 million.
As at 31 December 2023 the book value (fair value) of these funds has been determined adopting an internal model in which credit risk changes of single ABS in which Atlante fund is invested are considered. This fair value valuation resulted in a higher value of €7 million in the year, accounted in the profit and loss.
Under a regulatory perspective, the treatment of the quotes held by UniCredit S.p.A. in the Atlante Fund and Italian Recovery Fund foresees the application of article 128 of the CRR (Items associated with particular high risk). With reference to the residual commitments, the regulatory treatment foresees the application of a Credit Conversion Factor equal to 100% ("full risk" according to the Annex I of CRR), for the calculation of the related Risk Weighted Assets.

Information about the investment in the Schema Volontario

In November 2015 UniCredit S.p.A. has joined the "Schema Volontario" (hereafter "SV"), a private entity introduced by Fondo Interbancario di Tutela dei Depositi ("FITD"), with appropriate modification of its statute.
SV is an instrument for the resolution of bank crises through supporting measures in favour of its member banks, if specific conditions laid down by the legislation occur. SV has an independent funding and the participating banks are committed to supply the relevant resources upon demand, when resources are needed to fund interventions. The initial participating size of the SV has been set up to €700 million (of which €110 million referred to UniCredit S.p.A.).
Here follow the main transactions carried out by SV.

Cassa di Risparmio di Cesena (CariCesena)

In June 2016 the SV approved an action supporting CariCesena, in relation to a capital increase approved by the bank itself on 8 June 2016 for €280 million of which €44 million referred to UniCredit S.p.A. On 30 September 2016 this commitment was converted into a monetary payment which has led to the recognition of capital instruments classified, on the basis of the pre-existing accounting standard IAS39, as "available for sale" for €44 million for UniCredit S.p.A. (in line with the monetary payment). The update of the evaluation of the instruments as at 31 December 2016, according to an internal evaluation model based on multiples of a banking basket integrated with estimates on Cassa di Risparmio di Cesena's credit portfolio and the related equity/capital needs, brought to the full impairment of the position.

Part B - Balance sheet - Assets

CariCesena, Cassa di Risparmio di Rimini (Carim) e Cassa di Risparmio di San Miniato (Carismi)

In September 2017, in order to face Crédit Agricole CariParma intervention in favour of CariCesena, Carim and Carismi, based on a capital increase of €464 million and on the subscription of bonds from NPL securitisation of these banks for €170 million, the Fund increased its capital endowment for €95 million (to an overall amount of €795 million), increasing the residual commitment referred to UniCredit S.p.A. to €81 million. Hence, in the same month UniCredit S.p.A. paid €9 million in respect of the part of the intervention relating to the capital increase of Carim and Carismi, and in December 2017, UniCredit S.p.A. paid the remaining €72 million (of which €45 million referred to the capital increase of the banks and €27 million referred to the subscription of securitisations). Following these events, UniCredit group's residual commitment towards SV was substantially nil.
All the payments referred to the capital increase of the banks brought to the recognition of capital instruments classified, on the basis of the pre-existing accounting standard IAS39, as "available for sale" and amounting to €54 million for UniCredit S.p.A., entirely cancelled in 2017 financial statements due to the sale of the banks to Crédit Agricole CariParma at a symbolic price.
Regarding the portion of investment referred to the subscription of SV of Junior and Mezzanine quotes of the securitisation, the initial value (€27 million for UniCredit S.p.A.) was rectified in 2017 to reflect fair value valuation declared by the SV (€4 million for UniCredit S.p.A.) resulting from the analysis conducted by the advisors in charge of the underlying credits evaluation, conducted according to a Discounted Cash Flow model based on recovery plans elaborated by SPV's special servicer.
Following the update of the assessment received from the SV (supported by the analysis of the appointed advisor), as at 31 December 2022 UniCredit S.p.A. recognised an accumulated impairment of €4.4 million. Thus, since 31 December 2022, UniCredit S.p.A. carrying value of investments related to securitisation is nil.

Banca Carige

On 30 November 2018, the Shareholders' Meeting of the SV decided to intervene in favour of Banca Carige S.p.A. by subscribing a Tier 2 subordinated loan (for a maximum amount of €320 million) issued by Banca Carige S.p.A. and addressed to the conversion into capital to the extent necessary to allow an expected capital increase of €400 million.
On the same date, within the framework of the agreement stipulated with SV, Banca Carige S.p.A. placed bonds for €320 million, of which €318.2 million subscribed directly through the SV itself. The bonds were issued at par (100% of the nominal value), with a fixed rate coupon of 13% and a maturity of 10 years (maturity 30 November 2028).
Considering the failure to provide by 22 December 2018 the delegation to the Board of Directors by the Extraordinary Shareholders' Meeting of Banca Carige S.p.A. to increase by payment the share capital for a maximum total amount of €400 million, with retroactive effect interests on the principal amount of outstanding bonds from time to time mature at a nominal fixed rate of 16% starting from the date of issue.
With reference to the intervention in favour of Banca Carige S.p.A., UniCredit S.p.A. contribution to the SV at the recognition date amounts to €53 million, and it has been identified as a financial instrument classified, on the basis of the existing accounting standard IFRS9, under item "20.c) Financial assets mandatorily at fair value through profit or loss".
As at 31 December 2018, following the evaluation process of the investment, UniCredit S.p.A. recognised impairments for €16 million, thus bringing the carrying value of the instrument to €37 million.
As at 31 December 2019 UniCredit S.p.A. has evaluated instrument's fair value according to internal models (Market Multiples and Multi-Scenario Analysis) for €13 million, also considering the occurred reimbursement of interests for €9 million.
Update of evaluation at 31 December 2020 has determined a fair value of €5.1 million, subsequently zeroed since 31 December 2022.

Part B - Balance sheet - Assets

2.6 Other Financial assets mandatorily at fair value:breakdown by borrowers/issuers

(€ million)

ITEMS/VALUES	AMOUNTS AS AT 31.12.2023	AMOUNTS AS AT 31.12.2022
1. Equity instruments	**616**	**177**
of which: banks	*449*	*-*
of which: other financial companies	*67*	*106*
of which: non-financial companies	*100*	*72*
2. Debt securities	**2,525**	**2,579**
a) Central banks	-	-
b) Governments and other Public Sector Entities	57	54
c) Banks	2,334	2,306
d) Other financial companies	119	204
of which: insurance companies	*44*	*48*
e) Non-financial companies	15	15
3. Units in investment funds	**2,407**	**1,567**
4. Loans and advances	**204**	**213**
a) Central banks	-	-
b) Governments and other Public Sector Entities	-	-
c) Banks	-	-
d) Other financial companies	-	5
of which: insurance companies	*-*	*-*
e) Non-financial companies	204	208
f) Households	-	-
Total	**5,752**	**4,536**

Part B - Balance sheet - Assets

Section 3 - Financial assets at fair value through other comprehensive income - Item 30

3.1 Financial assets at fair value through other comprehensive income: breakdown by product

(€ million)

	AMOUNTS AS AT 31.12.2023			AMOUNTS AS AT 31.12.2022		
ITEMS/VALUES	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	**26,441**	**2,812**	**1,028**	**21,723**	**2,869**	**1,286**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other	26,441	2,812	1,028	21,723	2,869	1,286
2. Equity instruments	**350**	**375**	**630**	**6**	**376**	**661**
3. Loans	**-**	**-**	**-**	**-**	**-**	**-**
Total	**26,791**	**3,187**	**1,658**	**21,729**	**3,245**	**1,947**
Total Level 1, Level 2 and Level 3			**31,636**			**26,921**

Changes in debt securities is mainly determined by new purchases of government and banking bonds net of sales and maturities.
Item "Debt Securities" includes FINO Project's investments in Senior and in part in Mezzanine notes for €46 million, in Senior bonds of Prisma securitisation for €478 million, in Senior bonds of Olympia securitisation for €166 million, in Senior bonds of Relais for €268 million, in Senior bonds of Itaca securitisation for €70 million, all qualified as Level 3 instruments.

Item "Equity instruments" includes Banca d'Italia stake (presented among Level 2 instruments), with a value of €375 million and ABH Holding SA investments (presented among Level 3 instruments) acquired in contemplation of the sale of PJSC Ukrsotbank to Alfa Group, with a value of €294 million, equal to the consideration of the put option of the shares exercised by UniCredit S.p.A. on 9 November 2021.

Valuations at fair value were classified according to a hierarchy of levels reflecting the observability of the valuations input. For further information see the paragraph "A.4 - Information on fair value", Notes to the accounts, Part A - Accounting policies.

Exposures to securities relating to Securitisation transactions

(€ million)

TRANCHING	AMOUNTS AS AT 31.12.2023
Senior	1,018
Mezzanine	11
Junior	-
Total	**1,029**

Information about the shareholding in Banca d'Italia

As at 31 December 2023, UniCredit S.p.A. has a shareholding of 5.0% in the share capital of Banca d'Italia, with a carrying value of €375 million. The current stake is the result of the disposal process started at the end of 2015, when UniCredit S.p.A. owned 22.1% (€1,659 million) of Banca d'Italia share capital.
All the transactions occurred at a consideration corresponding to the carrying value, equal to €7,500 million for a 100% stake. The relevant measurement was therefore confirmed as Level 2 in the fair value classification, even if there were no disposals in 2023.
With regard to the regulatory treatment, the value of the investment, measured at fair value, has a weighting of 100%.

Part B - Balance sheet - Assets

3.2 Financial assets at fair value through other comprehensive income: breakdown by borrowers/issuers

(€ million)

ITEMS/VALUES	AMOUNTS AS AT 31.12.2023	AMOUNTS AS AT 31.12.2022
1. Debt securities	**30,281**	**25,878**
a) Central Banks	-	-
b) Governments and other Public Sector Entities	25,592	22,464
c) Banks	1,711	624
d) Other financial companies	2,127	1,948
of which: insurance companies	-	-
e) Non-financial companies	851	842
2. Equity instruments	**1,355**	**1,043**
a) Banks	463	435
b) Other issuers	892	608
- Other financial companies	776	475
of which: insurance companies	-	*4*
- Non-financial companies	116	133
- Other	-	-
3. Loans and advances	**-**	**-**
a) Central Banks	-	-
b) Governments and other Public Sector Entities	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
Total	**31,636**	**26,921**

The item "2.Equity instruments a) Banks" includes Banca d'Italia stake.

3.3 Financial assets at fair value through other comprehensive income: gross value and total accumulated impairments

(€ million)

	GROSS VALUE					TOTAL ACCUMULATED IMPAIRMENTS				
	STAGE 1	OF WHICH: INSTRUMENTS WITH LOW CREDIT RISK EXEMPTION	STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	STAGE 1	STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	PARTIAL ACCUMULATED WRITE-OFFS(*)
Debt securities	30,251	29,351	100	2	-	70	-	2	-	-
Loans and advances	-	-	-	-	-	-	-	-	-	-
Total 31.12.2023	**30,251**	**29,351**	**100**	**2**	**-**	**70**	**-**	**2**	**-**	**-**
Total 31.12.2022	**25,938**	**24,840**	**-**	**2**	**-**	**60**	**-**	**2**	**-**	**-**

Note:
(*) Value shown for information purposes.

Part B - Balance sheet - Assets

Section 4 - Financial assets at amortised cost - Item 40

4.1 Financial assets at amortised cost: breakdown by product of loans and advances to banks

(€ million)

	AMOUNTS AS AT 31.12.2023						AMOUNTS AS AT 31.12.2022					
	BOOK VALUE			FAIR VALUE			BOOK VALUE			FAIR VALUE		
TYPE OF TRANSACTIONS/VALUES	STAGE 1 AND STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	LEVEL 1	LEVEL 2	LEVEL 3	STAGE 1 AND STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	LEVEL 1	LEVEL 2	LEVEL 3
A. Loans and advances to Central Banks	**1,834**	**-**	**-**	**-**	**-**	**1,834**	**2,303**	**-**	**-**	**-**	**231**	**2,072**
1. Time deposits	-	-	-	X	X	X	-	-	-	X	X	X
2. Compulsory reserves	1,813	-	-	X	X	X	2,056	-	-	X	X	X
3. Reverse repos	-	-	-	X	X	X	230	-	-	X	X	X
4. Other	21	-	-	X	X	X	17	-	-	X	X	X
B. Loans and advances to banks	**32,415**	**-**	**-**	**4,534**	**19,252**	**8,457**	**28,953**	**-**	**-**	**4,523**	**14,969**	**8,869**
1. Loans	16,091	-	-	-	12,256	3,679	14,721	-	-	-	9,207	5,473
1.1 Current accounts	-	-	-	X	X	X	-	-	-	X	X	X
1.2 Time deposits	394	-	-	X	X	X	790	-	-	X	X	X
1.3 Other loans	15,697	-	-	X	X	X	13,931	-	-	X	X	X
- Reverse repos	11,730	-	-	X	X	X	7,679	-	-	X	X	X
- Lease Loans	17	-	-	X	X	X	17	-	-	X	X	X
- Other	3,950	-	-	X	X	X	6,235	-	-	X	X	X
2. Debt securities	16,324	-	-	4,534	6,996	4,778	14,232	-	-	4,523	5,762	3,396
2.1 Structured	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Other	16,324	-	-	4,534	6,996	4,778	14,232	-	-	4,523	5,762	3,396
Total	**34,249**	**-**	**-**	**4,534**	**19,252**	**10,291**	**31,256**	**-**	**-**	**4,523**	**15,200**	**10,941**
Total Level 1, Level 2 and Level 3						**34,077**						**30,664**

Loans and Advances with Central Banks include into compulsory reserve temporary retained liquidity to be invested in a short term.
Into Loans and advances to banks, debt securities increase due to purchases of bonds mainly issued by legal entities belonging to the Group.

Loans and receivables with banks are not managed on the basis of their fair value, which is only shown in order to meet financial disclosure requirements. Fair value measurements have been classified according to a hierarchy of levels reflecting the observability of the valuations input. For further information refer to the paragraph “A.4 - Information on fair value”, Notes to the accounts, Part A - Accounting policies.

It should be noted that securities lending transactions collateralised by other securities or not collateralised are shown under “off-Balance sheet” exposures in table reported in the paragraph “A.1.6 On and off-Balance sheet credit exposure with banks: gross and net values”, Notes to the accounts, Part E - Information on risks and related hedging policies, Section 1 - Credit risk, A. Credit quality, Quantitative information.

Part B - Balance sheet - Assets

4.2 Financial assets at amortised cost: breakdown by product of loans and advances to customers

(€ million)

TYPE OF TRANSACTIONS/VALUES	AMOUNTS AS AT 31.12.2023						AMOUNTS AS AT 31.12.2022					
	BOOK VALUE			FAIR VALUE			BOOK VALUE			FAIR VALUE		
	STAGE 1 AND STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	LEVEL 1	LEVEL 2	LEVEL 3	STAGE 1 AND STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	LEVEL 1	LEVEL 2	LEVEL 3
1. Loans	**170,331**	**2,195**	**-**	**-**	**62,177**	**106,075**	**189,201**	**2,571**	**-**	**-**	**84,211**	**101,753**
1.1 Current accounts	5,663	160	-	X	X	X	6,828	146	-	X	X	X
1.2 Reverse repos	18,965	-	-	X	X	X	22,119	-	-	X	X	X
1.3 Mortgages	90,800	1,306	-	X	X	X	100,424	1,578	-	X	X	X
1.4 Credit cards and personal loans, including wage assignment	12,428	143	-	X	X	X	11,484	166	-	X	X	X
1.5 Lease loans	68	-	-	X	X	X	26	-	-	X	X	X
1.6 Factoring	152	2	-	X	X	X	162	2	-	X	X	X
1.7 Other loans	42,255	584	-	X	X	X	48,158	679	-	X	X	X
2. Debt securities	**35,049**	**1**	**-**	**33,249**	**347**	**1,412**	**36,649**	**-**	**-**	**34,024**	**334**	**1,969**
2.1 Structured securities	71	1	-	-	-	75	83	-	-	-	-	83
2.2 Other debt securities	34,978	-	-	33,249	347	1,337	36,566	-	-	34,024	334	1,886
Total	**205,380**	**2,196**	**-**	**33,249**	**62,524**	**107,487**	**225,850**	**2,571**	**-**	**34,024**	**84,545**	**103,722**
Total Level 1, Level 2 and Level 3						**203,260**						**222,291**

The decrease of impaired loans to customers (Stage 3) is mainly due to the sale initiatives carried out during the 2023.
For further information refer to Section 1 - Credit risk, Qualitative information, Notes to the accounts, Part E - Information on risks and related hedging policies.

Debt securities decrease due to buy, sell and maturity dynamic, mainly in bonds issued by Governments.
The item “2.2 Other debt securities" include securities related to securitisation transactions shown in the following table.

It should be noted that during the period, the sales performed out of Item “40. Financial assets at amortised cost” have been non-significant being below the threshold established internally.

The fair value of impaired loans was estimated by considering that the realizable value expressed by the net book value is the best estimate of the future expected cash flows discounted at the valuation date, further adjusted to incorporate, when available, a premium derived from significant market’s transaction for similar instruments. According to this assumption, impaired loans were classified as Level 3 in the fair value hierarchy.

Loans and receivables with customers are not managed on the basis of their fair value, which is only shown in order to meet disclosure requirements. Fair value measurements have been classified according to a hierarchy of levels reflection the observability of the valuations input. For further information refer to the paragraph “A.4 - Information on fair value”, Notes to the accounts, Part A - Accounting policies.

Exposures to securities relating to Securitisation transactions

(€ million)

TRANCHING	AMOUNTS AS AT 31.12.2023
Senior	947
Mezzanine	-
Junior	-
Total	**947**

Part B - Balance sheet - Assets

4.3 Financial assets at amortised cost: breakdown by borrowers/issuers of loans and advances to customers

(€ million)

TYPE OF TRANSACTIONS/VALUES	AMOUNTS AS AT 31.12.2023			AMOUNTS AS AT 31.12.2022		
	STAGE 1 OR STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	STAGE 1 OR STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS
1. Debt securities	**35,049**	**1**	**-**	**36,649**	**-**	**-**
a) Governments and other Public Sector Entities	32,107	-	-	32,368	-	-
b) Other financial companies	1,199	-	-	1,826	-	-
of which: insurance companies	-	-	-	-	-	-
c) Non-financial companies	1,743	1	-	2,455	-	-
2. Loans	**170,331**	**2,195**	**-**	**189,201**	**2,571**	**-**
a) Governments and other Public Sector Entities	3,368	201	-	3,600	200	-
b) Other financial companies	44,287	5	-	49,327	66	-
of which: insurance companies	*220*	-	-	*145*	-	-
c) Non-financial companies	63,014	1,168	-	72,932	1,323	-
d) Households	59,662	821	-	63,342	982	-
Total	**205,380**	**2,196**	**-**	**225,850**	**2,571**	**-**

4.4 Financial assets at amortised cost: gross value and total accumulated impairments

(€ million)

	GROSS VALUE					TOTAL ACCUMULATED IMPAIRMENTS				PARTIAL ACCUMULATED WRITE-OFFS(*)
	STAGE 1									
		OF WHICH: INSTRUMENTS WITH LOW CREDIT RISK EXEMPTION	STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	STAGE 1	STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	
1. Debt securities	51,055	49,647	331	2	-	6	7	-	-	-
2. Loans	169,810	62,345	20,307	4,306	-	316	1,545	2,112	-	434
Total 31.12.2023	**220,865**	**111,992**	**20,638**	**4,308**	**-**	**322**	**1,552**	**2,112**	**-**	**434**
Total 31.12.2022	**229,563**	**104,503**	**30,298**	**4,938**	**-**	**716**	**2,039**	**2,367**	**-**	**775**

Note:
(*) Value shown for information purposes.

For additional information on this section refer to the paragraph "A. Credit quality", Note to the accounts, Part E - Information on risks and related hedging policies, Quantitative information.

4.4a Financial assets at amortised cost subject to Covid-19 measures: gross value and total accumulated impairments

(€ million)

	GROSS VALUE					TOTAL ACCUMULATED IMPAIRMENTS				PARTIAL ACCUMULATED WRITE-OFFS(*)
	STAGE 1									
		OF WHICH: INSTRUMENTS WITH LOW CREDIT RISK EXEMPTION	STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT IMPAIRED	STAGE 1	STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT IMPAIRED	
Loans guaranteed by public guarantee Covid 19	11,674	-	2,642	358	-	6	8	83	-	-
Total 31.12.2023	**11,674**	**-**	**2,642**	**358**	**-**	**6**	**8**	**83**	**-**	**-**
Total 31.12.2022	**16,807**	**-**	**4,702**	**300**	**-**	**10**	**17**	**81**	**-**	**-**

Part B - Balance sheet - Assets

Section 5 - Hedging derivatives - Item 50

5.1 Hedging derivatives: breakdown by hedged risk and fair value hierarchy

(€ million)

	AMOUNTS AS AT 31.12.2023				AMOUNTS AS AT 31.12.2022			
	FAIR VALUE			NOTIONAL AMOUNT	FAIR VALUE			NOTIONAL AMOUNT
	LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3	
A. Financial derivatives	**81**	**10,758**	**4**	**236,312**	**177**	**13,564**	**-**	**252,457**
1) Fair value	81	9,060	-	221,390	177	11,792	-	235,255
2) Cash flows	-	1,698	4	14,922	-	1,772	-	17,202
3) Net investment in foreign subsidiaries	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**81**	**10,758**	**4**	**236,312**	**177**	**13,564**	**-**	**252,457**
Total Level 1, Level 2 and Level 3			**10,843**				**13,741**	

Fair value evolution of outstanding derivatives, further to volumes, is also influenced by the dynamic of interest rates.
Valuations at fair value were classified according to a hierarchy of levels reflecting the observability of the inputs used in the measurements.
For further information refer to paragraph “A.4 - Information on fair value”, Notes to the accounts, Part A - Accounting policies.

5.2 Hedging derivatives: composition for covered portfolios and by type of hedging

(€ million)

	AMOUNTS AS AT 31.12.2023									
	FAIR VALUE							CASH FLOW		
	MICRO-HEDGE									
TRANSACTIONS/TYPE OF HEDGES	DEBT SECURITIES AND INTEREST RATES RISK	EQUITY INSTRUMENTS AND EQUITY INDICES RISK	CURRENCY AND GOLD	CREDIT RISK	COMMODITIES	OTHERS	MACRO-HEDGE	MICRO-HEDGE	MACRO-HEDGE	FOREIGN INVESTMENTS
1. Financial assets at fair value through other comprehensive income	701	-	-	-	X	X	X	-	X	X
2. Financial assets at amortised cost	3,554	X	-	-	X	X	X	-	X	X
3. Portfolio	X	X	X	X	X	X	3,373	X	1,287	X
4. Other transactions	-	-	2	-	-	-	X	-	X	-
Total assets	**4,255**	**-**	**2**	**-**	**-**	**-**	**3,373**	**-**	**1,287**	**-**
1. Financial liabilities	-	X	-	-	-	-	X	-	X	X
2. Portfolio	X	X	X	X	X	X	1,511	X	415	X
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**1,511**	**-**	**415**	**-**
1. Expected transactions	X	X	X	X	X	X	X	-	X	X
2. Financial assets and liabilities portfolio	X	X	X	X	X	X	-	X	-	-

Part B - Balance sheet - Assets

Section 6 - Changes in fair value of portfolio hedged items - Item 60

6.1 Changes to macro-hedged financial assets: breakdown by hedged portfolio

(€ million)

CHANGES TO HEDGED ASSETS/GROUP COMPONENTS	AMOUNTS AS AT	
	31.12.2023	31.12.2022
1. Positive changes	**1,153**	**1,139**
1.1 Of specific portfolios	26	-
a) Financial assets at amortised cost	26	-
b) Financial assets at fair value through other comprehensive income	-	-
1.2 Overall	1,127	1,139
2. Negative changes	**3,109**	**5,100**
2.1 Of specific portfolios	141	-
a) Financial assets at amortised cost	141	-
b) Financial assets at fair value through other comprehensive income	-	-
2.2 Overall	2,968	5,100
Total	**(1,956)**	**(3,961)**

Change in the item is attributable to the evolution of hedged volumes and markets interest rate curves.

Part B - Balance sheet - Assets

Section 7 - Equity investments - Item 70

7.1 Equity: information on shareholder's equity

COMPANY NAME		MAIN OFFICE LEGAL	MAIN OFFICE OPERATIVE(*)	EQUITY %	VOTING RIGHTS %
A. Subsidiaries					
1	ANTHEMIS EVO LLP	LONDON	LONDON	99.99%	100.00%
2	AO UNICREDIT BANK	MOSCOW	MOSCOW	100.00%	
3	CORDUSIO SOCIETA' FIDUCIARIA PER AZIONI	MILAN	MILAN	100.00%	
4	EBS FINANCE S.R.L.	MILAN	MILAN	100.00%	
5	NUOVA COMPAGNIA DI PARTECIPAZIONI SPA	ROME	ROME	100.00%	
6	PAI (BERMUDA) LIMITED	HAMILTON	HAMILTON	100.00%	
7	PAI MANAGEMENT LTD	DUBLIN	DUBLIN	100.00%	
8	PIRTA VERWALTUNGS GMBH	VIENNA	VIENNA	100.00%	
9	UNICREDIT BANK A.D. BANJA LUKA	BANJA LUKA	BANJA LUKA	99.63%	
10	UNICREDIT BANK AUSTRIA AG	VIENNA	VIENNA	100.00%	
11	UNICREDIT BANK CZECH REPUBLIC AND SLOVAKIA, A.S.	PRAGUE	PRAGUE	100.00%	
12	UNICREDIT BANK GMBH	MUNICH	MUNICH	100.00%	
13	UNICREDIT BANK HUNGARY ZRT.	BUDAPEST	BUDAPEST	100.00%	
14	UNICREDIT BANK S.A.	BUCHAREST	BUCHAREST	98.63%	
15	UNICREDIT BANK SERBIA JSC	BELGRADE	BELGRADE	100.00%	
16	UNICREDIT BANKA SLOVENIJA D.D.	LJUBLJANA	LJUBLJANA	100.00%	
17	UNICREDIT BPC MORTGAGE S.R.L.	VERONA	VERONA	60.00%	
18	UNICREDIT BULBANK AD	SOFIA	SOFIA	99.45%	
19	UNICREDIT CONSUMER FINANCING IFN S.A.	BUCHAREST	BUCHAREST	49.90%	
20	UNICREDIT FACTORING SPA	MILAN	MILAN	100.00%	
21	UNICREDIT GLOBAL LEASING EXPORT GMBH	VIENNA	VIENNA	100.00%	
22	UNICREDIT INTERNATIONAL BANK (LUXEMBOURG) SA	LUXEMBOURG	LUXEMBOURG	100.00%	
23	UNICREDIT LEASING SPA	MILAN	MILAN	100.00%	
24	UNICREDIT MYAGENTS SRL	BOLOGNA	BOLOGNA	100.00%	
25	UNICREDIT OBG S.R.L.	VERONA	VERONA	60.00%	
26	UNICREDIT SERVICES GMBH	VIENNA	VIENNA	100.00%	
27	UNICREDIT SUBITO CASA SPA	MILAN	MILAN	100.00%	
28	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	VIENNA	VIENNA	100.00%	
29	VISCONTI SRL	MILAN	MILAN	76.00%	
30	ZAGREBACKA BANKA D.D.	ZAGREB	ZAGREB	96.19%	

Part B - Balance sheet - Assets

continued: 7.1 Equity: information on shareholder's equity

COMPANY NAME		MAIN OFFICE LEGAL	MAIN OFFICE OPERATIVE(*)	EQUITY %	VOTING RIGHTS %
C. Companies under significant influence					
1	ASSET BANCARI II	MILAN	MILAN	21.55%	
2	CAMFIN S.P.A.	MILAN	MILAN	8.53%	15.82%
3	CNP UNICREDIT VITA S.P.A.	MILAN	MILAN	49.00%	
4	COMPAGNIA AEREA ITALIANA S.P.A.	ROME	ROME	36.59%	
5	EUROPROGETTI & FINANZA S.R.L. IN LIQUIDAZIONE	ROME	ROME	39.79%	
6	INCONTRA ASSICURAZIONI S.P.A.	MILAN	MILAN	50.00%	
7	UNICREDIT ALLIANZ ASSICURAZIONI S.P.A.	MILAN	MILAN	50.00%	
8	UNICREDIT ALLIANZ VITA S.P.A.	MILAN	MILAN	50.00%	
9	UNIQLEGAL SOCIETA' TRA AVVOCATI PER AZIONI	MILAN	MILAN	9.00%	
10	VALUE TRANSFORMATION SERVICES SPA	VERONA	VERONA	49.00%	

Notes:
(*) Also meaning the administrative office.
UNICREDIT BANK AUSTRIA AG: A fractional share is held by third parties.
UNICREDIT CONSUMER FINANCING IFN S.A.: The remaining share of 50.10% is held indirectly by UniCredit Bank S.A.
ASSET BANCARI II: It is a real estate closed-end investment fund.

With reference to section “B. Companies subject to joint control”, UniCredit S.p.A. does not hold stakes in jointly controlled companies.

Valuation of investment in subsidiaries

The investments are individually tested for impairment in accordance with the provisions of IAS36. When the conditions provided for therein apply, their recovery value is determined, meant as the higher of their "fair value" and "value in use" (the latter determined by discounting the cash flows at a rate that takes account of the current market rates and the specific risks of the asset or using other commonly accepted valuation criteria and methods suitable for the correct valuation of the investment). If the recovery value is lower than the carrying amount, the latter is consequently reduced by allocating the corresponding impairment loss to the Income statement.

On the basis of the above impairment loss has been recognised in subsidiaries, including: AO UniCredit Bank (-€198 million), Nuova Compagnia di Partecipazioni S.p.A. (-€25 million), Anthemis Evo Llp (-€14 million), UniCredit Turn Around Management Cee Gmbh (-€4 million). Further, some write-ups have been recognised, including: UniCredit Bank Austria AG (€3,917 million), UniCredit Leasing S.p.A. (€179 million), UniCredit International Luxembourg S.A. (€3 million), Pioneer Alternative Investment Management Ltd (€8 million).

Part B - Balance sheet - Assets

The item Equity investments is equal to €42,517 million of which €753 million related to investments in associates and €41,765 million related to investments in subsidiaries.

In accordance with the IAS27 principle these investments are held at cost net of impairment losses determined in compliance with the IAS36 principle. According to this International Accounting Standard, equity investments must be subject to an impairment test whenever there is objective evidence that events have taken place which may have decreased their value. According to the relevant standard, the impairment test shall be carried out by comparing the carrying amount of each equity investments with its recoverable amount. If the latter value is found to be lower than the carrying amount an impairment must be recognised. On the contrary, should the recoverable amount be found to be higher than the carrying amount, the latter cannot be modified unless an impairment was recognised in previous periods. In this case, a reversal of previous impairment must be recognised for the difference between the recoverable amount and carrying amount and the reversal cannot exceed impairment recognised in previous periods.

With reference to investments in subsidiaries, it should be noted that the recoverable amount is generally determined through the discounting of future cash flows at an appropriate discount rate as explained in the section “Estimating cash flows to determine the value in use of investments in subsidiaries”.
For some investments, the future cash flows expected to be received from the subsidiary are not deemed to be appropriate for the computation of the recoverable amount, generally due to the fact that their contribution to Group profitability is not expected to take place through the distribution of dividends but rather through the provision of specific services to other companies in the Group with the aim of reducing the costs that these companies incur into in order to perform their business. In cases such as these the recoverable amount has been generally determined based on the net equity of the investment.
On 31 December 2023 net write backs were recognised on investments in subsidiaries for €3,867 million, due to the write backs recognised mainly on UniCredit Bank Austria AG, UniCredit Leasing and, for a not material amount, on UniCredit International Bank (Luxembourg) which have been marginally offset by write-downs recognised mainly on AO UniCredit Bank, Anthemis EVO LLP and Nuova Compagnia di Partecipazioni.

With reference to investments in associates net reversal for €1 million was recognised.

Estimating cash flows to determine the value in use of investments in subsidiaries

Projections
The set of projections employed for the impairment test of investments in subsidiaries as at 31 December 2023 was based around two alternative scenarios, to reflect the volatility and uncertainty underlying the current macroeconomic environment. The two scenarios were articulated as follows and were weighted respectively for 60% and 40%:
- “Baseline” scenario based on the financial forecasts (Net Profit and RWEA) underlying the 2024 budget and the 2025 and 2026 multi-year projections;
- “Adverse” scenario less favourable than the “Baseline” scenario, reflecting lowered 2024-2026 macroeconomic forecasts to take into account the higher risks part of the current uncertain context.

For a description of the assumptions underlying the “Baseline” and “Adverse” scenarios refer to the paragraph “Section 2 - General preparation criteria” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part A - Accounting policies.

Part B - Balance sheet - Assets

Impairment test model
The calculation of the value in use for impairment testing purposes was carried out using a Dividend Discount Model (DDM). The free cash flows to equity were determined by subtracting from Net Profit (gross of minority interests) the annual capital requirement generated by changes in risk-weighted exposure amounts (RWEA). The capital requirement is defined as the level of capitalisation that the Group aims to achieve in the long term, also in light of the minimum regulatory capital requirements currently in place.

The DDM model employed is based on three stages with an explicit forecast period, an intermediate period and a terminal value. Due to the employment of the two scenarios described above the model was set-up in different ways in the various stages.

PERIOD	"BASELINE" SCENARIO	“ADVERSE” SCENARIO
Explicit forecast (2024 - 2026)	Financial forecasts underlying the 2024 budget and the 2025, 2026 multi-year projections	Financial forecasts derived from the macroeconomic scenario underlying the “Adverse” scenario.
Intermediate (2027 - 2031)	Financial projections extrapolated by applying to the last year of the explicit forecast period (2026) growth rates converging to that of the “terminal value”. The application of an intermediate period aims to allow a normalisation in the nominal growth rate of Net Profit and RWEA before their convergence to terminal value, since the Group operates in different geographical areas and business segments and these are characterised by different risk profiles and growth prospects. For subsidiaries in Italy, Germany and Austria the growth rates for the intermediate period are defined considering a conservative cap.	Financial projections extrapolated by applying to the last year of the explicit forecast period (2026) a fixed growth rate equal to the nominal long term growth rate.
Terminal value	Derived through a nominal long term growth rate of 2%. The average growth rate of real GDP in the Eurozone from 2002 to 2022 was 1.2%. The nominal rate of 2%, corresponding to approximately 0% in real terms, was chosen for cautionary reasons.	Derived through a nominal long term growth rate of 2%.

With reference to the persisting geo-political context in Russia, a specific adjustment has been made to the financial flows present in the DDM model used for the AO UniCredit Bank shareholding. In particular, in light of recent authorisation from competent Authorities from Russian Federation on the payment of a cash dividend during the fourth quarter 2023 for an amount equal to ca. 25% of the Net Profit 2022 and of the expectation to receive further authorisation for the same amount during the first quarter 2024, it has been defined an hypothesis which foresees dividend payment for 2024 and 2025 within the limits of the 50% “pay-out ratio”, as foreseen from the financial projections underlying the strategic plan. In a conservative view, for the distribution of the excess capital an hypothesis was defined which foresees to start paying from 2026 in the “Baseline” scenario and in 2031 in the “Adverse” scenario, differently from the standard approach which would foresee distribution in 2024, considering the persisting uncertainties on the possibility to distribute further dividends to the ones already authorised and presumably authorizable from competent Authorities. In addition, it was considered a nominal growth rate of 0% for the terminal value.

Discount rates and regulatory capital targets
Future financial flows were discounted using an estimate of the discount rate incorporating in the cost of equity the various risk factors linked to each business sector. This discount rate is a nominal rate, net of taxes.
In particular, the cost of equity for each subsidiary in the “Mild recession” scenario is assessed with the Capital Asset Pricing Model as the sum of the following items:
- Risk Free Rate: equal to the expected one-year average yield of the benchmark government bond of the reference country (local currency approach, maturity: 10 years), alternative references are used for countries lacking appropriate government issuances;
- Equity Risk Premium: given by the product of the following items:
  - UniCredit Beta (β): measures the sensitivity of UniCredit shares to variations in the reference market, assessed over a 5 year period;
  - Market Risk Premium: estimated by Professor Damodaran as the difference between the return of US stock and bond markets since 1928 (geometric mean).

A further parameter used to determine the initial allocated capital and its evolution over time is the Common Equity Tier 1 ratio target. A target Common Equity Tier 1 ratio coherent with the Group target was employed for all subsidiaries.

Part B - Balance sheet - Assets

Results of the impairment test
The results of the two scenarios were weighted differently to reflect their different probability of taking place. Specifically, the results from the “Baseline” scenario, considered the most probable scenario, were weighted at 60% while the “Adverse” scenario was weighted at 40%.

The investment in subsidiaries impairment test performed in the 2023 period led to a write-up of €3.388 million. The table below shows the result of the test for the subsidiaries with carrying value before the test above €1 billion, plus AO UniCredit Bank.

(€ million)

COMPANY NAME	CARRYING AMOUNT AS AT 31 DECEMBER 2022	IMPAIRMENT/REVERSAL OF IMPAIRMENT FOLLOWING THE IMPAIRMENT TEST	CARRYING AMOUNT AFTER THE IMPAIRMENT TEST
UNICREDIT BANK GMBH	19,191	-	19,191
UNICREDIT BANK AUSTRIA AG	9,125	3,297	12,422
UNICREDIT BANK CZECH REPUBLIC AND SLOVAKIA	2,029	-	2,029
AO UNICREDIT BANK	874	(47)	826
ZAGREBACKA BANKA D.D. ZAGREB	2,043	-	2,043
UNICREDIT BULBANK AD	1,291	-	1,291

It must be underlined that the parameters and information used to verify the recoverability of carrying values (in particular the expected cash flows for the various subsidiaries, and the discount rates applied) are significantly influenced by the macroeconomic and market situation, which may be subject to changes which are not currently predictable. In the coming reporting periods the effect of such changes, alongside potential changes in corporate strategies, could therefore lead to a review of the estimated cash flows of the various subsidiaries and of the assumptions on the main financial parameters (discount rates, expected growth rates, Common Equity Tier 1 ratio, etc.) and these could impact the results of future impairment tests.

Sensitivity analysis
Following the employment of two scenarios for the impairment test of investments in subsidiaries as at 31 December 2023, an analysis on the sensitivity of the test result to changes in the weights of the two scenarios was carried out. The results of this analysis for subsidiaries with carrying value before the test above €1 billion are reported below.

(€ million)

COMPANY NAME	CHANGE IN THE IMPAIRMENT/REVERSAL OF IMPAIRMENT OF THE SUBSIDIARY WITH AN INCREASE OF 5% IN THE WEIGHT OF THE “BASE” SCENARIO
UNICREDIT BANK GMBH	-
UNICREDIT BANK AUSTRIA AG	69
UNICREDIT BANK CZECH REPUBLIC AND SLOVAKIA	-
AO UNICREDIT BANK	35
ZAGREBACKA BANKA D.D. ZAGREB	-
UNICREDIT BULBANK AD	-

Part B - Balance sheet - Assets

7.5 Equity investments: annual changes

(€ million)

	CHANGES IN	
	2023	2022
A. Opening balance	**38,569**	**38,729**
B. Increases	**4,271**	**2,342**
of which: business combinations	*-*	*53*
B.1 Purchases	95	433
B.2 Write-backs	4,131	1,761
B.3 Revaluation	-	-
B.4 Other changes	45	148
C. Decreases	**323**	**2,502**
of which: business combinations	*3*	*376*
C.1 Sales	81	379
C.2 Write-downs	242	1,937
C.3 Impairment	-	-
C.4 Other changes	-	186
D. Closing balance	**42,517**	**38,569**
E. Total revaluation	**-**	**-**
F. Total write-downs	**6,738**	**10,612**

Part B - Balance sheet - Assets

Section 8 - Property, plant and equipment - Item 80

With reference to the description of effects produced by update of appraisals conducted for fair value evaluation of respective assets, reference is made to the paragraph “Section 9 - Property, plant and equipment - item 90” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part B - Consolidated balance sheet - Assets, which is herewith quoted entirely for the information related to UniCredit S.p.A.

8.1 Property, plant and equipment used in the business: breakdown of assets carried at cost

(€ million)

ASSETS/VALUES	AMOUNTS AS AT 31.12.2023	AMOUNTS AS AT 31.12.2022
1. Owned assets	**421**	**424**
a) Land	-	-
b) Buildings	-	-
c) Office furniture and fitting	48	48
d) Electronic systems	317	311
e) Other	56	65
2. Right of use of Leased Assets	**771**	**910**
a) Land	-	-
b) Buildings	759	902
c) Office furniture and fitting	-	-
d) Electronic systems	-	-
e) Other	12	8
Total	**1,192**	**1,334**
of which: obtained by the enforcement of collateral	-	-

8.2 Property, plant and equipment held for investment: breakdown of assets carried at cost

No data to be disclosed.

Part B - Balance sheet - Assets

8.3 Property, plant and equipment used in the business: breakdown of revalued assets

(€ million)

ASSETS/VALUES	AMOUNTS AS AT 31.12.2023			AMOUNTS AS AT 31.12.2022		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Owned assets	**-**	**-**	**2,276**	**-**	**-**	**2,388**
a) Land	-	-	820	-	-	863
b) Buildings	-	-	1,456	-	-	1,525
c) Office furniture and fitting	-	-	-	-	-	-
d) Electronic systems	-	-	-	-	-	-
e) Other	-	-	-	-	-	-
2. Right of use of Leased Assets	**-**	**-**	**-**	**-**	**-**	**-**
a) Land	-	-	-	-	-	-
b) Buildings	-	-	-	-	-	-
c) Office furniture and fitting	-	-	-	-	-	-
d) Electronic systems	-	-	-	-	-	-
e) Other	-	-	-	-	-	-
Total	**-**	**-**	**2,276**	**-**	**-**	**2,388**
of which: obtained by the enforcement of collateral	-	-	-	-	-	-
Total Level 1, Level 2 and Level 3			**2,276**			**2,388**

8.4 Property, plant and equipment held for investment: breakdown of assets designated at fair value

(€ million)

ASSETS/VALUES	AMOUNTS AS AT 31.12.2023			AMOUNTS AS AT 31.12.2022		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Owned assets	**-**	**-**	**262**	**-**	**-**	**189**
a) Land	-	-	85	-	-	63
b) Buildings	-	-	177	-	-	126
2. Right of use of Leased Assets	**-**	**-**	**-**	**-**	**-**	**-**
a) Land	-	-	-	-	-	-
b) Buildings	-	-	-	-	-	-
Total	**-**	**-**	**262**	**-**	**-**	**189**
of which: obtained by the enforcement of collateral	-	-	-	-	-	-
Total Level 1, Level 2 and Level 3			**262**			**189**

8.5 Inventories of tangible assets regulated by IAS2: breakdown

The Company does not have tangible assets to be recorded according to IAS2.

Part B - Balance sheet - Assets

8.6 Tangible assets used in the business: annual changes

(€ million)

	CHANGES IN 2023					
	LANDS	BUILDINGS	OFFICE FURNITURE AND FITTINGS	ELECTRONIC SYSTEMS	OTHER	TOTAL
A. Gross opening balance	**863**	**3,891**	**710**	**2,151**	**494**	**8,109**
A.1 Total net reduction in value	-	(1,464)	(662)	(1,839)	(422)	(4,387)
A.2 Net opening balance	863	2,427	48	312	72	3,722
B. Increases	**22**	**443**	**9**	**97**	**21**	**592**
B.1 Purchases	1	317	8	97	21	444
of which: business combinations	-	-	-	-	-	-
B.2 Capitalised expenditure on improvements	-	31	-	-	-	31
B.3 Write-backs	-	17	-	-	-	17
B.4 Increases in fair value	17	39	-	-	-	56
a) In equity	10	35	-	-	-	45
b) Through profit or loss	7	4	-	-	-	11
B.5 Positive exchange differences	-	-	-	-	-	-
B.6 Transfer from properties held for investment	4	5	X	X	X	9
B.7 Other changes	-	34	1	-	-	35
C. Reductions	**65**	**655**	**9**	**92**	**25**	**846**
C.1 Disposals	-	237	-	1	-	238
of which: business combinations	-	-	-	-	-	-
C.2 Depreciation	-	210	9	89	22	330
C.3 Impairment losses	-	54	-	1	-	55
a) In equity	-	-	-	-	-	-
b) Through profit or loss	-	54	-	1	-	55
C.4 Reduction of fair value	27	29	-	-	-	56
a) In equity	15	23	-	-	-	38
b) Through profit or loss	12	6	-	-	-	18
C.5 Negative exchange differences	-	-	-	-	-	-
C.6 Transfer to	38	80	-	-	-	118
a) Property, plant and equipment held for investment	38	80	X	X	X	118
b) Non-current assets and disposal groups classified as held for sale	-	-	-	-	-	-
C.7 Other changes	-	45	-	1	3	49
D. Net final balance	**820**	**2,215**	**48**	**317**	**68**	**3,468**
D.1 Total net reduction in value	-	(1,506)	(668)	(1,881)	(421)	(4,476)
D.2 Gross closing balance	820	3,721	716	2,198	489	7,944
E. Carried at cost	**668**	**852**	**-**	**-**	**-**	**1,520**

Part B - Balance sheet - Assets

8.7 Tangible assets held for investment: annual changes

(€ million)

	CHANGES IN 2023		
	LANDS	BUILDINGS	TOTAL
A. Opening balances	**63**	**126**	**189**
B. Increases	**39**	**87**	**126**
B.1 Purchases	-	-	-
of which: business combinations	-	-	-
B.2 Capitalised expenditure on improvements	-	2	2
B.3 Increases in fair value	1	5	6
B.4 Write-backs	-	-	-
B.5 Positive exchange differences	-	-	-
B.6 Transfer from properties used in the business	38	80	118
B.7 Other changes	-	-	-
C. Reductions	**17**	**36**	**53**
C.1 Disposals	-	-	-
of which: business combinations	-	-	-
C.2 Depreciation	-	-	-
C.3 Reductions in fair value	3	15	18
C.4 Impairment losses	-	-	-
C.5 Negative exchange differences	-	-	-
C.6 Transfer to	14	21	35
a) Properties used in the business	4	5	9
b) Non-current assets and disposal groups classified as held for sale	10	16	26
C.7 Other changes	-	-	-
D. Closing balances	**85**	**177**	**262**
E. Measured at fair value	**-**	**-**	**-**

8.8 Inventories of tangible assets regulated by IAS2: annual changes

No data to be disclosed.

8.9 Commitments to purchase property, plant and equipment

At Financial Statement date, Commitments for the purchase of tangible assets do not exist.

Section 9 - Intangible assets - Item 90

9.1 Intangible assets: breakdown by asset type

(€ million)

ASSETS/VALUES	AMOUNTS AS AT 31.12.2023		AMOUNTS AS AT 31.12.2022	
	FINITE LIFE	INDEFINITE LIFE	FINITE LIFE	INDEFINITE LIFE
A.1 Goodwill	**X**	**-**	**X**	**-**
A.2 Other intangible assets	**1,580**	**-**	**1,641**	**-**
of which: software	*1,580*	-	*1,641*	-
A.2.1 Assets carried at cost	1,580	-	1,641	-
a) Intangible assets generated internally	1,424	-	1,456	-
b) Other assets	156	-	185	-
A.2.2 Assets measured at fair value	-	-	-	-
a) Intangible assets generated internally	-	-	-	-
b) Other assets	-	-	-	-
Total	**1,580**	**-**	**1,641**	**-**
Total finite and indefinite life		**1,580**		**1,641**

Part B - Balance sheet - Assets

9.2 Intangible assets: annual changes

(€ million)

	CHANGES IN 2023					
		OTHER INTANGIBLE ASSETS				
		GENERATED INTERNALLY		OTHER		
	GOODWILL	FINITE LIFE	INDEFINITE LIFE	FINITE LIFE	INDEFINITE LIFE	TOTAL
A. Gross opening balance	**7,710**	**4,142**	**-**	**1,932**	**-**	**13,784**
A.1 Total net reduction in value	(7,710)	(2,686)	-	(1,747)	-	(12,143)
A.2 Net opening balance	**-**	**1,456**	**-**	**185**	**-**	**1,641**
B. Increases	**-**	**355**	**-**	**25**	**-**	**380**
B.1 Purchases	-	-	-	7	-	7
B.2 Increases in intangible assets generated internally	X	355	-	18	-	373
B.3 Write-backs	X	-	-	-	-	-
B.4 Increases in fair value	-	-	-	-	-	-
- In equity	X	-	-	-	-	-
- Through profit or loss	X	-	-	-	-	-
B.5 Positive exchange differences	-	-	-	-	-	-
B.6 Other changes	-	-	-	-	-	-
of which: business combinations	-	-	-	-	-	-
C. Reduction	**-**	**387**	**-**	**54**	**-**	**441**
C.1 Disposals	-	3	-	-	-	3
C.2 Write-downs	-	384	-	52	-	436
- Amortisation	X	320	-	47	-	367
- Write-downs	-	64	-	5	-	69
+ In equity	X	-	-	-	-	-
+ Through profit or loss	-	64	-	5	-	69
C.3 Reduction in fair value	-	-	-	-	-	-
- In equity	X	-	-	-	-	-
- Through profit or loss	X	-	-	-	-	-
C.4 Transfer to non-current assets held for sale	-	-	-	-	-	-
C.5 Negative exchange differences	-	-	-	-	-	-
C.6 Other changes	-	-	-	2	-	2
of which: business combinations	-	*4*	-	-	-	*4*
D. Net closing balance	**-**	**1,424**	**-**	**156**	**-**	**1,580**
D.1 Total net write-down	-	(3,053)	-	(1,793)	-	(4,846)
E. Gross closing balance	**-**	**4,477**	**-**	**1,949**	**-**	**6,426**
F. Carried at cost	**-**	**-**	**-**	**-**	**-**	**-**

The increases mainly include:
- third parties software, whose amount represents capitalized other administrative expenses;
- internally developed software, whose amount represents capitalized personnel costs;
- the remain part consists of licences and software developed by third parties based on technical specifications provided by the Company.

The decreases mainly include:
- depreciation for internally developed software and other software licences;
- impairments on internally developed software.

9.3 Intangible assets: other information

No data to be disclosed.

Part B - Balance sheet - Assets

Section 10 - Tax assets and tax liabilities - Item 100 (Assets) and Item 60 (Liabilities)

10.1 Deferred tax assets: breakdown

(€ million)

	AMOUNTS AS AT	
	31.12.2023	31.12.2022
Deferred tax assets arising from Italian law 214/2011	**4,298**	**5,691**
Deferred tax assets arising from tax losses	**3,552**	**2,638**
Deferred tax assets arising from temporary differences	**1,291**	**1,452**
Financial assets and liabilities (different from loans and deposits)	37	42
Loans and deposits to/from banks and customers	490	591
Hedging and hedged item revaluation	65	84
Property, plant and equipment and intangible assets different from goodwill	100	104
Goodwill and equity investments	-	-
Current assets and liabilities held for sale	-	-
Other assets and Other liabilities	37	1
Provisions, pension funds and similar	562	630
Other	-	-
Accounting offsetting	**(238)**	**(272)**
Total	**8,903**	**9,509**

The item "Deferred tax assets arising from tax losses" also includes the IRAP tax credit deriving from the conversion of the ACE benefit.

10.2 Deferred tax liabilities: breakdown

(€ million)

	AMOUNTS AS AT	
	31.12.2023	31.12.2022
Deferred tax liabilities arising from temporary differences	**238**	**272**
Financial assets and liabilities (different from loans and deposits)	89	87
Loans and deposits to/from banks and customers	-	-
Hedging and hedged item revaluation	57	92
Property, plant and equipment and intangible assets different from goodwill	91	92
Goodwill and equity investments	-	-
Assets and liabilities held for sale	-	-
Other assets and Other liabilities	-	-
Other	1	1
Accounting offsetting	**(238)**	**(272)**
Total	**-**	**-**

Part B - Balance sheet - Assets

Deferred tax assets deriving from Law No.214/2011
The item includes:
- the amount of €1,997 million related to deferred tax assets (for IRES and IRAP) due to the tax release of the value of the equity investments pursuant to Art.23 of D.L. No.98/2011;
- the amount of €812 million related to deferred tax assets (for IRES and IRAP) arising from goodwill tax redemption;
- the amount of €1,489 million related to deferred tax assets (for IRES and IRAP) arising from impairment losses on receivables.

As at 31 December 2023, the total amount of deferred tax assets convertible into tax credits is equal to €4,298 million of which €3,733 million for IRES and €565 million for IRAP.

Deferred tax assets for the carry-forward of unused tax losses - DTA TLCF
The possibility to book DTA TLCF, against future taxable income, implies an estimate of future economic results; this estimate is based on the execution of a sustainability test, in accordance with the provisions of IAS12.

With reference to the Italian tax group perimeter, starting from 31 December 2019, the sustainability test for both IRES and IRAP has been developed on a 10 years-time length, for testing the DTA on TLCF, deemed coherent to assess sufficient taxable base generation to be used for the offsetting of said deferred taxes given: (i) the absence in Italy of legal time-limits for the use of DTAs TLCF, and (ii) a reasonable time limitation given that lengthening of forecast horizon increases the uncertainty.

Considered the 10 years-time horizon and in order to mitigate the effects of the uncertainty inherent the adoption of an approach based also on estimates beyond the plan horizon, a model incorporating a probabilistic component was adopted; in particular, in line with ESMA recommendation issued on 15 July 2019[111], the sustainability test for the determination of future taxable incomes envisages:
- a deterministic approach for the years for which official projections are available;
- a statistical approach for the years beyond official projections; for this purpose, also aiming to adhere to the ESMA recommendation, the projections after the deterministic period rely on a concept of stochastic approach, performed through the Monte-Carlo method.

Furthermore, in line with IAS12, as well as taking into consideration the ESMA document, a confidence interval - which reflects a probability greater than 50% in relation to the expected tax incomes - has been selected.
As per the Group internal regulations, the definition of the confidence interval requires to assess the macroeconomic conditions and the coherence of the forecasted cash flows estimated through the scenario itself; with reference to 2023 test, the following circumstances were observed:
- the economic outlook continues to be surrounded by high uncertainty, especially regarding growth and inflation projections, as confirmed by official sources (e.g., macroeconomic projections and related comments issued by the European Central Bank);
- the market environment continues to be characterized by persistent high level of uncertainty also regarding the rates expectations, and the unclear timing for their normalisation linked to inflation, as well as the potential increase in Banks funding costs (rising pass-through), which represent an additional source of uncertainty and risk for banks' profitability;
- anti-procyclicality of the cash flows vis-à-vis the macroeconomic scenarios, which incorporating the effect of high interest rates and low funding costs do not reflect the negative effects which may be expected from the scenario in the medium-term.

In these circumstances, considering the elements mentioned above, it was appropriate to apply methodological adjustments, better outlined in the next paragraph, among which:
- the application of a higher confidence interval, to reduce the number of positive observations compared to the maximum amounts that can be assumed (also directionally consistent with the scenarios used for other assessments[112]);
- the application of a correction to the variability of the historical series of profits before tax of the sample of European banks, to reduce the effects of anti-procyclicality.

For additional information about uncertainty surrounding the macroeconomic scenario, refer to Part A - Accounting policies, A.1 General, Section 2 - General preparation criteria of the Consolidated accounts.

111 ESMA32-63-743 - Public Statement - Considerations on recognition of deferred tax assets arising from the carryforward of unused tax losses (15 July 2019).
112 For example, when the positive scenario is not taken into account for the determination of multiple scenarios for credit losses estimated.

Part B - Balance sheet - Assets

Regarding the multiyear projections underlying the sustainability test:
- the expected tax base for 2024 was determined in coherence with the budget for year 2024, approved by the Board of Directors during the meeting held on 12 January 2024;
- the expected tax base for the periods 2025 and 2026 were determined according to the projections for such years, acknowledged by the Board of Directors in the same meeting; moreover, were considered in executing the test the updates introduced by, respectively, Legislative Decree N.216 of 2023 and Law no 213 of 30 December 2023, related to the abrogation of ACE regime for the tax period following the one ended on 31 December 2023 and referral of IRES and IRAP deductibility of write downs on losses on loans to customers;
- for determining the Profit before tax for the years 2027-2033: (i) with regards to the 2026 Profit Before Tax utilized as starting base for the following years tax base projections, the positive one-off effects were removed in coherence with ESMA requirement which requires to pay attention to one-time events to assess their repeatability; (ii) the long-term annual growth rate was set at 2%, incorporating an assumption of growth at 0% in real terms, as 2% represents the target rate of price stability[113]; (iii) the nominal future growth rate was set with 4% cap, applied to pre-tax profit for the first year of projections beyond the deterministic period, which leads to consistency with the long-term annual growth rate of 2% through a linear convergence.

Regarding the cash-flows projections used to determine the expected tax results, two macroeconomic scenarios - i.e., “Base” and “Alternative” - were used, and respectively weighted 60% and 40%[114]. With specific reference to the “Alternative” scenario, the methodological adjustments for the years beyond the deterministic period (i.e. beyond 2026), were confirmed assuming a growth rate stable at 2% equal to the European Central Bank target inflation rate.

Regarding the parameters, the following items are worth to be specified:
- with reference to the confidence interval, the implicit years of the test (from 2027 onwards) benefit from the higher interest rate envisaged up to 2026. Nevertheless, interest rates are outside the control of the Bank and there is high uncertainty surrounding their level, as outlined in the previous section, also given the implications stemming from inflation evolution, European Central Bank response and Deposit Beta. Therefore, in line with ESMA recommendations[115] - which indicate that events that cannot be controlled and are still highly uncertain should not be anticipated or considered, and reliability decreases the further out into the future the forecast extends - the following assumptions were adopted, in line with the Internal Regulation: (i) the level of confidence was increased to 80%, as in the mid-range vis-à-vis the remaining confidence percentage (60%/100%); (ii) the interest rates were kept at 2% from 2027 on, in line with the European Central Bank expectations about target inflation;
- the volatility multiplier related to the future taxable profits was kept at 7.3, in line with DTA sustainability test executed as at 31 December 2023, instead of reducing it as per the latest evidence.

Under a quantitative perspective, the sustainability test executed as at 31 December 2023 (for the Italian tax group perimeter by applying the current ordinary tax rate of 24%, and for UniCredit S.p.A. by applying the additional tax rate of 3.5%) resulted in the recognition, through Income statement, of additional DTA TLCF for €913 million, of which €881 million related to the IRES tax rate and €32 million corresponding to the IRES additional tax rate 3.5%. As a result, the amount of DTA TLCF booked is equal to €3,341million (of which €2,700 million deriving from accounting items originated in the Income statement and €641 million from Net equity components).
The amount of DTA TLCF not booked is equal to €549 million of which (i) €344 million (€238 million deriving from accounting items originated in the Income statement and €106 million from Net equity components) related to the 24% IRES ordinary tax rate and (ii) €205 million (€189 million deriving from accounting items originated in the Income statement and €16 million from Net equity components) related to the 3.5% IRES additional tax rate.

Following the sustainability test also an amount of deferred tax assets has been booked for €46 million related to the ACE benefit, deriving from previous years and formerly subject to impairment.

Regarding the sensitivity analysis, disclosed as per ESMA recommendation:
- with reference to the test results derived from the statistical approach, a sensitivity analysis was run on volatility parameter and on confidence interval; the outcomes of such analysis are the following: (i) +0.1 increase of volatility parameter would originate a lower amount of sustainable DTA TLCF equal to €22 million; (ii) -1% decrease in the confidence interval would result in €44 million higher amount of sustainable DTA TLCF;
- with reference to the weight assigned to the scenarios adopted (“Base” and “Alternative”), the analysis pointed out that a +/-5% increase in “Base” scenario weight (meaning 65% weight for “Base” and 35% “Alternative”/55% weight “Base” and 45% “Alternative”) would result in +/- €81 million of sustainable DTA TLCF.

113 The ECB’s Governing Council considers that price stability is best maintained by aiming for a 2% inflation target over the medium term. This target is symmetric, meaning negative and positive deviations of inflation from the target are equally undesirable.” (https://www.ecb.europa.eu/press/pr/date/2021/html/ecb.pr210708~dc78cc4b0d.en.html).
114 Consistently with the evaluation performed for the macro-economic scenario and investments in subsidiaries and in compliance with ESMA Public Statement "European common enforcement priorities for 2023 Annual Financial Reports" which makes reference to its previous 2022 and 2021 public statements recommending, given the uncertainty, the use of multiple scenarios for the impairment of assets.
115 “*When estimating future taxable profit, it is ESMA’s expectation that issuers should not anticipate or consider future events which cannot be controlled by them and are still highly uncertain. These include for example future changes in enacted tax laws or rates*”.

Part B - Balance sheet - Assets

Regarding the regulatory capital, the DTA TLCF write-up is basically neutral given its deduction from the Common Equity Tier 1.

Further risk elements related to the approach above outlined are linked to a possible significant reduction in the tax rate, as well as to any time limits on the recovery of tax assets that may be introduced by changes in the current legislation.

Deferred tax assets from temporary differences
With reference to the deferred tax assets due to temporary differences (€1,502 million booked before the offset against the corresponding deferred tax liabilities), the sustainability test caused the total sustainability of deferred tax assets due to temporary differences, of which: (i) €1,357 million recognised through Income statement and (ii) €145 million recognised through Net equity originated from transactions accrued to Net equity due to IFRS principles.

10.3 Deferred tax assets: annual changes (balancing P&L)

(€ million)

	CHANGES IN	
	2023	2022
1. Opening balance	**8,722**	**8,706**
2. Increases	**1,912**	**1,697**
2.1 Deferred tax assets arisen during the year	1,640	1,303
a) Relating to previous years	171	79
b) Due to change in accounting criteria	-	-
c) Write-backs	980	642
d) Other	489	582
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	272	394
3. Decreases	**2,517**	**1,681**
3.1 Deferred tax assets derecognised during the year	2,044	1,245
a) Reversals of temporary differences	1,930	1,043
b) Write-downs of non-recoverable items	-	114
c) Change in accounting criteria	-	-
d) Other	114	88
3.2 Reduction in tax rates	-	-
3.3 Other decreases	473	436
a) Conversion into tax credit under Italian Law 214/2011	158	164
b) Other	315	272
4. Closing balance	**8,117**	**8,722**

For the portion of deferred tax assets arising from tax losses carried forward to subsequent years, please refer to the table 10.1 of these section of the Notes to the accounts.
The sub-item “2.1 c) Write-backs” reports mainly the effects of the recognition in the Income statement of DTA TLCF arising from the results of the sustainability test; the sub-items “2.3 Other increases” and “3.3 Other decreases” b) Other” include the effect of netting DTA/DTL of previous and current year.

Part B - Balance sheet - Assets

10.3bis Deferred tax assets (Italian Law 214/2011): annual changes

(€ million)

	CHANGES IN	
	2023	2022
1. Opening balance	**5,691**	**6,209**
2. Increases	**4**	**16**
3. Decreases	**1,397**	**534**
3.1 Reversals of temporary differences	1,239	370
3.2 Conversion into tax credits	158	164
a) Due to loss positions arisen from P&L	-	-
b) Due to tax losses	158	164
3.3 Other decreases	-	-
4. Closing balance	**4,298**	**5,691**

In accordance with the Circular No.262 of 22 December 2005 of Banca d'Italia (and subsequent amendments), starting from 31 December 2018, the table shows the deferred tax asset annual changes of which L.214/2011 both equity balancing and Income statement balancing.

10.4 Deferred tax liabilities: annual changes (balancing P&L)

(€ million)

	CHANGES IN	
	2023	2022
1. Opening balance	**-**	**-**
2. Increases	**22**	**28**
2.1 Deferred tax liabilities arisen during the year	1	2
a) Relating to previous years	-	-
b) Due to change in accounting criteria	-	-
c) Other	1	2
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	21	26
3. Decreases	**22**	**28**
3.1 Deferred tax liabilities derecognised during the year	6	9
a) Reversals of temporary differences	5	7
b) Due to change in accounting criteria	-	-
c) Other	1	2
3.2 Reduction in tax rates	-	-
3.3 Other decreases	16	19
4. Closing balance	**-**	**-**

The items "2.3 Other increases" and "3.3 Other decreases" include the effect of netting DTA/DTL of previous and current year.

Part B - Balance sheet - Assets

10.5 Deferred tax assets: annual changes (balancing Net Equity)

(€ million)

	CHANGES IN	
	2023	2022
1. Opening balance	**787**	**758**
2. Increases	**21**	**56**
2.1 Deferred tax assets arisen during the year	21	34
a) Relating to previous years	-	-
b) Due to change in accounting criteria	-	-
c) Other	21	34
2.2 New taxes or increase in tax rates	-	-
2.3 Other increases	-	22
3. Decreases	**22**	**27**
3.1 Deferred tax assets derecognised during the year	22	5
a) Reversals of temporary differences	22	5
b) Write-downs of non-recoverable items	-	-
c) Due to change in accounting criteria	-	-
d) Other	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	-	22
4. Closing balance	**786**	**787**

10.6 Deferred tax liabilities: annual changes (balancing Net Equity)

(€ million)

	CHANGES IN	
	2023	2022
1. Opening balance	**-**	**-**
2. Increases	**266**	**345**
2.1 Deferred tax liabilities arisen during the year	13	58
a) Relating to previous years	-	15
b) Due to change in accounting criteria	-	-
c) Other	13	43
2.2 New taxes or increase in tax rates	-	-
2.3 Other increases	253	287
3. Decreases	**266**	**345**
3.1 Deferred tax liabilities derecognised during the year	44	92
a) Reversal of temporary differences	42	53
b) Due to change in accounting criteria	-	-
c) Other	2	39
3.2 Reduction in tax rates	-	-
3.3 Other decreases	222	253
4. Closing balance	**-**	**-**

The items “2.3 Other increases” and “3.3 Other decreases” include the effect of netting DTA/DTL of previous and current year.

Part B - Balance sheet - Assets

10.7 Other information

Italian group tax
The Tax Group regime was introduced in Italy by Legislative Decree of 12 December 2003 No.344, that implemented the Italian corporate income tax (IRES) reform.
The regime of national Tax Group is optional, with a duration bound for three financial years and certain conditions (controlling relationship, same operating period) to be met.

The participation to the Tax Group regime allows the offsetting between taxable income and tax losses generated by the companies participating to such regime.

For financial year 2023 the following legal entities adhered to the Italian Tax Group with UniCredit S.p.A.:
- UniCredit Factoring S.p.A. - Milan;
- UniCredit Leasing S.p.A.- Milan;
- Cordusio Fiduciaria S.p.A.- Milan;
- UniCredit Bank GmbH Milan Branch;
- UniCredit Leased Asset Management S.p.A.- Milano.

The number of the legal entities adhered to the italian Tax Group has remained unchanged in the year 2023.

Deferred tax assets due to tax losses carried forward
Considering the italian Tax Group perimeter the financial year 2023 closed with an income amount equal to €334 million. Tax due on income is equal to €80 million, this amount has been reduced to zero due to tax credits of €3 million, residual tax losses of €62 million and the utilization of ACE of €15 million.

The amount of individual residual deferred tax assets arising from tax losses carried forward is equal to €3,891 million (of which €3,127 million deriving from accounting items originated in the Income statement and €764 million from Net equity components). Following the sustainability test an amount of deferred tax assets limited to €913 million can be registered of which €881 related to 24% IRES ordinary tax rate, €32 million related to the 3.5% IRES.
Therefore, the amount of deferred tax assets arising from tax losses booked is equal to €3,341 million (of which €2,700 million deriving from accounting items originated in the Income statement and €641 million from Net equity components).
The amount of deferred tax assets arising from tax losses not booked is equal to €549 million of which (i) €344 million (€238 million deriving from accounting items originated in the Income statement and €106 million from Net equity components) related to UniCredit S.p.A. and referred to the italian Tax Group perimeter and related to the 24% IRES ordinary tax rate and (ii) €205 million (€189 million deriving from accounting items originated in the Income statement and €16 million from Net equity components) referred to UniCredit S.p.A. and related to the 3.5% IRES additional tax rate.

In respect of foreign branches, relevant tax losses not utilized are equal to €7,420 million, due to start-up expenses or other operating costs. These tax losses can only be used to offset the taxable income of each single branch for taxes due in the relevant country of establishment.

Part B - Balance sheet - Assets

Section 11 - Non current assets and disposal groups classified as held for sale and Liabilities associated with assets classified as held for sale - Item 110 (Assets) and Item 70 (Liabilities)

11.1 Non-current assets and disposal groups classified as held for sale: breakdown by asset type

(€ million)

	AMOUNTS AS AT	
	31.12.2023	31.12.2022
A. Assets held for sale		
A.1 Financial assets	278	206
A.2 Equity investments	8	13
A.3 Property, plant and equipment	13	14
of which: obtained by the enforcement of collateral	-	-
A.4 Intangible assets	-	-
A.5 Other non-current assets	-	-
Total (A)	**299**	**233**
of which: carried at cost	*286*	*219*
of which: designated at fair value - level 1	-	-
of which: designated at fair value - level 2	*13*	*14*
of which: designated at fair value - level 3	-	-
B. Discontinued operations		
B.1 Financial assets at fair value through profit or loss	-	-
- Financial assets held for trading	-	-
- Financial assets designated at fair value	-	-
- Other financial assets mandatorily at fair value	-	-
B.2 Financial assets at fair value through other comprehensive income	-	-
B.3 Financial assets at amortised cost	-	-
B.4 Equity investments	-	-
B.5 Property, plant and equipment	-	-
of which: obtained by the enforcement of collateral	-	-
B.6 Intangible assets	-	-
B.7 Other assets	-	-
Total (B)	**-**	**-**
of which: carried at cost	-	-
of which: designated at fair value - level 1	-	-
of which: designated at fair value - level 2	-	-
of which: designated at fair value - level 3	-	-
C. Liabilities associated with assets classified as held for sale		
C.1 Deposits	-	-
C.2 Securities	-	-
C.3 Other liabilities	-	-
Total (C)	**-**	**-**
of which: carried at cost	-	-
of which: designated at fair value - level 1	-	-
of which: designated at fair value - level 2	-	-
of which: designated at fair value - level 3	-	-
D. Liabilities associated with discontinued operations		
D.1 Financial liabilities at amortised cost	-	-
D.2 Financial liabilities held for trading	-	-
D.3 Financial liabilities designated at fair value	-	-
D.4 Provisions	-	-
D.5 Other liabilities	-	-
Total (D)	**-**	**-**
of which: carried at cost	-	-
of which: designated at fair value - level 1	-	-
of which: designated at fair value - level 2	-	-
of which: designated at fair value - level 3	-	-

Sub-item “A.1 Financial assets” mainly includes non-performing loans that will be sold during 2024.
Sub-item “A.2 Equity investments” is composed by stake into Risanamento S.p.A. (€8 million).

11.2 Other information

No data to be disclosed.

Part B - Balance sheet - Assets

Section 12 - Other assets - Item 120

12.1 Other assets: breakdown

(€ million)

ITEMS/VALUES	AMOUNTS AS AT 31.12.2023	AMOUNTS AS AT 31.12.2022
Margin with derivatives clearers (non-interest bearing)	-	-
Gold, silver and precious metals	49	54
Accrued income and prepaid expenses other than capitalised income	324	327
Positive value of management agreements (so-called servicing assets)	-	-
Cash and other valuables held by cashier	110	123
- Current account cheques being settled, drawn on third parties	110	122
- Current account cheques payable by group banks, cleared and in the process of being debited	-	1
- Money orders, bank drafts and equivalent securities	-	-
- Coupons, securities due on demand, revenue stamps and miscellaneous valuables	-	-
Interest and changes to be debited to	-	-
- Customers	-	-
- Banks	-	-
Items in transit between branches not yet allocated to destination accounts	-	-
Items in processing	158	151
Items deemed definitive but not-attributable to other items	1,683	1,589
- Securities and coupons to be settled	121	76
- Other transactions	1,562	1,513
Adjustments for unpaid bills and notes	430	323
Tax items other than those included in item 110	5,000	3,455
Commercial credits pursuant to IFRS15	252	280
Other items	347	330
Total	**8,353**	**6,632**

It should be noted that, as at 31 December 2023, into the item "Gold, silver and precious metals" are recognised, at their fair value of €49 million, the precious stones (diamonds) repurchased from customers within the "customer care" initiative promoted by the Bank regarding this topic.
Item “Accrued income and prepaid expenses other than capitalised income” includes the contract assets recognised in accordance with IFRS15.
In this context accrued income represents the portion of the performance obligation already satisfied through the services provided by the Bank and that will be settled in the future periods in accordance with contractual provisions.
The aggregate amount of revenues from services to customers related to the portion of performance obligations not yet satisfied, and therefore not represented in the table above, is of a non-material amount and relates to performance obligations expected to be satisfied by the following year end reporting date.
Item “Tax items other than those included in item 110” includes tax credits deriving from Decree-laws “Cura Italia” and “Rilancio”. For further details please refer to “Section 4 - Other matters”, Notes to accounts, Part A - Accounting policies, A.1 - General.

It should be noted that during the period there have not been significant changes in the accrued income and prepaid expenses not included in the carrying amount of the relevant financial assets.

Part B - Balance sheet - Assets

Periodic change of accrued income/expenses and prepaid expenses/income

(€ million)

	AMOUNTS AS AT 31.12.2023	
	ACCRUED INCOME AND PREPAID EXPENSES	ACCRUED EXPENSES AND DEFERRED INCOME
Opening balance	**327**	**218**
Increases	**39**	**15**
a) Changes due to business combinations	-	-
b) Cumulative catch-up adjustments to revenue that affect the corresponding contract asset or contract liability, including adjustments arising from a change in the measure of progress, a change in an estimate of the transaction price (including any changes in the assessment of whether an estimate of variable consideration is constrained) or a contract modification (IFRS15 Par. 118.b)	-	-
c) Reversal of impairment of a contract asset (IFRS15 Par. 118.c)	-	X
d) Change in the time frame for a right to consideration to become unconditional (ie for a contract asset to be reclassified to a receivable) (IFRS15 Par. 118.d)	-	-
e) Change in the time frame for a performance obligation to be satisfied (ie for the recognition of revenue arising from a contract liability (IFRS15 Par. 118.e)	-	-
f) Other	39	15
Decreases	**42**	**34**
a) Changes due to business combinations	-	-
b) Cumulative catch-up adjustments to revenue that affect the corresponding contract asset or contract liability, including adjustments arising from a change in the measure of progress, a change in an estimate of the transaction price (including any changes in the assessment of whether an estimate of variable consideration is constrained) or a contract modification (IFRS15 Par. 118.b)	-	-
c) Impairment of a contract asset (IFRS15 Par. 118.c)	-	X
d) Change in the time frame for a right to consideration to become unconditional (ie for a contract asset to be reclassified to a receivable) (IFRS15 Par. 118.d)	-	-
e) Change in the time frame for a performance obligation to be satisfied (ie for the recognition of revenue arising from a contract liability (IFRS15 Par. 118.e)	-	-
f) Other	42	34
Closing balance	**324**	**199**

Note that the item “f) other” include (i) the deferral of income and expenses related to performance obligation that have already been paid but not yet satisfied as well as the recognition in P&L of the amount previously deferred in accordance with the progressive satisfaction of the performance obligation and (ii) the accrual in P&L of the amounts due as a result of the satisfaction of a performance obligation for which the payment is contractually postponed as well as their subsequent settlement.

Part B - Balance sheet - Liabilities

Liabilities

Section 1 - Financial liabilities at amortised cost - Item 10

1.1 Financial liabilities at amortised cost: breakdown by product of deposits from banks

(€ million)

TYPE OF TRANSACTIONS/VALUES	AMOUNTS AS AT 31.12.2023				AMOUNTS AS AT 31.12.2022			
	BOOK VALUE	FAIR VALUE			BOOK VALUE	FAIR VALUE		
		LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3
1. Deposits from central banks	**5,836**	X	X	X	**48,323**	X	X	X
2. Deposits from banks	**26,773**	X	X	X	**26,290**	X	X	X
2.1 Current accounts and demand deposits	3,303	X	X	X	2,692	X	X	X
2.2 Time deposits	3,651	X	X	X	4,028	X	X	X
2.3 Loans	19,788	X	X	X	19,549	X	X	X
2.3.1 Repos	17,933	X	X	X	17,315	X	X	X
2.3.2 Other	1,855	X	X	X	2,234	X	X	X
2.4 Liabilities relating to commitments to repurchase treasury shares	-	X	X	X	-	X	X	X
2.5 Lease deposits	24	X	X	X	7	X	X	X
2.6 Other deposits	7	X	X	X	14	X	X	X
Total	**32,609**	**-**	**23,661**	**8,401**	**74,613**	**-**	**66,828**	**7,451**
Total Level 1, Level 2 and Level 3				**32,062**				**74,279**

“Deposits from central banks” include TLTRO III facilities for €5 billion subscribed in March 2021; in respect of December 2022, already existing since 2020 facilities have been reimbursed for €43 billion (refer to the paragraph “TLTRO”, Notes to the accounts, Part A - Accounting policies, Section 4 - Other matters).

Deposits from banks are not carried based at their fair value, which is only shown in order to meet disclosure requirements. Fair value measurements have been classified according to a hierarchy of levels reflecting the observability of the valuations input. For further information refer to the paragraph “A.4 - Information on fair value”, Notes to the accounts Part A - Accounting policies.

1.2 Financial liabilities at amortised cost: breakdown by product of deposits from customers

(€ million)

TYPE OF TRANSACTION/VALUES	AMOUNTS AS AT 31.12.2023				AMOUNTS AS AT 31.12.2022			
	BOOK VALUE	FAIR VALUE			BOOK VALUE	FAIR VALUE		
		LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3
1. Current accounts and demand deposits	178,214	X	X	X	188,372	X	X	X
2. Time deposits	6,586	X	X	X	5,509	X	X	X
3. Loans	20,310	X	X	X	19,884	X	X	X
3.1 Repos	18,100	X	X	X	18,022	X	X	X
3.2 Other	2,210	X	X	X	1,862	X	X	X
4. Liabilities relating to commitments to repurchase treasury shares	21	X	X	X	-	X	X	X
5. Lease deposits	898	X	X	X	998	X	X	X
6. Other deposits	1,529	X	X	X	3,557	X	X	X
Total	**207,558**	**-**	**23,195**	**184,266**	**218,320**	**-**	**22,449**	**195,766**
Total Level 1, Level 2 and Level 3				**207,461**				**218,215**

The item “Liabilities relating to commitments to repurchase treasury shares” reports the amounts to be settled in respect of shares purchased in execution of the share buy-back programs aimed at remunerating the shareholders carried out during the year 2023.

Part B - Balance sheet - Liabilities

Deposits from customers are not carried at fair value, which is presented solely for the purpose of fulfilling financial disclosure requirements.
Fair value measurements have been classified according to a hierarchy of levels reflecting the observability of the valuations input. The fair value of demand items was estimated to be equal to their net book value by exercising the option provided for by IFRS7.29. According to this assumption, demand items were classified as Level 3 in the fair value hierarchy. For further information refer to the paragraph "A.4 - Information on fair value", Notes to the accounts, Part A - Accounting policies.

1.3 Financial liabilities at amortised cost: breakdown by product of debt securities in issue

(€ million)

	AMOUNTS AS AT 31.12.2023				AMOUNTS AS AT 31.12.2022			
	BOOK	FAIR VALUE			BOOK	FAIR VALUE		
TYPE OF SECURITIES/VALUES	VALUE	LEVEL 1	LEVEL 2	LEVEL 3	VALUE	LEVEL 1	LEVEL 2	LEVEL 3
A. Debt securities								
1. Bonds	40,881	28,715	11,299	-	43,472	27,995	12,411	-
1.1 Structured	581	-	551	-	400	124	209	-
1.2 Other	40,300	28,715	10,748	-	43,072	27,871	12,202	-
2. Other securities	5,676	-	57	5,602	3,591	-	881	2,715
2.1 Structured	47	-	47	-	46	-	43	-
2.2 Other	5,629	-	10	5,602	3,545	-	838	2,715
Total	**46,557**	**28,715**	**11,356**	**5,602**	**47,063**	**27,995**	**13,292**	**2,715**
Total Level 1, Level 2 and Level 3				**45,673**				**44,002**

Sub-items "1.1 structured" of bonds and "2.1. Structured" of other securities totally amount to €628 million and represent 1.35% of the total. They mainly relate to interest-rate linked instruments with highly correlated derivative component, identified in accordance with the Mifid classification rules.

Issued bonds change due to joint effect of maturities and new issuances and as a consequence of buy-backs realised in the period.

The fair value of derivatives embedded in structured securities, presented in item 20 of Assets and item 20 of Liabilities and included in Trading derivatives - Others, amounted to a net balance of €12 million negative.

Fair value measurements solely for financial disclosure purposes only are classified according to a hierarchy of levels reflecting the observability of the inputs used. For further information refer to the paragraph "A.4 - Information on fair value", Notes to the accounts, Part A - Accounting policies.

1.4 Breakdown of subordinated debts/securities

(€ million)

	AMOUNTS AS AT	
	31.12.2023	31.12.2022
Deposits from banks	-	-
Deposits from customers	-	-
Debt securities	7,016	7,247
Total	**7,016**	**7,247**

Part B - Balance sheet - Liabilities

1.5 Breakdown of structured debts

(€ million)

	AMOUNTS AS AT	
	31.12.2023	31.12.2022
Deposits from banks	-	-
Deposits from customers	1	2
Total	**1**	**2**

The debts are taken as part of ordinary operations with customers.

1.6 Amounts payable under finance leases

(€ million)

	31.12.2023		31.12.2022	
	CASH OUTFLOWS		CASH OUTFLOWS	
TIME BUCKET	FINANCE LEASES	OPERATING LEASES	FINANCE LEASES	OPERATING LEASES
Up to 1 year	-	214	-	208
1 year to 2 years	-	200	-	194
2 year to 3 years	-	185	-	179
3 year to 4 years	-	142	-	161
4 year to 5 years	-	88	-	118
Over 5 years	-	168	-	190
Total Lease Payments to be made	**-**	**997**	**-**	**1,050**
RECONCILIATION WITH DEPOSITS				
Unearned finance expenses (-) (Discounting effect)	-	75	-	45
Lease deposits	**-**	**922**	**-**	**1,005**

It should be noted that table "1.6 Amounts payable under finance leases" reports the maturity analysis based on time bucket of the lease liability as requested by IFRS16 and the concurrent Circular No.262 of 22 December 2005 of Banca d'Italia (and subsequent amendments).

Part B - Balance sheet - Liabilities

Section 2 - Financial liabilities held for trading - Item 20

2.1 Financial liabilities held for trading: breakdown by product

(€ million)

TYPE OF TRANSACTIONS/VALUES	AMOUNTS AS AT 31.12.2023					AMOUNTS AS AT 31.12.2022				
	NOMINAL VALUE	FAIR VALUE			FAIR VALUE*	NOMINAL VALUE	FAIR VALUE			FAIR VALUE*
		LEVEL 1	LEVEL 2	LEVEL 3			LEVEL 1	LEVEL 2	LEVEL 3	
A. Cash liabilities										
1. Deposits from banks	-	596	-	-	596	-	222	-	-	222
2. Deposits from customers	-	3,968	-	-	3,968	-	4,679	-	-	4,679
3. Debt securities	-	-	-	-	-	-	-	-	-	-
3.1 Bonds	-	-	-	-	-	-	-	-	-	-
3.1.1 Structured	-	-	-	-	X	-	-	-	-	X
3.1.2 Other	-	-	-	-	X	-	-	-	-	X
3.2 Other securities	-	-	-	-	-	-	-	-	-	-
3.2.1 Structured	-	-	-	-	X	-	-	-	-	X
3.2.2 Other	-	-	-	-	X	-	-	-	-	X
Total (A)	**-**	**4,564**	**-**	**-**	**4,564**	**-**	**4,901**	**-**	**-**	**4,901**
B. Derivatives instruments										
1. Financial derivatives	X	16	9,043	688	X	X	14	14,914	890	X
1.1 Trading derivatives	X	16	8,482	178	X	X	14	14,201	356	X
1.2 Linked to fair value option	X	-	546	498	X	X	-	680	521	X
1.3 Other	X	-	15	12	X	X	-	33	13	X
2. Credit derivatives	X	-	-	-	X	X	-	-	-	X
2.1 Trading derivatives	X	-	-	-	X	X	-	-	-	X
2.2 Linked to fair value option	X	-	-	-	X	X	-	-	-	X
2.3 Other	X	-	-	-	X	X	-	-	-	X
Total (B)	**X**	**16**	**9,043**	**688**	**X**	**X**	**14**	**14,914**	**890**	**X**
Total (A+B)	**X**	**4,580**	**9,043**	**688**	**X**	**X**	**4,915**	**14,914**	**890**	**X**
Total Level 1, Level 2 and Level 3				**14,311**					**20,719**	

Note:
Fair value* = Fair value calculated excluding the value changes due to the change of credit worthiness of the issuer compared to the issue date.

“Deposit from banks” and “Deposit from customers” are referred to technical overdrafts in respect of which no nominal amount was attributed. They are fed by the recognition of technical overdrafts typical of primary dealer and market-maker transactions in government bonds.

“Financial derivatives: other” comprises derivatives that, for economic purposes are associated with Banking Book instruments.
Fair value evolution of outstanding derivatives, further to volumes, is also influenced by interest rates dynamic.

Valuations at fair value were classified according to a hierarchy of levels reflecting the observability of the valuations input. For further information refer to the paragraph “A.4 - Information on fair value”, Notes to the accounts, Part A - Accounting policies.

2.2 Detail of financial liabilities held for trading: subordinated liabilities

Subordinated trading financial liabilities do not exist.

2.3 Detail of financial liabilities held for trading: structured debts

Structured trading financial liabilities do not exist.

Part B - Balance sheet - Liabilities

Section 3 - Financial liabilities designated at fair value - Item 30

3.1 Financial liabilities designated at fair value: breakdown by product

(€ million)

TYPE OF TRANSACTIONS/VALUES	AMOUNTS AS AT 31.12.2023					AMOUNTS AS AT 31.12.2022				
	NOMINAL VALUE	FAIR VALUE			FAIR VALUE*	NOMINAL VALUE	FAIR VALUE			FAIR VALUE*
		LEVEL 1	LEVEL 2	LEVEL 3			LEVEL 1	LEVEL 2	LEVEL 3	
1. Deposits from banks	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1.1 Structured	-	-	-	-	X	-	-	-	-	X
1.2 Other	-	-	-	-	X	-	-	-	-	X
of which:										
- loan commitments given	-	X	X	X	X	-	X	X	X	X
- financial guarantees given	-	X	X	X	X	-	X	X	X	X
2. Deposits from customers	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1 Structured	-	-	-	-	X	-	-	-	-	X
2.2 Other	-	-	-	-	X	-	-	-	-	X
of which:										
- loan commitments given	-	X	X	X	X	-	X	X	X	X
- financial guarantees given	-	X	X	X	X	-	X	X	X	X
3. Debt securities	**7,579**	**-**	**6,704**	**556**	**7,149**	**6,078**	**-**	**5,168**	**195**	**5,304**
3.1 Structured	7,579	-	6,704	556	X	6,078	-	5,168	195	X
3.2 Other	-	-	-	-	X	-	-	-	-	X
Total	**7,579**	**-**	**6,704**	**556**	**7,149**	**6,078**	**-**	**5,168**	**195**	**5,304**
Total Level 1, Level 2 and Level 3				**7,260**					**5,363**	

Note:
Fair value* = Fair value calculated excluding the value changes due to the change of credit worthiness of the issuer compared to the issue date.

Item "Debt securities - Structured" includes "Certificates" (structured debt securities) issued by UniCredit S.p.A. starting from the first quarter of 2016. These securities are classified as measured at fair value their embedded derivative component not being separable.

Valuations at fair value were classified according to a hierarchy of levels reflecting the observability of the valuations input. For further information refer to the paragraph "A.4 - Information on fair value", Notes to the accounts, Part A - Accounting policies.

3.2 Detail of financial liabilities designated at fair value: subordinated liabilities

Subordinated financial liabilities designated at fair value do not exist.

Part B - Balance sheet - Liabilities

Section 4 - Hedging derivatives - Item 40

4.1 Hedging derivatives: breakdown by type of hedging and by levels

(€ million)

	AMOUNTS AS AT 31.12.2023				AMOUNTS AS AT 31.12.2022			
	FAIR VALUE			NOTIONAL AMOUNT	FAIR VALUE			NOTIONAL AMOUNT
	LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3	
A. Financial derivatives	**124**	**11,799**	**27**	**281,867**	**336**	**15,839**	**52**	**309,119**
1) Fair value	124	11,275	17	271,342	336	14,740	13	294,482
2) Cash flows	-	524	10	10,525	-	1,099	39	14,637
3) Net investment in foreign subsidiaries	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**124**	**11,799**	**27**	**281,867**	**336**	**15,839**	**52**	**309,119**
Total Level 1, Level 2 and Level 3			**11,950**				**16,227**	

Fair value evolution of outstanding derivatives, further to volumes, is also influenced by the dynamic of interest rates.

Valuations at fair value were classified according to a hierarchy of levels reflecting the observability of the inputs used in the measurements. For further information refer to the paragraph "A.4 - Information on fair value", Notes to the accounts, Part A - Accounting policies.

4.2 Hedging derivatives: breakdown by hedged portfolios and type of hedging

(€ million)

	AMOUNTS AS AT 31.12.2023									
	FAIR VALUE							CASH FLOW		
	MICRO-HEDGE									
TRANSACTIONS/HEDGE TYPES	DEBT SECURITIES AND INTEREST RATES RISK	EQUITY INSTRUMENTS AND EQUITY INDICES RISK	CURRENCY AND GOLD	CREDIT RISK	COMMODITIES	OTHER	MACRO-HEDGE	MICRO-HEDGE	MACRO-HEDGE	FOREIGN INVESTMENTS
1. Financial assets at fair value through other comprehensive income	643	-	-	-	X	X	X	-	X	X
2. Financial assets at amortised cost	712	X	-	-	X	X	X	-	X	X
3. Portfolio	X	X	X	X	X	X	1,171	X	206	X
4. Other transactions	-	-	2	-	-	-	X	-	X	-
Total assets	**1,355**	**-**	**2**	**-**	**-**	**-**	**1,171**	**-**	**206**	**-**
1. Financial liabilities	-	X	-	-	-	-	X	-	X	X
2. Portfolio	X	X	X	X	X	X	8,888	X	328	X
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**8,888**	**-**	**328**	**-**
1. Expected transactions	X	X	X	X	X	X	X	-	X	X
2. Financial assets and liabilities portfolio	X	X	X	X	X	X	-	X	-	-

Part B - Balance sheet - Liabilities

Section 5 - Value adjustment of hedged financial liabilities - Item 50

5.1 Changes to hedged financial liabilities

(€ million)

CHANGES TO HEDGED LIABILITIES/GROUP COMPONENTS	AMOUNTS AS AT 31.12.2023	AMOUNTS AS AT 31.12.2022
1. Positive changes to financial liabilities	931	803
2. Negative changes to financial liabilities	(8,334)	(13,542)
Total	**(7,403)**	**(12,739)**

Change in the item is attributable to the evolution of hedged volumes and markets interest rate curves.

Section 6 - Tax liabilities - Item 60

Refer to the paragraph “Section 10 - Tax assets and tax liabilities - Item 100 (Assets) and Item 60 (Liabilities)”, Notes to the accounts, Part B - Balance sheet - Asset.

Section 7 - Liabilities associated with assets classified as held for sale - Item 70

Refer to the paragraph “Section 11 - Non current assets and disposal groups classified as held for sale and Liabilities associated with assets classified as held for sale- Item 110 (Assets) and Item 70 (Liabilities)”, Notes to the accounts, Part B - Balance sheet - Asset.

Part B - Balance sheet - Liabilities

Section 8 - Other liabilities - Item 80

8.1 Other liabilities: breakdown

(€ million)

ITEMS/VALUES	AMOUNTS AS AT 31.12.2023	31.12.2022
Liabilities in respect of financial guarantees issued	-	-
Accrued expenses and deferred income other than those to be capitalised for the financial liabilities concerned	199	218
Negative value of management agreements (so-called servicing assets)	-	-
Payment agreements based on the value of own capital instruments classified as liabilities pursuant to IFRS2	-	-
Other liabilities due to employees	1,507	1,365
Other liabilities due to other staff	1	2
Other liabilities due to Directors and Statutory Auditors	-	-
Interest and amounts to be credited to	-	-
- Customers	-	-
- Banks	-	-
Items in transit between branches and not yet allocated to destination accounts	9	14
Available amounts to be paid to others	-	-
Items in processing	357	245
Entries relating to securities transactions	87	384
Definitive items but not attributable to other lines	3,490	3,697
- Accounts payable - suppliers	690	861
- Provisions for tax withholding on accrued interest, bond coupon payments or dividends	4	3
- Other entries	2,796	2,833
Liabilities for miscellaneous entries related to tax collection service	-	-
Adjustments for unpaid portfolio entries	-	-
Tax items different from those included in item 60	1,178	876
Other entries	122	137
Total	**6,950**	**6,938**

Item “Accrued expenses and deferred income other than those to be capitalised for the financial liabilities” includes the contract liabilities recognised in accordance with IFRS15.
In this context, deferred income represents the portion of performance obligations not yet satisfied through the services provided by the Bank but already settled during the period or in previous periods.
The majority of this amount relates to performance obligations expected to be satisfied by the following year end reporting date.

For information about the changes in deferred income and accrued expenses occurred in the period refer to “Section 12 - Other assets - Item 120”, Notes to the accounts, Part B - Balance sheet - Assets.

Part B - Balance sheet - Liabilities

Section 9 - Provision for employee severance pay - Item 90

The "TFR" provision for Italy-based employee benefits is to be constructed as a "post-retirement defined benefit". Its recognition in financial statements has required the estimate, through actuarial techniques, of the amount of benefit accrued by employees and its discount to present value. The calculation of this benefit has been performed by an external actuary using "projected unit credit" method (refer to the paragraph "Part A.2 - Main items of the accounts", Notes to the accounts, Part A - Accounting policies).

9.1 Provisions for employee severance pay: annual changes

(€ million)

	CHANGES IN	
	2023	2022
A. Opening balance	**361**	**491**
B. Increases	**33**	**44**
B.1 Provisions for the year	14	4
B.2 Other increases	19	40
of which: business combinations	*-*	*20*
C. Reductions	**64**	**174**
C.1 Severance payments	64	65
C.2 Other decreases	-	109
of which: business combinations	*-*	*-*
D. Closing Balance	**330**	**361**

9.2 Other information

(€ million)

	CHANGES IN	
	2023	2022
Cost Recognised in P&L:	**14**	**4**
- Current Service Cost	-	-
- Interest Cost on the DBO	14	4
- Settlement (gains)/losses	-	-
- Past Service Cost	-	-
Remeasurement Effects (Gains) Losses Recognised in OCI	**19**	**(89)**
Annual weighted average assumptions		
- Discount rate	3.50%	3.80%
- Price inflation	1.75%	2.15%

The financial duration of the commitments is 10 years; the balance of the negative Revaluation reserves, net of tax, changed from -€87 million at 31 December 2022 to -€101 million at 31 December 2023.
A change of -25 basis points in the discount rate would result in an increase in liabilities of €8 million (+2.36%); an equivalent increase in the rate, on the other hand, would result in a reduction in liabilities of €8 million (-2.30%). A change of -25 basis points in the inflation rate would result in a reduction in liabilities of €5 million (-1.46%); an equivalent increase in the rate, on the other hand, would result in an increase in liabilities of €5 million (+1.48%).

Part B - Balance sheet - Liabilities

Section 10 - Provisions for risks and charges - Item 100

10.1 Provisions for risks and charges: breakdown

(€ million)

ITEMS/COMPONENTS	AMOUNTS AS AT 31.12.2023	AMOUNTS AS AT 31.12.2022
1. Provisions for credit risk on commitments and financial guarantees given	466	467
2. Provisions for other commitments and other guarantees given	-	-
3. Pensions and other post-retirement benefit obligations	34	65
4. Other provisions for risks and charges	1,182	1,420
4.1 Legal and tax disputes	266	316
4.2 Staff expenses	551	703
4.3 Other	365	401
Total	**1,682**	**1,952**

To cover liabilities that may result from pending lawsuits (excluding labor disputes and tax cases), UniCredit S.p.A. has set aside a provision for risks and charges of €253 million (€296 million at 31 December 2022). More details are included in "Part E - Information on risks and risks of hedging policies", Notes to the accounts.

10.2 Provisions for risks and charges: annual changes

(€ million)

	CHANGES IN 2023			
	PROVISIONS FOR OTHER OFF-BALANCE SHEET COMMITMENTS AND OTHER GUARANTEES GIVEN	PENSION AND POST-RETIREMENT BENEFIT OBLIGATIONS	OTHER PROVISIONS FOR RISKS AND CHARGES	TOTAL
A. Opening balance	**-**	**65**	**1,420**	**1,485**
B. Increases	**-**	**(23)**	**524**	**501**
B.1 Provisions for the year	-	4	416	420
B.2 Changes due to the passing time	-	2	21	23
B.3 Differences due to discount-rate changes	-	-	1	1
B.4 Other changes	-	(29)	86	57
of which: business combinations	-	*1*	-	*1*
C. Decreases	**-**	**8**	**762**	**770**
C.1 Use during the year	-	-	327	327
C.2 Differences due to discount-rate changes	-	-	4	4
C.3 Other changes	-	8	431	439
of which: business combinations	-	*1*	-	*1*
D. Closing balance	**-**	**34**	**1,182**	**1,216**

More details about annual changes for pensions and post-retirement benefit obligation are presented in the paragraph "10.5 - Pensions and other postretirement defined benefit obligations", Notes to the accounts, Part B - Balance sheet - Liabilities, Section 10 - Provision for risks and charges - Item 100.

10.3 Provisions for credit risk on commitments and financial guarantees given

(€ million)

	AMOUNTS AS AT 31.12.2023 – PROVISIONS FOR CREDIT RISK ON COMMITMENTS AND FINANCIAL GUARANTEES GIVEN				
	STAGE 1	STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	TOTAL
Loan commitments given	11	42	43	-	96
Financial guarantees given	13	100	257	-	370
Total	**24**	**142**	**300**	**-**	**466**

Part B - Balance sheet - Liabilities

More details on provisions for commitments and guarantees given are presented in the paragraph “10.3 Provisions for credit risk on commitments and financial guarantees given” and “10.4 Provisions on other commitments and other issued guarantees”, Notes to the accounts, Part B - Balance sheet - Liabilities, Section 10 - Provision for risks and charges - Item 100.

10.4 Provisions on other commitments and other issued guarantees

No data to be disclosed.

10.5 Pensions and other post-retirement defined-benefit obligations

1. Pensions and other post-retirement benefit obligations

According to IAS19, obligations arising from defined-benefit plans are determined using the “projected unit credit” method, while segregated assets are measured at fair value at Balance sheet reporting date. The Balance sheet obligation is the result of the deficit or surplus (i.e. the difference between obligations and assets) net of any impacts of the asset ceiling; actuarial gains and losses are recognised in shareholders’ equity and shown in a specific item of revaluation reserves in the financial year in which they are recorded.

The actuarial assumptions used to determine obligations vary from country to country and from plan to plan; the discount rate is determined, depending on the currency of denomination of the commitments and the maturity of the liability, by reference to market yields at the Balance sheet date on a basket of “high quality corporate bonds”.

In light of evolving common interpretation about “high quality corporate bonds” identification, UniCredit group refined its Discount Rate setting methodology by referencing AA rated corporate bonds basket. In addition, it is worth to mention that, instead of econometric models, a Nelson Siegel methodology has been applied since years in modelling the yield-curve expressed by the basket of securities (adjusted above the last liquid point, defined as the average maturity of the last 5 available bonds, relying on the slope of a Treasury curve build with AA Govies).

The balance of the negative Revaluation reserves, net of deferred taxes, changed from -€127 million as at 31 December 2022 to -€113 million as at 31 December 2023.

The Annexes provide details of Internal Fund movements and include statements of changes in funds with segregated assets pursuant to Art.2117 of the Italian Civil Code, as well as explanatory notes thereto.

Part B - Balance sheet - Liabilities

2. Changes of net defined benefit liability/asset and any reimbursement rights

2.1 Breakdown of defined benefit net obligation

(€ million)

	31.12.2023	31.12.2022
Current value of the defined benefit obligation	423	424
Current value of the plan assets	(389)	(359)
Deficit/(Surplus)	**34**	**65**
Irrecoverable surplus (effect of asset ceiling)	-	-
Net defined benefit liability/(asset) as of the period end date	**34**	**65**

2.2 Changes in defined benefit obligations

(€ million)

	31.12.2023	31.12.2022
Initial defined benefit obligation	424	252
Current service cost	4	8
Settlement (gain)/loss	-	-
Past service cost	-	-
Interest expense on the defined benefit obligation	16	7
Write-downs for actuarial (gains)/losses on defined benefit plans	9	(180)
Employees' contributions for defined benefit plans	-	-
Disbursements from plan assets	(21)	(25)
Disbursements directly paid by the fund	(4)	(4)
Settlements	-	-
Other increases (decreases)	(5)	366
Net defined benefit liability/(asset) as of the period end date	**423**	**424**

2.3 Changes to plan assets

(€ million)

	31.12.2023	31.12.2022
Initial fair value of plan assets	359	191
Interest income on plan assets	14	5
Administrative expenses paid from plan assets	-	-
Write-downs on the fair value of plan assets for actuarial gains (losses) on the discount rate	4	(83)
Employer contributions	-	18
Disbursements from plan assets	(21)	(25)
Settlements	-	-
Other increases (decreases)	33	253
Final fair value of plan assets	**389**	**359**

3. Information on plan assets' fair value

(€ million)

	31.12.2023	31.12.2022
1. Shares	56	57
2. Bonds	86	53
3. Units in investment funds	218	212
4. Real estate properties	1	1
5. Derivative instruments	-	-
6. Other assets	28	36
Total	**389**	**359**

Part B - Balance sheet - Liabilities

4. Description of major actuarial assumptions

	31.12.2023 %	31.12.2022 %
Discount rate	3.60	3.85
Expected return on plan assets	3.60	3.85
Expected compensation increase rate	2.50	2.52
Future increases relating to pension treatments	1.94	2.04
Expected inflation rate	2.10	2.36

5. Information of amounts, timing and uncertainties of disbursement cash flows

(€ million)

	31.12.2023
- Impact of changes in financial/demographic assumptions on DBOs	
A. Discount rate	
A1. -25 basis points	14
	3.24%
A2. +25 basis points	(13)
	-3.06%
B. Future increase rate relating to pension treatments	
B1. -25 basis points	(9)
	-2.07%
B2. +25 basis points	9
	2.16%
C. Mortality	
C.1 Life expectancy + 1 year	16
	3.67%
- Financial duration (years)	13.0

10.6 Provisions for risks and charges - other provisions

(€ million)

	AMOUNTS AS AT	
	31.12.2023	31.12.2022
4.3 Other provisions for risks and charges - other		
Real estate risks/charges	-	-
Restructuring costs	-	-
Allowances payable to agents	6	4
Disputes regarding financial instruments and derivatives	6	5
Costs for liabilities arising from equity investment disposals	13	12
Other	340	380
Total	**365**	**401**

Other Provisions include:
- the ones posted in order to cope with the probable risks of loss related to the purchases of diamonds, that could be carried out under action of "customer care" promoted by the Bank. To complete the information more details are included in the paragraph "E. Other claims by customers", Notes to the accounts, Part E - Information about risks and hedging policies, Section 5 - Operational risk, Qualitative information;
- those referring to cover the risks related to certain standard contractual terms contained in the documentary frameworks (i.e. reps & warranties), including securitisation transactions with derecognition of non-performing loans, signed with the SPVs, of which UniCredit S.p.A. is Originator, pending the analysis and assessments to be completed within the deadlines established.

Section 11 - Redeemable shares - Item 120

No data to be disclosed.

Part B - Balance sheet - Liabilities

Section 12 - Shareholders' equity - Item 110, 130, 140, 150, 160, 170 and 180

Further information about shareholders' equity is disclosed in the paragraph "Part F - Shareholders' equity", Notes to the accounts.

12.1 "Share capital" and "treasury shares": breakdown

(€ million)

	AMOUNTS AS AT 31.12.2023		AMOUNTS AS AT 31.12.2022	
	ISSUED SHARES	UNDERWRITTEN SHARES	ISSUED SHARES	UNDERWRITTEN SHARES
A. Share capital				
A.1 Ordinary shares	21,278	-	21,220	-
A.2 Savings shares	-	-	-	-
Total A	**21,278**	**-**	**21,220**	**-**
B. Treasury shares				
B.1 Ordinary shares	(1,727)	-	-	-
B.2 Savings shares	-	-	-	-
Total B	**(1,727)**	**-**	**-**	**-**

Share capital, which as at 31 December 2022 was represented by No.1,935,269,741 ordinary shares, in 2023 changed due to a free share capital increase by €58 million resolved on 27 February 2023 by UniCredit's Board of Directors by issuing No.5,508,167 ordinary shares to be granted to the employees of UniCredit group.
In terms of the number of shares representing the share capital, during 2023 No.156,114,828 shares purchased as part of the "2022 Buy-Back Programme" were canceled pursuant to the resolution passed by the Shareholders' Meeting on 31 March 2023; the cancellation was carried out with no reduction in the amount of the share capital, but exclusively through a reduction in the number of existing shares, with a consequent increase in their accounting par value.
As a result of the above as at 31 December 2023 the share capital of UniCredit S.p.A. amounts to €21,278 million represented by No.1,784,663,080 ordinary shares with no nominal value, as also reported on section 12.2 below.
The balance of the item Treasury shares at year end 2023 recognise the overall cost of No.72.239.501 shares in portfolio resulting from the purchases to complete the 2022 Buy-Back Programme (€312 million) and the purchases made in execution of the First Tranche of the Buy-Back Programme 2023 (€1,415 million).

Part B - Balance sheet - Liabilities

12.2 Share capital - Number of shares: annual changes

ITEMS/TYPES	CHANGES IN 2023 ORDINARY	SAVINGS
A. Issued shares as at the beginning of the year	**1,935,269,741**	**-**
- Fully paid	1,935,269,741	-
- Not fully paid	-	-
A.1 Treasury shares (-)	-	-
A.2 Shares outstanding: opening balance	1,935,269,741	-
B. Increases	**5,508,167**	**-**
B.1 New issues	5,508,167	-
- Against payment	-	-
- Business combinations	-	-
- Bonds converted	-	-
- Warrants exercised	-	-
- Other	-	-
- Free	5,508,167	-
- To employees	5,508,167	-
- To directors	-	-
- Other	-	-
B.2 Sales of treasury shares	-	-
B.3 Other changes	-	-
C. Decreases	**228,354,329**	**-**
C.1 Cancellation	-	-
C.2 Purchase of treasury shares	228,354,329	-
C.3 Business tranferred	-	-
C.4 Other changes	-	-
of which: business combinations	-	-
D. Shares outstanding: closing balance	**1,712,423,579**	**-**
D.1 Treasury shares (+)	72,239,501	-
D.2 Shares outstanding as at the end of the year	1,784,663,080	-
- Fully paid	1,784,663,080	-
- Not fully paid	-	-

The item “Purchase of treasury shares” recognize the shares purchased during the year 2023 in execution of the share buy-back programs aimed at remunerating the shareholders and in particular:

- the purchase of No.170,174,493 treasury shares in execution of the "Buy-Back Programme 2022" (First and Second Tranche) resolved by the Shareholders' Meeting on 31 March 2023 and relating to the distribution for the year 2022; part of the shares purchased under this program (No.156,114,828) were canceled on 12 September 2023 before the launch of the new share buyback program;
- the purchase of No.58,179,836 treasury shares in execution of the “First Tranche of the “Buy-Back Programme 2023” authorized by the Shareholders’ Meeting on 27 October 2023 and relating to the distribution for the year 2023.

As a result of the above the treasury shares in portfolio at the year-end 2023 amounted to No.72,239,501.

12.3 Capital: other information

Shares have no face value pursuant to the resolution passed by the Extraordinary Shareholders' Meeting on 15 December 2011.
Outstanding ordinary shares relating to the usufruct contract signed with Mediobanca S.p.A. on UniCredit shares for the issuance of convertible securities denominated “Cashes” amount to No.9,675,640 (issued in the context of the 2009 capital increase) provides for Euribor-linked discretionary payments contingent also on the payment of dividends on ordinary shares. The voting right cannot be exercised on these shares.

Part B - Balance sheet - Liabilities

12.4 Reserves from profits: other information

(€ million)

	AMOUNTS AS AT	
	31.12.2023	31.12.2022
Legal reserve	1,618	1,518
Statutory reserve	13,917	15,754
Other reserves	1,656	1,346
Total	**17,191**	**18,618**

The Legal reserve in overall includes, in addition to the amount of €1,618 million, also the amount of €2,738 million classified among other reserves (not from profits) through a withdrawal from the "Share premium reserve" as resolved by the Shareholders' Meeting of 11 May 2013, 13 May 2014, 14 April 2016 and 15 April 2021 in order to replenish the Legal reserve above the limit set by Art.2430 of the Italian Civil Code.

12.5 Equity instruments: composition and annual changes

The item is entirely composed by Additional Tier 1 bond issuances placed between 2014 and 2021 net of the related issue costs. During 2023 an early repayment of equity instruments placed in 2017 was carried out for a total nominal value of €1,250 million.

12.6 Other Information

Valuation reserves: breakdown

(€ million)

	AMOUNTS AS AT	
ITEM/TYPES	31.12.2023	31.12.2022
1. Equity instruments designated at fair value through other comprehensive income	(192)	(231)
2. Financial assets (other than equity instruments) at fair value through other comprehensive income	148	163
3. Hedging of equity instruments at fair value through other comprehensive income	-	-
4. Financial liabilities at fair value through profit or loss (changes in own credit risk)	(80)	(45)
5. Hedging instruments (non-designated elements)	-	-
6. Property, plant and equipment	729	740
7. Intangible assets	-	-
8. Hedges of foreign investments	-	-
9. Cash-flow hedges	(16)	18
10. Exchange differences	-	-
11. Non-current assets classified as held for sale	3	1
12. Actuarial gains (losses) on defined-benefit plans	(211)	(211)
13. Part of valuation reserves of investments valued at net equity	-	-
14. Special revaluation laws	277	277
Total	**658**	**712**

The following table, in accordance with article 2427, paragraph 7-bis, of the Italian Civil Code, provides details on the origin, possible uses and availability of distribution of shareholders' equity, as well as the summary of its use in the three previous financial years.

Part B - Balance sheet - Liabilities

Breakdown of Shareholders' Equity (with indication of availability and distribution)

(€ million)

ITEMS	AMOUNT	PERMITTED USES(*)	AVAILABLE PORTION	SUMMARY OF USE IN THE THREE PREVIOUS FINANCIAL YEARS: TO COVER LOSSES	SUMMARY OF USE IN THE THREE PREVIOUS FINANCIAL YEARS: OTHER REASONS
Share capital	**21,278**	**-**	**-**		
Share premium	**23**	A, B, C	**23**	**2,732**	**6,632** (1)
Reserves:	**23,944**				
Legal reserve	4,356	B (2)	4,356	-	-
Reserve for treasury shares	1,727	-	-	-	-
Statutory reserves	13,917	A, B, C	13,917	-	3,623 (3)
Reserves arising out of transfer of assets	420	A, B, C (4)	420	-	-
Reserves related to the medium-term incentive programme for Group staff	103	- (5)	-	-	218 (14)
Reserve related to equity-settled plans	1,028	A, B, C (6)	814	-	-
Reserve related to business combinations (IFRS3)	941	A, B, C (7)	941	-	1,152 (15)
Reserve pursuant to Art.1, C.984 Legislative Decree 145/2018	145	A, B, C (8)	145		
Reserve related to business combinations within the Group	701	A, B, C (9)	701	-	-
Reserve pursuant to Art.6, paragraph 2 Legislative Decree 38/2005	748	B (10)	748	-	-
Reserve for share purchase transactions	1,086	-	-		
Other reserves	66	A, B, C	63	-	-
Negative components of shareholders' equity	(1,294)	- (11)	(1,294)	-	-
Revaluation reserves:	**658**				
Monetary equalisation reserve under L.576/75	4	A, B, C (12)	4	-	-
Monetary revaluation reserve under L.72/83	85	A, B, C (12)	85	-	-
Asset revaluation reserve under L.408/90	29	A, B, C (12)	29	-	-
Property revaluation reserve under L.413/91	159	A, B, C (12)	159	-	-
Financial assets and liabilities at fair value through other comprehensive income	(124)	- (13)	-	-	-
Reserve for property plant and equipment	729	- (13)	-		
Cash-flow hedges reserve	(16)	- (13)	-	-	-
Asset held for sale	3	-	-	-	-
Reserve for actuarial gains (losses) on employee defined -benefit plans	(211)	- (13)	-	-	-
Total	**45,903**		**21,111**	2,732	11,625
Portion not allowed in distribution			**5,104**		
Remaining portion available for distribution(**)			**16,007**		

Notes:
(*) A: for capital increase; B: to cover losses; C: distribution to shareholders.
(**) The distributable portion is net of negative items.
(1) Reserve used for coverage negative reserves (€975 million); to increase the Legal reserve (€55 million) and for the allocation to the unavailable reserve for buyback (€5,602 million).
(2) Reserve available to cover losses only after the use of other reserves, except for the reserves pursuant to article 6, paragraph 2, of Legislative Decree 38/2005; the reserve includes €2,738 million from Share premium reserve as approved by the Ordinary Shareholders’ Meetings of 11 May 2013, 13 May 2014, 14 April 2016 and 15 April 2021.
(3) Reserve used to cover negative reserves (€231 million), for allocation to the reserve pursuant to Art. 6 of Legislative Decree 38/2005 (€463 million), for allocation to the reserve related to the medium-term incentive plan for Group staff (€161 million), for distribution of dividends (€268 million) and for the allocation to the unavailable reserve for buyback (€2,500 million).
(4) The reserve includes €215 million distributable according to the procedure provided for by article 2445 of the Italian Civil Code and in case of utilization to cover losses, profits may not be distributed until the reserve is restored to its full amount or is reduced by the corresponding amount.
(5) The Shareholders' meeting can resolve the removal of the constraint making it available and distributable.
(6) These reserves set up in application of the accounting standard IFRS2 are unavailable until the related plans are vested.
(7) The Reserve from business combination (IFRS3), generated with the acquisition of the shareholdings UniCredit Bank GmbH and UniCredit Bank Austria AG, is fully available due to the write-downs recognised through profit and loss in the previous years on these shareholdings and covered without using the reserve in question. A portion of this reserve equal to €653 million is restricted in tax suspension due to the tax realignment of the properties carried out pursuant to Art.110 of the D.L.2020/104. In the event of distribution of the reserve, the related restricted portion will be subject to taxation at the ordinary rate.
(8) Reserve in suspension of tax established with withdrawal of the Statutory reserve; in case of distribution will be subject to taxation at the ordinary rate.
(9) The reserve includes the surplus from the merger of controlled subsidiaries.
(10) Reserve from profit non distributable until the actual realization of the underlying gains; the reserve can be used to cover losses only after the use of the available reserves with constraint of subsequent reconstitution.
(11) Negative components affect the availability and distributability of positive reserves of the shareholders’ equity.
(12) The reserve, if not recognised under shareholders’ equity, may be reduced only in compliance with the provisions of paragraphs 2 and 3 of article 2445 of the Italian Civil Code. In case of use to cover losses, net income cannot be distributed unless the reserve is replenished or correspondingly reduced.
(13) The reserve, when positive, is not available pursuant to article 6 of Legislative Decree 38/2005.
(14) Reserve used for free capital increase with respect to allocation of performance shares connected to the personnel incentive plan.
(15) Reserve used for the allocation to the unavailable reserve for share buyback.

Part B - Balance sheet - Liabilities

In detail the composition of negative components of shareholders' equity:

(€ million)

ITEMS	=ELEMENTI_NEGATIVI_PN_IT!C4
Reserve for payments of AT1 and Cashes	(438)
Reserve for capital increase costs	(311)
Reserve for the unsustainable deferred tax assets relating to tax losses carried forward linked to equity items	(113)
Financial instruments at fair value through other comprehensive income	(286)
Reserve relating to business combination within the Group and other negative reserves	(146)
Total	**(1,294)**

The negative reserve connected to capital transactions also include the costs related to the execution of treasury share buyback programs; the negative reserve from business combinations within the Group consists of the negative equity impact arising from merger transactions, transfer of business unit carried out with subsidiaries.

Part B - Balance sheet - Liabilities

Other information

1. Commitments and financial guarantees given (different from those designated at fair value)

(€ million)

	AMOUNTS AS AT 31.12.2023					AMOUNTS AS AT 31.12.2022
	NOTIONAL AMOUNTS OF COMMITMENTS AND FINANCIAL GUARANTEES GIVEN					
	STAGE 1	STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	TOTAL	TOTAL
1. Loan commitments given	**25,304**	**3,040**	**240**	**-**	**28,584**	**23,369**
a) Central Banks	13	-	-	-	13	14
b) Governments and other Public Sector Entities	1,384	526	32	-	1,942	2,011
c) Banks	138	-	-	-	138	181
d) Other financial companies	9,734	97	-	-	9,831	4,446
e) Non-financial companies	13,892	2,405	205	-	16,502	16,505
f) Households	143	12	3	-	158	212
2. Financial guarantees given	**31,926**	**6,825**	**789**	**-**	**39,540**	**39,828**
a) Central Banks	1	-	-	-	1	4
b) Governments and other Public Sector Entities	130	40	19	-	189	497
c) Banks	5,333	291	8	-	5,632	5,287
d) Other financial companies	5,915	44	6	-	5,965	5,601
e) Non-financial companies	20,404	6,434	755	-	27,593	28,279
f) Households	143	16	1	-	160	160

2. Others commitments and others guarantees given

(€ million)

	AMOUNTS AS AT	
	31.12.2023	31.12.2022
	NOTIONAL AMOUNTS	NOTIONAL AMOUNTS
1. Others guarantees given	**-**	**-**
of which: non-performing loans	-	-
a) Central Banks	-	-
b) Governments and other Public Sector Entities	-	-
c) Banks	-	-
d) Other financial companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
2. Others commitments	**98,162**	**107,636**
of which: non-performing loans	*412*	*436*
a) Central Banks	404	407
b) Governments and other Public Sector Entities	994	1,338
c) Banks	9,714	14,154
d) Other financial companies	23,454	18,427
e) Non-financial companies	59,340	67,869
f) Households	4,256	5,441

Table “1. Commitments and financial guarantees given (different from those designated at fair value)” shows commitments and guarantees evaluated according to the IFRS9 requirements.
Table “2. Other commitments and others guarantees given” shows commitments and guarantees that are not evaluated according to the IFRS9 requirements. According to the Circular No.262 of 22 December 2005 of Banca d’Italia (and subsequent amendments), the tables also include the revocable commitments and the item “financial guarantees” also includes the commercial ones.

Part B - Balance sheet - Liabilities

3. Assets used to guarantee own liabilities and commitments

(€ million)

PORTFOLIOS	AMOUNTS AS AT 31.12.2023	AMOUNTS AS AT 31.12.2022
1. Financial assets at fair value through profit or loss	663	831
2. Financial assets at fair value through other comprehensive income	8,350	8,576
3. Financial assets at amortised cost	38,585	83,094
4. Property, plant and equipment	-	-
of which: inventories of property, plant and equipment	-	-

4. Asset management and trading on behalf of others

(€ million)

TYPE OF SERVICES	AMOUNTS AS AT 31.12.2023	AMOUNTS AS AT 31.12.2022
1. Execution of orders on behalf of customers		
a) Purchases	-	-
1. Settled	-	-
2. Unsettled	-	-
b) Sales	-	-
1. Settled	-	-
2. Unsettled	-	-
2. Individual portfolio management	6,190	6,433
3. Custody and administration of securities		
a) Third party securities on deposits: relating to depositary bank activities (excluding portfolio management)	-	-
1. Securities issued by companies included in consolidation	-	-
2. Other securities	-	-
b) Third party securities held in deposits (excluding portfolio management): other	101,764	81,328
1. Securities issued by companies included in consolidation	8,353	6,836
2. Other securities	93,411	74,492
c) Third party securities deposited with third parties	101,269	81,186
d) Property securities deposited with third parties	106,869	115,468
4. Other transactions	**6,297**	**6,616**

5. Financial assets subject to accounting offsetting or under master netting agreements and similar agreements

(€ million)

INSTRUMENT TYPE	GROSS AMOUNTS OF FINANCIAL ASSETS (A)	FINANCIAL LIABILITIES OFFSET IN BALANCE SHEET (B)	NET BALANCE SHEET VALUES OF FINANCIAL ASSETS (C=A-B)	RELATED AMOUNTS NOT SUBJECT TO ACCOUNTING OFFSETTING: FINANCIAL INSTRUMENTS (D)	RELATED AMOUNTS NOT SUBJECT TO ACCOUNTING OFFSETTING: CASH COLLATERAL RECEIVED (E)	NET AMOUNT 31.12.2023 (F=C-D-E)	NET AMOUNT 31.12.2022
1. Derivatives	19,845	-	19,845	17,748	1,599	498	627
2. Reverse repos	30,244	-	30,244	30,049	99	96	213
3. Securities lending	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-
Total 31.12.2023	**50,089**	**-**	**50,089**	**47,797**	**1,698**	**594**	**X**
Total 31.12.2022	**57,794**	**-**	**57,794**	**55,187**	**1,767**	**X**	**840**

Part B - Balance sheet - Liabilities

6. Liabilities subject to accounting offsetting or under master netting agreements and similar ones

(€ million)

INSTRUMENT TYPE	GROSS AMOUNTS OF FINANCIAL LIABILITIES (A)	FINANCIAL ASSETS OFFSET IN BALANCE SHEET (B)	NET BALANCE SHEET VALUES OF FINANCIAL LIABILITIES (C=A-B)	RELATED AMOUNTS NOT SUBJECT TO ACCOUNTING OFFSETTING: FINANCIAL INSTRUMENTS (D)	RELATED AMOUNTS NOT SUBJECT TO ACCOUNTING OFFSETTING: CASH COLLATERAL PLEDGED (E)	NET AMOUNT 31.12.2023 (F=C-D-E)	NET AMOUNT 31.12.2022
1. Derivatives	20,828	-	20,828	17,748	2,472	608	1,267
2. Reverse repos	35,112	-	35,112	35,037	11	64	4
3. Securities lending	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-
Total 31.12.2023	**55,940**	**-**	**55,940**	**52,785**	**2,483**	**672**	**X**
Total 31.12.2022	**65,072**	**-**	**65,072**	**60,748**	**3,053**	**X**	**1,271**

7. Security borrowing transactions

(€ million)

TYPE OF LENDER	AMOUNTS AS AT 31.12.2023 - AMOUNTS OF THE SECURITIES BORROWED/TRANSACTION PURPOSES: GIVEN AS COLLATERAL IN OWN FUNDING TRANSACTIONS	SOLD	SOLD IN REPO TRANSACTIONS	OTHER PURPOSES
A. Banks	792	-	500	1,121
B. Financial companies	-	-	737	804
C. Insurance companies	-	-	-	-
D. Non-financial companies	639	-	-	-
E. Others	-	-	230	64
Total	**1,431**	**-**	**1,467**	**1,989**

Part C - Income statement

Section 1 - Interests - Items 10 and 20

1.1 Interest income and similar revenues: breakdown

(€ million)

ITEMS/TYPES	YEAR 2023 DEBT SECURITIES	YEAR 2023 LOANS	YEAR 2023 OTHER TRANSACTIONS	YEAR 2023 TOTAL	YEAR 2022 TOTAL
1. Financial assets at fair value through profit or loss	**305**	**14**	**-**	**319**	**202**
1.1 Financial assets held for trading	128	-	-	128	19
1.2 Financial assets designated at fair value	1	-	-	1	1
1.3 Other financial assets mandatorily at fair value	176	14	-	190	182
2. Financial assets at fair value through other comprehensive income	**818**	**-**	**X**	**818**	**319**
3. Financial assets at amortised cost	**1,107**	**9,274**	**X**	**10,381**	**4,646**
3.1 Loans and advances to banks	559	1,619	X	2,178	577
3.2 Loans and advances to customers	548	7,655	X	8,203	4,069
4. Hedging derivatives	**X**	**X**	**2,970**	**2,970**	**(114)**
5. Other assets	**X**	**X**	**185**	**185**	**56**
6. Financial liabilities	**X**	**X**	**X**	**7**	**438**
Total	**2,230**	**9,288**	**3,155**	**14,680**	**5,547**
of which: interest income on impaired financial assets	*4*	*242*	*-*	*246*	*163*
of which: interest income on financial lease	*X*	*2*	*X*	*2*	*-*

The interests on financial assets mandatory at fair value include €99 million referred to the coupon settlement of Additional Tier 1 instruments issued by UniCredit Bank GmbH subsidiary and €29 million referred to the first coupon settlement of Additional Tier 1 instrument issued by UniCredit Bank Austria AG.
The interests on financial liabilities, contributing to net interest margin, in 2022 included €228 million arising from TLTRO III facilities matured till 23 November 2022, end of negative interests regime for this instrument, following 27 October 2022 BCE's decision; from that date onward the instrument produces normal negative interests exposed in table 1.3 Interest expenses and similar charges: composition.

1.2 Interest income and similar revenues: other information

1.2.1 Interest income from financial assets denominated in currency

(€ million)

ITEMS	YEAR 2023	YEAR 2022
a) Assets denominated in currency	1,225	511

Part C - Income statement

1.3 Interest expenses and similar charges: breakdown

(€ million)

ITEMS/TYPES	YEAR 2023 DEBTS	YEAR 2023 SECURITIES	YEAR 2023 OTHER TRANSACTIONS	YEAR 2023 TOTAL	YEAR 2022 TOTAL
1. Financial liabilities at amortised cost	**(3,266)**	**(1,773)**	**X**	**(5,039)**	**(1,834)**
1.1 Deposits from central banks	(776)	X	X	(776)	(98)
1.2 Deposits from banks	(918)	X	X	(918)	(184)
1.3 Deposits from customers	(1,572)	X	X	(1,572)	(266)
1.4 Debt securities in issue	X	(1,773)	X	(1,773)	(1,286)
2. Financial liabilities held for trading	**-**	**(46)**	**(290)**	**(336)**	**(86)**
3. Financial liabilities designated at fair value	**-**	**(24)**	**-**	**(24)**	**(11)**
4. Other liabilities and funds	**X**	**X**	**(74)**	**(74)**	**(1)**
5. Hedging derivatives	**X**	**X**	**(3,276)**	**(3,276)**	**483**
6. Financial assets	**X**	**X**	**X**	**(9)**	**(298)**
Total	**(3,266)**	**(1,843)**	**(3,640)**	**(8,758)**	**(1,747)**
of which: interest expenses on lease deposits	*(21)*	*X*	*X*	*(21)*	*(11)*

The interests on financial liabilities with central banks include €761 million (€93 million in 2022) arising from TLTRO III facilities.

1.4 Interest expenses and similar charges: other information

1.4.1 Interest expenses on liabilities denominated in currency

(€ million)

ITEMS	YEAR 2023	YEAR 2022
a) Liabilities denominated in currency	(1,299)	(732)

1.5 Differentials relating to hedging operations

(€ million)

ITEMS	YEAR 2023	YEAR 2022
A. Positive differentials relating to hedging operations	6,980	2,910
B. Negative differentials relating to hedging operations	(7,286)	(2,541)
C. Net differential (A-B)	**(306)**	**369**

Part C - Income statement

Section 2 - Fees and commissions - Items 40 and 50

2.1 Fees and commissions income: breakdown

(€ million)

TYPE OF SERVICES/VALUES	YEAR 2023	YEAR 2022
a) Financial Instruments	1,337	1,275
1. Placement of securities	1,070	1,092
1.1 Underwriting and/or on the basis of an irrevocable commitment	-	-
1.2 Without irrevocable commitment	1,070	1,092
2. Reception and transmission of orders	220	122
2.1 Reception and transmission of orders of financial instruments	220	122
2.2 Execution of orders on behalf of customers	-	-
3. Other fees related to activities linked to financial instruments	47	61
of which: proprietary Trading	-	-
of which: individual portfolio management	*47*	*61*
b) Corporate Finance	16	10
1. M&A advisory	-	-
2. Treasury services	-	-
3. Other fee and commission income in relation to corporate finance activities	16	10
c) Fee based advice	10	9
d) Clearing and settlement	-	-
e) Custody and administration of securities	10	8
1. Custodian Bank	-	-
2. Other fee and commission income in relation to corporate finance activities	10	8
f) Central administrative services for collective investment	-	-
g) Fiduciary transactions	-	-
h) Payment services	965	898
1. Current accounts	-	-
2. Credit cards	70	71
3. Debits cards and other card payments	200	189
4. Transfers and other payment orders	288	267
5. Other fees in relation to payment services	407	371
i) Distribution of third party services	781	790
1.Collective portfolio management	-	-
2. Insurance products	779	786
3. Other products	2	4
of which: individual portfolio management	*1*	*1*
j) Structured finance	-	-
k) Loan servicing activities	34	44
l) Loan commitment given	29	27
m) Financial guarantees	228	224
of which: credit derivatives	-	-
n) Lending transaction	200	239
of which: factoring services	-	-
o) Currency trading	140	151
p) Commodities	-	-
q) Other fee income	1,002	1,078
of which: management of sharing multilateral trading facilities	-	-
of which: management of organized trading systems	-	-
Total	**4,752**	**4,753**

Part C - Income statement

Item "a) Financial instruments - 1. Placement of securities" includes placement management fees on investment funds for €992 million.
Item "q) other fee income" mainly comprise:

- fees for ancillary services linked to current accounts (e.g., token, debt card): €286 million in 2023, €430 million in 2022 (-33%);
- fees for immediate funds availability: €328 million in 2023, €316 million in 2022 (+4%);
- fees for ATM and credit card services not included in collection and payment services: €65 million in 2023, €63 million in 2022 (+3%);
- fees for current accounts keeping: €101 million in 2023, €115 million in 2022 (-12%).

2.2 Fees and commissions income: distribution channels of products and services

(€ million)

CHANNELS/VALUES	YEAR 2023	YEAR 2022
A) Through bank branches	**1,898**	**1,943**
1. Portfolio management	47	61
2. Placement of securities	1,070	1,092
3. Others' products and services	781	790
B) Off-site offer	**-**	**-**
1. Portfolio management	-	-
2. Placement of securities	-	-
3. Others' products and services	-	-
C) Other distribution channels	**-**	**-**
1. Portfolio management	-	-
2. Placement of securities	-	-
3. Others' products and services	-	-

2.3 Fees and commissions expenses: breakdown

(€ million)

SERVICES/VALUES	YEAR 2023	YEAR 2022
a) Financial instruments	(14)	(24)
of which: trading in financial instruments	*(9)*	*(7)*
of which: placement of financial instruments	*(2)*	*(10)*
of which: individual Portfolio management	*(3)*	*(7)*
- own portfolio	-	-
- third party portfolio	(3)	(7)
b) Clearing and settlement	-	-
c) Custody and administration of securities	(33)	(38)
d) Collection and payment services	(422)	(401)
of which: debit credit card service and other payment cards	*(379)*	*(354)*
e) Loan securitisation servicing activities	(3)	-
f) Loan commitment given	-	-
g) Financial guarantees received	(191)	(110)
of which: credit derivatives	-	-
h) Off-site distribution of financial instruments, products and services	(7)	(7)
i) Currencies trading	-	-
j) Other fees and commissions expenses	(148)	(70)
Total	**(818)**	**(650)**

Part C - Income statement

Section 3 - Dividend income and similar revenue - Item 70

3.1 Dividend income and similar revenues: breakdown

(€ million)

ITEMS/REVENUES	YEAR 2023		YEAR 2022	
	DIVIDENDS	SIMILAR REVENUES	DIVIDENDS	SIMILAR REVENUES
A. Financial assets held for trading	-	-	-	-
B. Other financial assets mandatorily at fair value	3	14	33	21
C. Financial assets at fair value through other comprehensive income	25	-	19	-
D. Equity investments	3,044	-	1,386	-
Total	**3,072**	**14**	**1,438**	**21**
Total dividends and similar revenues		**3,086**		**1,459**

Dividends are recognised in the Income statement when distribution is approved.

The item "B. Other financial assets mandatorily at fair value" includes mainly the dividends relating to the shareholding in Webuild S.p.A. for €3 million, further to €14 million from Investment Funds distributions. In 2022 the item included mainly the dividends received relating to the investment in La Villata S.p.A. Immobiliare di Investimento e Sviluppo for €29 million.
The item "C. Financial assets at fair value through other comprehensive income" includes mainly the dividends received relating to the shareholding in Banca d'Italia (€17 million, as in 2022).

Here below the breakdown of dividends on equity investments collected during 2023 and 2022.

Breakdown of dividends by investments

(€ million)

	YEAR 2023	YEAR 2022
UniCredit Bank GMBH	1,160	245
Zagrebacka Banca DD	521	225
UniCredit Bank Czech Republic and Slovakia A.S.	376	271
UniCredit Bulbank AD	237	160
UniCredit Bank Austria AG	234	60
AO UniCredit Bank	137	-
UniCredit Bank Hungary ZRT	132	140
UniCredit Bank Serbia JSC	61	49
UniCredit Factoring S.p.A.	45	49
UniCredit Banka Slovenija D.D.	34	-
UniCredit Bank A.D. Banja Luka	29	-
CNP UniCredit Vita S.p.A.	23	10
Nuova Compagnia di Partecipazioni S.P.A	20	-
UniCredit Allianz Assicurazioni S.p.A	15	17
Incontra Assicurazioni S.p.A.	14	6
Pirta Verwaltungs GMBH	4	6
UniCredit Myagents S.r.l.	1	1
Camfin S.p.A.	1	-
UniCredit Allianz Vita S.p.A.	-	100
UniCredit Bank SA	-	47
Total	3,044	1,386
Total	**1,386**	**837**

Part C - Income statement

Section 4 - Gains (Losses) on financial assets and liabilities held for trading - Item 80

4.1 Net gains (losses) on trading: breakdown

(€ million)

TRANSACTIONS/INCOME ITEMS	YEAR 2023				
	CAPITAL GAINS (A)	REALISED PROFITS (B)	CAPITAL LOSSES (C)	REALISED LOSSES (D)	NET PROFIT [(A+B)-(C+D)]
1. Financial assets held for trading	**52**	**243**	**(58)**	**(381)**	**(144)**
1.1 Debt securities	52	243	(58)	(381)	(144)
1.2 Equity instruments	-	-	-	-	-
1.3 Units in investment funds	-	-	-	-	-
1.4 Loans	-	-	-	-	-
1.5 Other	-	-	-	-	-
2. Financial liabilities held for trading	**-**	**-**	**-**	**-**	**-**
2.1 Debt securities	-	-	-	-	-
2.2 Deposits	-	-	-	-	-
2.3 Other	-	-	-	-	-
3. Financial assets and liabilities: exchange differences	**X**	**X**	**X**	**X**	**(701)**
4. Derivatives	**5,223**	**7,748**	**(4,849)**	**(7,485)**	**1,347**
4.1 Financial derivatives	5,223	7,748	(4,849)	(7,485)	1,347
- On debt securities and interest rates	4,081	6,006	(3,915)	(5,876)	296
- On equity securities and share indices	212	99	(3)	(4)	304
- On currencies and gold	X	X	X	X	710
- Other	930	1,643	(931)	(1,605)	37
4.2 Credit derivatives	-	-	-	-	-
of which: economic hedges linked to the fair value option	*X*	*X*	*X*	*X*	-
Total	**5,275**	**7,991**	**(4,907)**	**(7,866)**	**502**

Financial derivatives include the ones connected to debt securities financial liabilities at fair value.

Section 5 - Fair value adjustments in hedge accounting - Item 90

5.1 Net gains (losses) on hedge accounting: breakdown

(€ million)

INCOME COMPONENT/VALUES	YEAR 2023	YEAR 2022
A. Gains on		
A.1 Fair value hedging instruments	7,721	11,681
A.2 Hedged financial assets (in fair value hedge relationship)	4,284	21
A.3 Hedged financial liabilities (in fair value hedge relationship)	393	13,704
A.4 Cash-flow hedging derivatives	4	1
A.5 Assets and liabilities denominated in currency	-	-
Total gains on hedging activities (A)	**12,402**	**25,407**
B. Losses on		
B.1 Fair value hedging instruments	(6,624)	(13,772)
B.2 Hedged financial assets (in fair value hedge relationship)	(171)	(11,568)
B.3 Hedged financial liabilities (in fair value hedge relationship)	(5,601)	(83)
B.4 Cash-flow hedging derivatives	(1)	(2)
B.5 Assets and liabilities denominated in currency	-	-
Total losses on hedging activities (B)	**(12,397)**	**(25,425)**
C. Net hedging result (A-B)	**5**	**(18)**
of which: net gains (losses) of hedge accounting on net positions	-	-

Part C - Income statement

The reduction in the items gain and losses on the hedging derivatives is mainly attributable to the evolution in the markets interest rate curves that have been more stable during 2023, after the significant increasing evolution observed in 2022.
The item includes effects of the market risks hedging strategy on some subsidiaries, of which UniCredit Bank Hungary Zrt, for -€11 million and UniCredit Bank Czech for +€3. In 2022, at the climax of the war crisis in Ukraine, a similar strategy has been put in place referring to Russian subsidiary AO UniCredit Bank, with an impact, upon its termination by first half 2022, of -€29 million.
Hedging derivatives evaluation include any eventual "model" adjustment needed to reflect the presence of guarantees and credit risk of counterparties.

Section 6 - Gains (Losses) on disposals/repurchases - Item 100

6.1 Gains (Losses) on disposal/repurchase: breakdown

(€ million)

ITEMS/INCOME ITEMS	YEAR 2023			YEAR 2022		
	GAINS	LOSSES	NET PROFIT	GAINS	LOSSES	NET PROFIT
A. Financial assets						
1. Financial assets at amortised cost	381	(179)	202	414	(401)	13
1.1 Loans and advances to banks	9	(19)	(10)	-	(58)	(58)
1.2 Loans and advances to customers	372	(160)	212	414	(343)	71
2. Financial assets at fair value through other comprehensive income	867	(720)	147	632	(429)	203
2.1 Debt securities	867	(720)	147	632	(429)	203
2.2 Loans	-	-	-	-	-	-
Total assets (A)	**1,248**	**(899)**	**349**	**1,046**	**(830)**	**216**
B. Financial liabilities at amortised cost						
1. Deposits from banks	-	-	-	262	(221)	41
2. Deposits from customers	12	(6)	6	4	(1)	3
3. Debt securities in issue	61	(2)	59	43	(13)	30
Total liabilities (B)	**73**	**(8)**	**65**	**309**	**(235)**	**74**
Total financial assets/liabilities			**414**			**290**

Net results on financial assets at amortised cost mainly arise from sale of bonds (+€61 million) and from sale of non-performing customers loans (+€13 million) and performing customers loans (+€138 million), the latter in particular related to some transactions aimed to reduce exposures with Russian counterparts after the start of the war crisis.

Net gains on financial assets at fair value through other comprehensive income are essentially related to effects of the sale of government bonds, mainly Italian ones.

Net gains from repurchase of debts securities in issue arise from buyback of some issuances before their original maturity. In 2022 it included the effect of €41 million originated by the remodulation of contractual terms of TLTRO III facilities.

Part C - Income statement

Section 7 - Net gains (losses) on other financial assets/liabilities at fair value through profit or loss - Item 110

7.1 Net gains (losses) on other financial assets/liabilities at fair value through profit or loss: breakdown of financial assets and liabilities designated at fair value

(€ million)

TRANSACTIONS/INCOME ITEMS	YEAR 2023				
	CAPITAL GAINS (A)	REALISED PROFITS (B)	CAPITAL LOSSES (C)	REALISED LOSSES (D)	NET PROFIT [(A+B)-(C+D)]
1. Financial assets	**9**	**1**	**-**	**-**	**10**
1.1 Debt securities	9	1	-	-	10
1.2 Loans	-	-	-	-	-
2. Financial liabilities	**80**	**33**	**(409)**	**(136)**	**(432)**
2.1 Debt securities	80	33	(409)	(136)	(432)
2.2 Deposits from banks	-	-	-	-	-
2.3 Deposits from customers	-	-	-	-	-
3. Financial assets and liabilities in foreign currency: exchange differences	**X**	**X**	**X**	**X**	**-**
Total	**89**	**34**	**(409)**	**(136)**	**(422)**

Financial liabilities represented by debt securities show the economic result of “certificates” (structured debt securities) issued by UniCredit S.p.A. to which are also linked some financial derivatives for economic hedge purposes and whose economic results are included into table reported in the paragraph “4.1 Net gain (losses) on trading: breakdown”, Notes to the accounts, Part C - Income statement, Section 4 - Gain (Losses) on financial assets and liabilities held for trading - Item 80.

7.2 Net change in other financial assets/liabilities at fair value through profit or loss: breakdown of other financial assets mandatorily at fair value

(€ million)

TRANSACTIONS/INCOME ITEMS	YEAR 2023				
	CAPITAL GAINS (A)	REALISED PROFITS (B)	CAPITAL LOSSES (C)	REALISED LOSSES (D)	NET PROFIT [(A+B)-(C+D)]
1. Financial assets	**347**	**15**	**(47)**	**(5)**	**310**
1.1 Debt securities	189	8	(11)	(3)	183
1.2 Equity securities	93	6	(1)	-	98
1.3 Units in investment funds	62	1	(21)	(2)	40
1.4 Loans	3	-	(14)	-	(11)
2. Financial assets: exchange differences	**X**	**X**	**X**	**X**	**-**
Total	**347**	**15**	**(47)**	**(5)**	**310**

Debt securities into financial assets also include evaluation effects of Additional Tier 1 instruments subscribed by the Bank, among which, for +€136 million, the ones issued by the subsidiary UniCredit Bank GmbH and subscribed in the fourth quarter 2020 for a nominal amount of €1,700 million and, for +€40 million, the ones issued by the subsidiary UniCredit Bank Austria AG and subscribed in the fourth quarter 2021 for a nominal amount of €600 million.
Equity securities include effects of the evaluation of the interests held in the “Schema Volontario” for which refer to specific comment below table reported in the paragraph “2.5 Financial assets mandatory at fair value: breakdown by product”, Notes to the accounts, Part B - Balance sheet - Assets, Section 2 - Financial assets at fair value through profit or loss - Item 20.
Units in investment funds include economic effects from Atlante fund and Italian Recovery Fund (€7 million), for which refer to specific disclosure below table reported in the paragraph “2.5 Financial assets mandatory at fair value: breakdown by product”, Notes to the accounts, Part B - Balance sheet - Assets, Section 2 - Financial assets at fair value through profit or loss - Item 20.

Part C - Income statement

Section 8 - Net losses/recoveries on credit impairment - Item 130

8.1 Net impairment losses for credit risk relating to financial assets at amortised cost: breakdown

(€ million)

TRANSACTIONS/INCOME ITEMS	YEAR 2023											YEAR 2022
	WRITE-DOWNS						WRITE-BACKS					
			STAGE 3		PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS					PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS		
	STAGE 1	STAGE 2	WRITE-OFF	OTHER	WRITE-OFF	OTHER	STAGE 1	STAGE 2	STAGE 3		TOTAL	TOTAL
A. Loans and advances to banks	**(13)**	**-**	**-**	**-**	**-**	**-**	**9**	**18**	**-**	**-**	**14**	**(32)**
- Loans	(12)	-	-	-	-	-	6	18	-	-	12	(31)
- Debt securities	(1)	-	-	-	-	-	3	-	-	-	2	(1)
B. Loans and advances to customers	**(135)**	**(948)**	**(25)**	**(997)**	**-**	**-**	**856**	**533**	**503**	**-**	**(213)**	**(1,008)**
- Loans	(134)	(942)	(25)	(997)	-	-	855	531	503	-	(209)	(1,013)
- Debt securities	(1)	(6)	-	-	-	-	1	2	-	-	(4)	5
Total	**(148)**	**(948)**	**(25)**	**(997)**	**-**	**-**	**865**	**551**	**503**	**-**	**(199)**	**(1,040)**

8.2 Net change for credit risk relating to financial assets at fair value through other comprehensive income: breakdown

(€ million)

TRANSACTIONS/INCOME ITEMS	YEAR 2023											YEAR 2022
	WRITE-DOWNS						WRITE-BACKS					
			STAGE 3		PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS					PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS		
	STAGE 1	STAGE 2	WRITE-OFF	OTHER	WRITE-OFF	OTHER	STAGE 1	STAGE 2	STAGE 3		TOTAL	TOTAL
A. Debt securities	**(11)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(11)**	**(9)**
B. Loans	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Loans and advances to customers	-	-	-	-	-	-	-	-	-	-	-	-
- Loans and advances to banks	-	-	-	-	-	-	-	-	-	-	-	-
Total	**(11)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(11)**	**(9)**

As on 31 December 2023 LLPs impacts include:

- -€30 million of write-downs resulting from the update of "Geopolitical overlay" in the calculation of the expected loss;
- -€203 million of write-downs linked to the overall macroeconomic situation on counterparties more exposed to Real Estate risk;
- €285 million of write backs linked to the release of residual overlays linked to the Covid-19 pandemic event;
- -€21 million of write- downs connected to IFRS9 macro economic scenario update;
- €66 million of write backs due to the contraction of credits in the Russia perimeter due to reimbursements;
- -€78 million of write-downs as a linked effect to the adjustment of the sales price on impaired counterparties (Stage 3) whose recovery is achieved through the related transfer to third party counterparties;
- -€216 million of net write-downs mainly connected to credit portfolio dynamics like recoveries, inflows and outflows to non performing exposures.

For further information on this section, please refer to paragraph “A. Credit quality" of the Company Financial Statements of UniCredit S.p.A., Notes to the accounts, Part E - Information on risks and related hedging policies, Information of a quantitative nature.

For further details regarding the calculation of write-downs, please refer to paragraph “2.3 Methods of measuring expected losses” of the Consolidated Financial Statements of the UniCredit group, Notes to the Consolidated Financial Statements, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidation, 2.1 Credit risk, Qualitative information, 2. Credit risk management policies.

Part C - Income statement

Section 9 - Gains/Losses from contractual changes with no cancellations - Item 140

9.1 Gains (Losses) from contractual changes: breakdown

(€ million)

	YEAR 2023			YEAR 2022
	GAINS	LOSSES	TOTAL	TOTAL
A. Financial assets at amortised costs				
A.1 Debt securities	-	-	-	-
A.2 Loans to banks	-	-	-	-
A.3 Loans to customers	10	(3)	7	9
Total (A)	**10**	**(3)**	**7**	**9**
B. Financial assets at fair value through other comprehensive income				
B.1 Debt securities	-	-	-	-
B.2 Loans to banks	-	-	-	-
B.3 Loans to customers	-	-	-	-
Total (B)	**-**	**-**	**-**	**-**
Total (A+B)	**10**	**(3)**	**7**	**9**

Section 10 - Administrative expenses - Item 160

10.1 Staff expenses: breakdown

(€ million)

TYPE OF EXPENSES/VALUES	YEAR 2023	YEAR 2022
1) Employees	**(3,504)**	**(3,240)**
a) Wages and salaries	(2,115)	(2,087)
b) Social charges	(567)	(569)
c) Severance pay	(19)	(19)
d) Social security costs	-	-
e) Allocation to employee severance pay provision	(20)	(10)
f) Provision for retirements and similar provisions	(6)	(10)
- Defined contribution	-	-
- Defined benefit	(6)	(10)
g) Payments to external pension funds	(171)	(160)
- Defined contribution	(171)	(160)
- Defined benefit	-	-
h) Costs arising from share-based payments	(44)	(29)
i) Other employee benefits	(562)	(356)
2) Other non-retired staff	**(5)**	**(5)**
3) Directors and Statutory Auditors	**(5)**	**(5)**
4) Early retirement costs	**-**	**-**
5) Recoveries of payments for seconded employees to other companies	**47**	**43**
6) Refund of expenses for secunded employees to the company	**(52)**	**(56)**
Total	**(3,519)**	**(3,263)**

Part C - Income statement

10.2 Average number of employees by category

	YEAR 2023		YEAR 2022	
	FULL TIME EQUIVALENT	HEAD COUNT	FULL TIME EQUIVALENT	HEAD COUNT
Employees	**34,945**	**36,407**	**36,312**	**37,933**
a) Senior managers	621	672	636	702
b) Managers	18,161	17,860	18,502	18,672
c) Remaining employees staff	16,164	17,875	17,174	18,559
Other non-retired staff	**204**	**210**	**213**	**219**
Total	**35,149**	**36,616**	**36,525**	**38,152**

Employees by category at year end

	YEAR 2023		YEAR 2022	
	FULL TIME EQUIVALENT	HEAD COUNT	FULL TIME EQUIVALENT	HEAD COUNT
Employees	**34,041**	**35,511**	**35,850**	**37,302**
a) Senior managers	596	645	646	699
b) Managers	17,348	17,670	18,973	19,083
c) Remaining employees staff	16,097	17,196	16,231	17,520
Other non-retired staff	**154**	**159**	**253**	**260**
Total	**34,195**	**35,670**	**36,103**	**37,562**

The average number of employees in 2023 decreases about -4 percent over 2022 due to exits for restructuring plans only partly replaced by new hires.

10.3 Defined benefit company retirement funds: costs and revenues

(€ million)

	YEAR 2023	YEAR 2022
Current service cost	(4)	(8)
Settlement gains (losses)	-	-
Past service cost	-	-
Interest cost on the DBO	(15)	(7)
Interest income on plan assets	13	5
Other costs/revenues	-	-
Administrative expenses paid through plan assets	-	-
Total recognised in profit or loss	**(6)**	**(10)**

10.4 Other employee benefits

(€ million)

	YEAR 2023	YEAR 2022
- Seniority premiums	-	-
- Leaving incentives	(446)	(202)
- Other	(116)	(154)
Total	**(562)**	**(356)**

The net balance in the sub-item Leaving incentives for 2023 is mainly determined by the update of strategic plan that envisages a reduction of the workforce over the plan horizon and the recognition of restructuring costs as at 31 December 2023.
The exits for restructuring will be realised on a voluntary basis following the update of early-retirement plan, in this regard, the agreement with the Trade Unions has been signed in December 2023.

It should be noted that these expenses are initially recognised as provisions for risks and charges and will be reclassified to "Other liabilities" when a specific debt toward the employees will arise.

Part C - Income statement

10.5 Other administrative expenses: breakdown

(€ million)

TYPE OF EXPENSES/SECTORS	YEAR 2023	YEAR 2022
1) Indirect taxes and duties	**(451)**	**(426)**
1a. Settled	(451)	(426)
1b. Unsettled	-	-
2) Contributions to Resolution Funds and Deposit Guarantee Schemes (DGS)	**(360)**	**(426)**
3) Guarantee fee for DTA conversion	**(97)**	**(100)**
4) Miscellaneous costs and expenses	**(1,477)**	**(1,399)**
a) Advertising marketing and communication	(49)	(40)
b) Expenses relating to credit risk	(41)	(50)
c) Indirect expenses relating to personnel	(41)	(35)
d) Information & Communication Technology expenses	(879)	(824)
Lease of ICT equipment and software	(39)	(37)
Software expenses: lease and maintenance	(229)	(193)
ICT communication systems	(16)	(17)
Services ICT in outsourcing	(561)	(541)
Financial information providers	(34)	(36)
e) Consulting and professionals services	(44)	(50)
Consulting	(31)	(34)
Legal expenses	(13)	(16)
f) Real estate expenses	(222)	(178)
Premises rentals	(23)	(32)
Utilities	(132)	(73)
Other real estate expenses	(67)	(73)
g) Operating costs	(201)	(222)
Surveillance and security services	(16)	(24)
Money counting services and transport	(19)	(19)
Printing and stationery	(5)	(8)
Postage and transport of documents	(18)	(19)
Administrative and logistic services	(73)	(76)
Insurance	(38)	(39)
Association dues and fees and contributions to the administrative expenses deposit guarantee funds	(23)	(22)
Other administrative expenses - other	(9)	(15)
Total (1+2+3+4)	**(2,385)**	**(2,351)**

Expenses related to personnel include the expenses that do not represent remuneration of the working activity of an employee in compliance with IAS19.

Contributions to Resolution and Guarantee funds

Reference is made to the paragraph “Contribution to Resolution and Guarantee funds” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part C - Consolidated income statement, Section 12 - Administrative expenses - Item 190, which is herewith quoted entirely.

Guarantee fees for DTA conversion

Reference is made to the paragraph “Guarantee fees for DTA conversion” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part C - Consolidated income statement, Section 12 - Administrative expenses - Item 190, which is herewith quoted entirely.

Part C - Income statement

Section 11 - Net provisions for risks and charges - Item 170

11.1 Net provisions for credit risk from loans commitments and financial guarantees given: breakdown

(€ million)

	YEAR 2023		
	PROVISIONS	SURPLUS REALLOCATIONS	TOTAL
Loan committments	(47)	51	**4**
Financial guarantees given	(141)	138	**(3)**

11.2 Net provisions for other commitments and guarantees given: breakdown

No data to be disclosed.

11.3 Net provisions for risks and charges: breakdown

(€ million)

	YEAR 2023			YEAR 2022
ASSETS/INCOME ITEMS	PROVISIONS	SURPLUS REALLOCATIONS	TOTAL	TOTAL
1. Other provisions				
1.1 Legal disputes	(82)	54	(28)	62
1.2 Staff costs	-	-	-	-
1.3 Other	(93)	83	(10)	27
Total	**(175)**	**137**	**(38)**	**89**

Provisions for legal disputes are posted to cover potential liabilities that may result from pending lawsuits.
More details on legal disputes are included into the paragraph "B. Legal risks", Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.5 Operational risks.

Part C - Income statement

Section 12 - Net value adjustments/write-backs on property, plant and equipment - Item 180

12.1 Impairment on property, plant and equipment: breakdown

(€ million)

ASSETS/INCOME ITEMS	YEAR 2023			
	DEPRECIATION (A)	IMPAIRMENT LOSSES (B)	WRITE-BACKS (C)	NET PROFIT (A+B-C)
A. Property, plant and equipment				
A.1 Used in the business	**(330)**	**(56)**	**17**	**(369)**
- Owned	(149)	(2)	-	(151)
- Right of use of Leased Assets	(181)	(54)	17	(218)
A.2 Held for investment	**-**	**-**	**-**	**-**
- Owned	-	-	-	-
- Right of use of Leased Assets	-	-	-	-
A.3 Inventories	**-**	**-**	**-**	**-**
Total A	**(330)**	**(56)**	**17**	**(369)**
B. Non-current assets and groups of assets held for sale	**X**	**-**	**-**	**-**
- Used in the business	X	-	-	-
- Held for investments	X	-	-	-
- Inventories	X	-	-	-
Total (A+B)	**(330)**	**(56)**	**17**	**(369)**

Section 13 - Net value adjustments/write-backs on intangible assets - Item 190

13.1 Net value adjustments/write-backs on intangible assets: breakdown

(€ million)

ASSETS/INCOME ITEMS	YEAR 2023			
	AMORTISATION (A)	IMPAIRMENT LOSSES (B)	WRITE-BACKS (C)	NET PROFIT (A+B-C)
A. Intangible assets				
of which: software	*(367)*	*(70)*	-	*(437)*
A.1 Owned	**(367)**	**(69)**	**-**	**(436)**
- Generated internally by the company	(320)	(64)	-	(384)
- Other	(47)	(5)	-	(52)
A.2 Right of use of Leased Assets	**-**	**-**	**-**	**-**
Total	**(367)**	**(69)**	**-**	**(436)**

For further datails, please refer to Section 9 - intangible assets - Item 90, Notes to the accounts, Part B - Balance sheet - Assets.

Part C - Income statement

Section 14 - Other operating expenses/income - Item 200

Other net operating income: breakdown

(€ million)

INCOME ITEMS/VALUE	YEAR 2023	YEAR 2022
Total of other operating expenses	(325)	(318)
Total of other operating income	1,555	1,429
Other operating expenses/income	**1,230**	**1,111**

14.1 Other operating expenses: breakdown

(€ million)

TYPE OF EXPENSE/VALUES	YEAR 2023	YEAR 2022
Costs for operating leases	-	-
Non-deductible tax and other fiscal charges	-	-
Write-downs on leasehold improvements	(29)	(28)
Costs relating to the specific service of financial leasing	-	-
Other	(296)	(290)
Total other operating expenses	**(325)**	**(318)**

The sub-item "Other" includes:
- settlements and indemnities for -€162 million (- €128 million in 2022);
- non-deductible VAT for -€67 million (-€55 million in 2022);
- additional costs relating to customer accounts for -€11 million (-€10 million in 2022).

14.2 Other operating income: breakdown

(€ million)

TYPE OF REVENUE/VALUES	YEAR 2023	YEAR 2022
A) Recovery of costs	**485**	**458**
B) Other revenues	**1,070**	**971**
Revenues from administrative services	865	793
Revenues from operating leases	6	8
Recovery of miscellaneous costs paid in previous years	1	5
Revenues on financial leases activities	-	-
Other	198	165
Total other operating income (A+B)	**1,555**	**1,429**

Items "revenues from administrative services" and "Other" also include revenues for services rendered to other Group legal entities.
The sub-item "Other" includes:
- revenues for software developed for Group entities for €53 million (€47 million in 2022);
- contract renewal benefit with Nexi Payment S.p.A. for €30 million (€32 million in 2022);
- revenues referred to closure of Cordusio 4 securitisation for €30 million;
- payments of indemnities and compensation for €19 million (€25 million in 2022).

Part C - Income statement

Section 15 - Gains (Losses) of equity investments - Item 220

15.1 Profit (Loss) of equity investments: breakdown

(€ million)

INCOME ITEMS/VALUES	YEAR 2023	YEAR 2022
A. Income	**4,131**	**2,074**
1. Revaluations	-	-
2. Gains on disposal	24	313
3. Writebacks	4,107	1,761
4. Other gains	-	-
B. Expenses	**(242)**	**(1,936)**
1. Writedowns	-	-
2. Impairment losses	(242)	(1,936)
3. Losses on disposal	-	-
4. Other expenses	-	-
Net profit	**3,889**	**138**

Gains on disposal include the results from the sale of quotes of Incontra Assicurazioni S.p.A. for €20 million.

Impairment losses in subsidiaries include AO UniCredit Bank (-€198 million), Nuova Compagnia di Partecipazioni S.p.A. (-€25 million), Anthemis Evo Llp. (-€14 million), UniCredit Turn Around Management Cee Gmbh (-€4 million).

Writebacks in subsidiaries include UniCredit Bank Austria AG (€3,917 million), UniCredit Leasing S.p.A. (€179 million), UniCredit International Luxembourg S.A. (€3 million), Pioneer Alternative Investment Management Ltd (€8 million).

Part C - Income statement

Section 16 - Net gains (losses) on property, plant and equipment and intangible assets measured at fair value - Item 230

16.1 Net gains (losses) on property, plant and equipment and intangible assets measured at fair value: breakdown

(€ million)

ASSETS/INCOME ITEMS	YEAR 2023				
			EXCHANGE DIFFERENCES		
	REVALUATIONS (A)	WRITEDOWNS (B)	POSITIVE (C)	NEGATIVE (D)	NET PROFIT (A-B+C-D)
A. Property, plant and equipment	**17**	**(37)**	**-**	**-**	**(20)**
A.1 Used in the business	**11**	**(18)**	**-**	**-**	**(7)**
- Owned	11	(18)	-	-	(7)
- Right of use of Leased Assets	-	-	-	-	-
A.2 Held for investment	**6**	**(19)**	**-**	**-**	**(13)**
- Owned	6	(19)	-	-	(13)
- Right of use of Leased Assets	-	-	-	-	-
A.3 Inventories	**-**	**-**	**-**	**-**	**-**
B. Intangible assets	**-**	**-**	**-**	**-**	**-**
B.1 Owned	**-**	**-**	**-**	**-**	**-**
- Generated internally by the company	-	-	-	-	-
- Other	-	-	-	-	-
B.2 Right of use of Leased Assets	**-**	**-**	**-**	**-**	**-**
Total (A+B)	**17**	**(37)**	**-**	**-**	**(20)**

For further information about the description of effects produced by update of appraisals conducted for fair value evaluation of respective assets, reference is made to the paragraph "Section 9 - Property, plant and equipment - item 90" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part B - Consolidated balance sheet - Assets.

Section 17 - Goodwill impairment - Item 240

No data to be disclosed.

Section 18 - Gains (Losses) on disposals on investments - Item 250

18.1 Gains and losses on disposal of investments: breakdown

(€ million)

INCOME ITEMS/SECTORS	YEAR 2023	YEAR 2022
A. Property		
- Gains on disposal	1	-
- Losses on disposal	-	-
B. Other assets		
- Gains on disposal	1	1
- Losses on disposal	(2)	(1)
Net profit	**-**	**-**

Part C - Income statement

Section 19 - Tax expenses (income) for the period from continuing operations - Item 270

Taxes on income are accounted in accordance with IAS12. The tax charge consists of current and deferred taxes, mainly determined in accordance with the applicable provisions on IRES and IRAP, and CFC separate taxation (Controlled Foreign Companies, i.e., foreign subsidiaries taxed on a transparency basis where specific conditions are met).

IRES is calculated by making specific upward or downward adjustments to the current year profit or loss as resulting from the Income statement for determining the taxable income. These tax adjustments are made as required by the provisions of the Italian Income Tax Code (TUIR), in relation to the non-deductibility of certain expenses or the non-taxability of certain revenues.
The IRES tax rate applied to the taxable income is 24%. An additional surcharge of 3.5% applies to banks and financial companies.
The above-mentioned tax adjustments may be "permanent" or "temporary".
The "permanent" adjustments refer to expenses/revenues that are totally or partially non-deductible/non-taxable.
The "temporary" adjustments, on the other hand, relate to expenses or revenues whose deductibility or taxability is deferred to future tax periods on the occurrence of particular events, or distributed in equal quotas over a predefined number of years.
The presence of "temporary" adjustments leads to the recognition of deferred tax assets (for costs to be deducted) or deferred tax liabilities (for revenues to be taxed).
The purpose of the recognition of deferred tax assets and liabilities is to reconcile in the Financial statement the different tax period of relevance established by the TUIR compared to the accounting accrual principle.

For IRES purposes, subject to a specific election to be submitted to the "Agenzia delle Entrate", this tax can be paid on a Tax Group level rather than on an individual basis.
All Italian companies that meet the control pre-requisite can adhere to the Tax Group regime, in order to compute the tax payment on a unique taxable base consisting of the algebraic sum of the taxable amounts of all the companies adhering to the Tax Group regime.
The tax rate applicable to the Tax Group is 24%.

For IRES purposes, is stated a separate taxation "for transparency" on incomes, calculated according to the provisions of the Italian Income Tax Code (TUIR), of the foreign direct and indirect subsidiaries (so-called CFCs: Controlled Foreign Companies) which have the following requirements:
- effective taxation lower than 50% of the effective tax rate that such companies would apply if they were resident in Italy (Effective tax rate);
- more than a third of the revenues derive from "passive income".

IRAP is levied on productive activities and relevant taxable base corresponds to the algebraic sum of certain items of the Income statement as specifically identified by Legislative Decree No.446 of 1997, which also states further upward and downward adjustments to be made (other than IRES ones).

The tax is calculated by apportioning the overall value of production among the various administrative regions where the productive activities are carried out (for banks the apportionment is made on the basis of the regional distribution of customer's deposits) and applying the respective regional rate to each of the individual portions identified. A national rate of 4.65% is established, to which each region can autonomously add a surcharge up to 0.92%, with an overall theoretical rate of 5.57% (plus a further rate of 0.15% for regions with a deficit in spending on the local welfare sector).

The Art.110 of the Law Decree 14 August, 2020, No.104 has established the realignment of the book values to the fiscal values of the Bank assets (by repurposing, as already done in the previous years, the provision introduced by the Art.14 Law 21 November 2000 No.342). The realignment involves tax recognition of the higher book value registered by payment of a substitute tax to the extent of 3%, due in three annual payments. In case of realignment the rule provides to bind a reserve in suspension of tax (for tax purposes) equals to the differential redeemed net of the substitute tax due. In case of distribution such reserve has to be taxed. The higher values redeemed have been assumed as valid for IRES and IRAP purposes as of 1 January 2021.
The realignment has been made on 30 June 2021 by the first annual payment due for the substitute tax. On 29 June 2022 was provided the second annual payment due. The last third annual payment due was paid on 16 June 2023.

Considering the mentioned Art.110 of the Law Decree 14 August, 2020, No.104, a portion of the Reserve from business combination (IFRS3), equals to €653 million, is to be considered restricted in tax suspension due to the tax realignment.

The Law of 30 December 2021, No.234 established that it is not possible to own, directly or indirectly, a share of the capital of the Bank of Italy higher than 5%. For the shares which exceeded the right to vote and any other economic and patrimonial right are not admitted. Therefore, with effect from 1 January 2022, in relation to the dividends received in the 2022 financial year relating to the Bank of Italy equity investments held as at 31 December 2021, in excess of the 3% limit, pursuant to article 77 of the Presidential Decree December 22, 1986, the gross rate of the surcharge of 3.5%, is applied with a further surcharge of 27.5%, to be paid by 30 June 2023. The amount due of 2 million, was provided on 26 June 2023.

Part C - Income statement

Law No.136 of 9 October 2023 introduced the extraordinary windfall tax for banks, calculated on the increase in the interest margin., The Windfall tax, currently in force for the year 2024 only, is determined by applying a 40% rate levy to the interest margin (as accounted under item 30 of the profit and loss account scheme) relating to the fiscal year prior to that in progress as of 1 January 2024 that exceeds the same margin by at least 10% in the fiscal year prior to that in progress on 1 January 2022. The amount of the windfall tax shall in no case exceed 0,26% of the total amount of risk exposure on individual basis with reference to the closing date of fiscal year prior to the one in progress on 1 January 2023. The Windfall tax can be fulfilled in two different ways: the payment by 30 June 2024 or opting to allocate to an extraordinary non-distributable capital reserve (an amount not less than two and a half times the windfall tax due). For further information refer to the paragraph "Windfall tax Italy", Notes to the accounts, Part A - Accounting policies, Section 4 - Other matters.

Furthermore, during 2023 the Regulator amended the current tax laws as follows:
- abrogation of the ACE regime for the tax period following the one ended on 31 December 2023 (Legislative Decree No.216 of 2023);
- referral of IRES and IRAP deductibility of write down on losses on loans to customers registered in the financial statements. In particular, the deduction of the 1% portion for the tax period 2024 is deferred to the tax period 2027 and to the following tax period; similarly, the referral of the deductibility of the portion of the 3%, for the tax period 2026, to the tax period 2027 and to the following tax period (Law No.213 of 30 December 2023);
- regarding CFC: Controlled Foreign Companies there was a revision of the criteria for determining the taxable amount subject to taxation in Italy in order to simplify and rationalise CFC rules and also coordinate this discipline with the Pillar 2 regulation. (Legislative Decree No.209 of 2023).

UniCredit S.p.A. in the previous years has accounted for a foreign tax credit not recovered in the year of accounting in the financial statements. Such foreign tax credit, which amounts to a total of €75 million (updated as for the usage as determined with the tax return related to fiscal year 2022), may be recovered in the future years if the requirements provided by the current tax legislation are verified.

As of fiscal year 2024, the UniCredit group, as a multinational group, will fall within the scope of the newly designed Pillar Two regulation, which is aimed at ensuring a global minimum taxation in every jurisdiction where the Group operates. In particular, Pillar 2 regulation has established the introduction of an additional tax in case the effective tax rate in a certain jurisdiction falls below 15%. For further information refer to the paragraph "11.8 Other information", Notes to the consolidated accounts, Part B - Consolidated balance sheet - Assets, Section 11 - Tax assets and tax liabilities - Item 110 (Assets) and Item 60 (Liabilities).

Taxes on income for 2023 reports a negative amount of €636 million, in comparison with the negative amount of €31 million in 2022.

The amount of the booked and not booked deferred tax assets on residual tax losses carried forward is overall equal to €3,891 million (of which €3,127 million deriving from accounting items originated in the Income statement and €764 million from Net equity components). Following the sustainability test an additional amount of deferred tax assets limited to €913 million can be registered of which €881 million related to the IRES tax rate and €32 million corresponding to the IRES additional tax rate.
Therefore, the amount of deferred tax assets arising from tax losses booked is equal to €3,341 million (of which €2,700 million deriving from accounting items originated in the Income statement and €641 million from Net equity components).
The amount of deferred tax assets arising from tax losses not booked is equal to €549 million of which (i) €344 million (€238 million deriving from accounting items originated in the Income statement and €106 million from Net equity components) referred to UniCredit S.p.A. and the italian tax group perimeter and related to the 24% IRES ordinary tax rate and (ii) €205 million (€189 million deriving from accounting items originated in the Income statement and €16 million from Net equity components) referred to UniCredit S.p.A. and related to the 3.5% IRES additional tax rate.

The ACE ("Aiuto alla crescita economica") benefit for 2023 is currently estimated in €46 million. As the previous years, will be presented during 2024 to the "Agenzia delle Entrate" the tax ruling regarding the increase of intra-Group loans, for what concerns the anti-avoidance rules.
Following the sustainability test also an amount of deferred tax assets has been booked for €46 million related to the ACE benefit, deriving from previous years and formerly subject to impairment.

During the year 2023, considering that UniCredit tax returns and the italian tax group perimeter declarations for 2022 have not admitted the use of the ACE benefit, as provided for by Law Decree 24 June 2014, No.91 (converted with modification by Law 11 August 2014, No.116), a transformation into an IRAP tax credit has been executed of the amount of ACE benefit for 2022 for €78 million as already done in the previous years. The residual credit still to be used for IRAP purposes amounts to €134 million.

The IRAP credit will be used over 5 years in equal installments as provided for by the relevant law, with the possibility to carry forward any unused amount upon the fifth year. Current IRAP tax accrual shows a positive tax base IRAP due is equal to €202 million.

The 2022 and 2023 financial year closed with a profit (€3,107 million financial year 2022 and €11,264 million financial year 2023) therefore, the conditions to carry out a new transformation of deferred tax assets, for IRES and IRAP, into tax credits are not verified.

Part C - Income statement

In order to preserve for the future the regime of conversion of DTAs into tax credits, and in order to overcome the issues raised by the European Commission in connection to the application of State Aid rules, Art.11 of DL 3 May 2016 No.59 (so-called "Banks Decree" - converted into Law 30 June 2016 No.119), introduced the possibility, starting from 2016 since 2030, to elect for the payment of an annual fee equal to 1.5% levied on an aggregate amount deriving from the difference between:

- the increase in convertible DTAs recognised at the end of the fiscal year and the convertible DTA existing as at 31 December 2007, for IRES tax, and as at 31 December 2012 for IRAP tax, taking into account the amounts already converted into tax credits;
- taxes:
  - IRES paid by Tax Group starting from 1 January 2008;
  - IRAP paid starting from 1 January 2013 by Legal Entities included in Tax Group with convertible DTAs;
  - substitute taxes that generated convertible DTAs.

The whole fee due for the 2023 financial year has been paid on 15 June 2023 by UniCredit S.p.A. for a total amount €101,4 million, of which €97,3 million related to UniCredit S.p.A. itself, €3,9 million to UniCredit Leasing S.p.A. and €0,2 million to UniCredit Factoring S.p.A. and €0,01 million to UniCredit Bank GmbH Milan Branch.

19.1 Tax expense (income) relating to profit or loss from continuing operations: breakdown

(€ million)

INCOME ITEMS/SECTORS		YEAR 2023	YEAR 2022
1.	Current taxes (-)	(294)	(107)
2.	Change of current taxes of previous years (+/-)	57	11
3.	Reduction of current taxes for the year (+)	-	-
3.bis	Reduction of current taxes for the year due tax credit under Law 214/2011 (+)	158	164
4.	Change of deferred tax assets (+/-)	(562)	(106)
5.	Change of deferred tax liabilities (+/-)	5	7
6.	**Tax expenses for the year (-) (-1+/-2+3+3bis+/-4+/-5)**	**(636)**	**(31)**

19.2 Reconciliation of theoretical tax charge to actual tax charge

(€ million)

	YEAR 2023	YEAR 2022
Profit (Loss) before tax from continuing operations (income statement item)	**11,900**	**3,138**
Theoretical tax rate	27.5%	27.5%
Theoretical computed taxes on income	**(3,273)**	**(863)**
1. Different tax rates	-	-
2. Non-taxable income - permanent differences	1,992	999
3. Non-deductible expenses - permanent differences	(3)	(496)
4. Different fiscal laws/IRAP	(198)	(73)
a) IRAP (italian companies)	(203)	(42)
b) Other taxes (foreign companies)	5	(31)
5. Previous years and changes in tax rates	177	39
a) Effects on current taxes	23	5
- Tax loss carryforward/unused Tax credit	-	-
- Other effects of previous periods	23	5
b) Effects on deferred taxes	154	34
- Changes in tax rates	-	-
- New taxes incurred (+) previous taxes revocation (-)	-	-
- True-ups/adjustments of the calculated deferred taxes	154	34
6. Valuation adjustments and non-recognition of deferred taxes	669	362
a) Deferred tax assets write-down	(29)	(114)
b) Deferred tax assets recognition	699	487
c) Deferred tax assets non-recognition	-	-
d) Deferred tax assets non-recognition according to IAS12.39 and 12.44	-	-
e) Other	(1)	(11)
7. Amortisation of goodwill	-	-
8. Non-taxable foreign income	-	-
9. Other differences	-	1
Recognised taxes on income	**(636)**	**(31)**

Part C - Income statement

Section 20 - Profit (Loss) after tax from discontinued operations - Item 290

No data to be disclosed in this section.

Section 21 - Other information

Disclosure regarding the transparency of public funding required by article 1, paragraph 125 of the law 124/2017
Pursuant to Art.1, paragraph 125 of law 124/2017, during 2023 UniCredit S.p.A. collected the following public contributions granted by Italian entities:

Contributions for the recruitment/stabilization of personnel deriving from the application of the CCNL of the Credit in force from time to time

(€ million)

LENDING ENTITY	LEGAL ENTITY BENEFICIARY	PUBLIC CONTRIBUTION AMOUNT
Fondo Nazionale per il sostegno dell'occupazione nel settore del credito	UNICREDIT S.P.A.	2.09
Total		**2.09**

Contributions for new recruits/stabilizations, introduced by the stability law 2018 (law No.205/2017)

(€ million)

LENDING ENTITY	LEGAL ENTITY BENEFICIARY	PUBLIC CONTRIBUTION AMOUNT
Istituto Nazionale della Previdenza Sociale	UNICREDIT S.P.A.	0.82
Total		**0.82**

Article 8 of Legislative Decree 30/9/2005, n.203 converted, with modifications, from the law 2 December 2005, n.248. Compensatory measures for companies that assign the TFR to supplementary pension schemes and/or to the Fund for the payment of the TFR

(€ million)

LENDING ENTITY	LEGAL ENTITY BENEFICIARY	PUBLIC CONTRIBUTION AMOUNT
Istituto Nazionale della Previdenza Sociale	UNICREDIT S.P.A.	9.24
Total		**9.24**

Result awards decontribution for year 2021 - Decree 50 of 24/4/2017 - article 55; converted into law 96 of 21/6/2017

(€ million)

LENDING ENTITY	LEGAL ENTITY BENEFICIARY	PUBLIC CONTRIBUTION AMOUNT
Istituto Nazionale della Previdenza Sociale	UNICREDIT S.P.A.	3.32
Total		**3.32**

Solidarity Fund for professional reconversion and requalification, for employment support and benefit of employees - Ordinary Section

(€ million)

LENDING ENTITY	LEGAL ENTITY BENEFICIARY	PUBLIC CONTRIBUTION AMOUNT
Istituto Nazionale della Previdenza Sociale	UNICREDIT S.P.A.	0.06
Total		**0.06**

For further information, refer to the National State Aid Register "Transparency".

Part C - Income statement

Section 22 - Earnings per share

22.1 and 22.2 Average number of diluted shares and other information

	YEAR 2023	YEAR 2022
Net profit (Loss) (€ million)	11,089	3,032
Average number of outstanding shares	1,827,892,681	2,069,491,895
Average number of potential dilutive shares	21,879,901	19,044,374
Average number of diluted shares	1,849,772,582	2,088,536,269
Earnings per share (€)	**6.067**	**1.465**
Diluted earnings per share (€)	**5.995**	**1.452**

€175 million has been deducted from the 2023 net profit of €11,264 million due to the disbursements (charged to net equity and referring to the results of the year 2022) in connection with the usufruct contract signed with Mediobanca S.p.A. on UniCredit shares supporting the issuance of convertible securities denominated "Cashes" (€74 million was deducted from 2022 net profit).

The average number of outstanding shares is net of the average number of treasury shares, considering the shares buyback made during the 2023 (partially cancelled in September 2023), and of further average No.9,675,640 shares held under a contract of usufruct.

Part D - Other comprehensive income

Analytical statement of other comprehensive income

(€)

ITEMS	YEAR 2023	YEAR 2022
10. Profit (Loss) of the year	**11,264,207,183**	**3,106,674,500**
Other comprehensive income not reclassified to profit or loss		
20. Equity instruments designated at fair value through other comprehensive income:	45,010,597	26,995,055
a) fair value changes	31,271,866	3,294,219
b) tranfers to other shareholders' equity items	13,738,731	23,700,836
30. Financial liabilities designated at fair value through profit or loss (own creditworthiness changes):	(51,955,592)	62,737,788
a) fair value changes	(58,261,719)	57,194,142
b) tranfers to other shareholders' equity items	6,306,127	5,543,646
40. Hedge accounting of equity instruments measured at fair value through other comprehensive income:	-	-
a) fair value change (hedged instrument)	-	-
b) fair value change (hedging instrument)	-	-
50. Property, plant and equipment	(7,731,139)	18,348,962
60. Intangible assets	-	-
70. Defined benefit plans	(24,269,675)	194,292,975
80. Non-current assets and disposal groups classified as held for sale	(727,684)	(480,123)
90. Part of valuation reserves from investments valued at equity method	-	-
100. Tax expenses (income) relating to items not reclassified to profit or loss	35,037,739	(40,308,532)
Other comprehensive income reclassified to profit or loss		
110. Foreign investments hedging:	-	-
a) fair value changes	-	-
b) reclassification to profit or loss	-	-
c) other changes	-	-
120. Foreign exchange differences:	-	-
a) value changes	-	-
b) reclassification to profit or loss	-	-
c) other changes	-	-
130. Cash flow hedging:	(50,475,811)	47,754,014
a) fair value changes	(50,475,811)	47,754,014
b) reclassification to profit or loss	-	-
c) other changes	-	-
of which: net position	-	-
140. Hedging instruments (not designated items):	-	-
a) value changes	-	-
b) reclassification to profit or loss	-	-
c) other changes	-	-
150. Financial assets (different from equity instruments) at fair value through other comprehensive income:	(17,957,632)	(299,583,028)
a) fair value changes	164,403,073	(60,620,359)
b) reclassification to profit or loss:	(195,204,441)	(245,151,963)
- impairment losses	10,634,792	8,025,913
- gains/losses on disposals	(205,839,233)	(253,177,876)
c) other changes	12,843,736	6,189,294
160. Non-current assets and disposal groups classified as held for sale:	-	-
a) fair value changes	-	-
b) reclassification to profit or loss	-	-
c) other changes	-	-
170. Part of valuation reserves from investments valued at equity method:	-	-
a) fair value changes	-	-
b) reclassification to profit or loss:	-	-
- impairment losses	-	-
- gains/losses on disposals	-	-
c) other changes	-	-
180. Tax expenses (income) relating to items reclassified to profit or loss	19,271,859	39,641,592
190. Total other comprehensive income	**(53,797,338)**	**49,398,703**
200. Other comprehensive income (Item 10+190)	**11,210,409,845**	**3,156,073,203**

Part E - Information on risks and related hedging policies

Introduction

Reference is made to the paragraph "Introduction" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, which is herewith quoted entirely.

Section 1 - Credit risk

Qualitative information

1. General aspects

Credit policies
Reference is made to the paragraph "1. General aspects - Credit policies" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Qualitative information, which is herewith quoted entirely.

Credit strategies
Reference is made to the paragraph "1. General aspects - Credit strategies" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Qualitative information, 2. Credit risk management policies, which is herewith quoted entirely.

Part E - Information on risks and related hedging policies

2. Credit risk management policies

2.1 Organisational aspects

In credit risk management, the organisational structure as at 31 December 2023, envisages specific structures and responsibilities at Group and local level. Regarding the Organisational model of the Parent Company functions, reference is made to the paragraph "2.1 Organisational aspects" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Qualitative information, 2. Credit risk management policies, which is herewith quoted entirely.

With specific reference to the Italian perimeter of UniCredit S.p.A., the "Risk Italy" function is responsible for credit risk and non-financial risk oversight: it coordinates and manages the activities of competence regarding the credit granting, credit monitoring, restructuring and workout activities, it is also responsible for analysing and monitoring the riskiness and overall credit quality of the Italian loan portfolio, identifying anomalies in relation to expectations and identifying corrective actions, as well as for the definition and monitoring of the credit strategies both for performing and non-performing loans; it is also in charge of the definition of credit operating rules and policies, consistently with standards defined by Group Risk Management structures, as well as for the identification, management and monitoring of operational risks, supporting the related business functions. The structure is also responsible for the managerial coordination of the credit activities of UniCredit S.p.A. Italian Legal Entities.

The organisational units under "Risk Italy" are the following:

- the "Credit Risk Framework & Rules Italy" structure whose responsibilities include the following activities:
  - designing and maintaining credit processes considering Business and Risk needs, regulatory requirements (requirements definition and user acceptance);
  - definition of relevant credit operating rules and policies, consistent with the strategic guidelines, credit policies and standards/methods defined by the dedicated Group Risk Management structures, collaborating with Business structures;
  - guiding the transformation of lending processes through the prioritization and coordination of dedicated projects and initiatives, including related ICT investments and relevant functions;
  - carrying out mainly second-level controls on the correct execution of the credit processes, in line with internal regulations and credit guidelines.

  The structure consists of the following units:
  - "Managerial Models & Credit Engines";
  - "Origination Individuals Credit Framework";
  - "Origination Enterprises Credit Framework";
  - "Credit Administration Framework";
  - "Monitoring & Npe Framework";
  - "Credit Products & Policies";
  - "Credit Processes Controls";
- the "Credit Risk Management Italy" structure whose responsibilities include the following activities for the Italian perimeter:
  - providing Top Management with a current view of credit risk;
  - definition and monitoring process of credit strategies (both for performing and non-performing loans), the monitoring, on a periodic basis, of the overall credit portfolio;
  - the AQ planning, the provisions, the RWEAs and the capital absorption for performing and non-performing loans;
  - periodical analysis production in order to give to the Top Management a credit risk profile view;
  - performing second level controls on the perimeter of competence.

  The structure consists of the following units:
  - "Credit Risk Strategies & Planning Italy";
  - "Credit Risk Portfolio Monitoring Italy";
  - "Credit Risk Controls Italy";
  - "Risk Analysis & Strategy Italy".
- the "Non-Financial Risk Italy" structure whose responsibilities include the following activities for the Italian perimeter of UniCredit S.p.A.:
  - identification, management and monitoring of operational risks, also by executing specific risk assessment activities (e.g., on relevant transactions);
  - identifying, assessing and monitoring the ICT/Cyber and Third-party risks (including outsourcing contracts) in coherence with Group framework.
- the "Credit Underwriting Italy" structure is responsible for the "Italy" perimeter of UniCredit S.p.A., for Credit Underwriting activities related to Individuals/Freelancers credit products of competence as well as - for credit proposals above Credit Hub's approval authority, with reference to the Enterprises perimeter - for issuing risk opinions to the competent Business decision-making Bodies and registering their credit decisions in the system.

  Moreover, the structure is directly responsible for managing the activities related to the functioning of the Italy Transactional Credit Committee.

  The structure consists of the following units:
  - "Enterprises Credit Transactions Italy";
  - "Individuals Credit Underwriting Italy";

Part E - Information on risks and related hedging policies

- the “Credit Monitoring” structure whose responsibilities include the following activities:
  - ensure the quality of the loan portfolio through performance monitoring of the positions, risk analysis and identification of corrective measures;
  - guarantee the proper execution of the decision-making activities carried out by Central and Territorial structures;
  - support the Business functions in monitoring the credit portfolio of the territorial areas, analysing the performance, and implementing the corrective measures required.

  The structure consists of the following functions:
  - “Monitoring Support & Quality Assurance”;
  - “Large-Middle Corporate & PB-WM Monitoring”;
  - “Small Corporate North Monitoring”;
  - “Small Corporate Center Monitoring”;
  - “Small Corporate South Monitoring”;
  - “Retail Monitoring”;
  - “Monitoring Analysis & Retail classification”;
  - “Customer Recovery”.
- the “Npe Operational Management Italy” responsible for coordinating and managing the restructuring and workout files of UniCredit S.p.A. related to the non-performing portfolio. The structure consists of the following functions:
  - “Restructuring Italy”;
  - “Credit Recovery Management Italy”.
- in addition, with respect to credit risk, specific committee has been set up, the “Italy Transactional Credit Committee”, which is responsible, within its assigned sub-delegated powers, to evaluate and approve the underwriting and the review of the credit lines and to evaluate and approve the loan loss provisions, asset value adjustments and releases of capital and/or capitalised interests related to performing and non-performing portfolio of UniCredit S.p.A., with the exclusion of Banks, Financial Institutions and Sovereign(FIBS), as well as of the “Investment Banking” segment;
- finally, with reference to non-Financial risks, the “Italy Non-Financial Risks and Controls Committee (INFRCC)” is active, which supports the Head of Italy in the role of steering and monitoring the Non-Financial Risks (NFRs) at Italy level also overseeing the related internal control system (ICS). The INFRCC enables the coordination among the three lines of defense with the aim to identify and share Italy priorities concerning Non-Financial Risks (e.g., events, regulations, or emerging risks), assessing and monitoring the effectiveness of initiatives put in place.

2.2 Credit risk management, measurement and control

2.2.1 Credit risk management
Reference is made to the paragraph “2.2.1 Credit risk management” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Qualitative information, 2. Credit risk management policies, 2.2 Credit risk management, measurement and control, which is herewith quoted entirely.

2.2.2 Risk parameters
Reference is made to the paragraph “2.2.2 Risk parameters” of the Consolidated financial statements of UniCredit group, Explanatory notes, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Qualitative information, 2. Credit risk management policies, 2.2 Credit risk management, measurement, and control, which is herewith quoted entirely.

2.2.3 Rating systems
Reference is made to the paragraph “2.2.3 Rating systems” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Qualitative information, 2. Credit risk management policies, 2.2 Credit risk management, measurement and control, which is herewith quoted entirely.

2.2.4 Stress Test
Reference is made to the paragraph “2.2.4 Stress test” of the Consolidated financial statements of UniCredit group, Explanatory Notes, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Qualitative information, 2. Credit risk management policies, 2.2 Credit risk management, measurement, and control, which is herewith quoted entirely.

Part E - Information on risks and related hedging policies

2.3 Measurement methods for expected losses

Risk management practices

2.3.1 Staging allocation and Expected Credit Losses calculation
Reference is made to the paragraph "2.3.1 Staging allocation and Expected Credit Losses calculation" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Qualitative information, 2. Credit risk management policies, 2.3 Measurement methods for expected losses, which is herewith quoted entirely.

2.3.2 Non-performing exposures
Reference is made to the paragraph "2.3.2 Measurement methods for expected losses - Non-performing exposures" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Qualitative information, 2. Credit risk management policies, which is herewith quoted entirely.

2.3.3 Selling scenarios
Reference is made to the paragraph "2.3.3 Measurement methods for expected losses - Selling scenario" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Qualitative information, 2. Credit risk management policies, 2.3 Measurement methods for expected losses, which is herewith quoted entirely.

2.3.4 Scenarios and Sensitivity
Reference is made to the paragraph "2.3.4 Scenarios and Sensitivity" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Qualitative information, 2. Credit risk management policies, 2.3 Measurement methods for expected losses, which is herewith quoted entirely.

2.4 Credit risk mitigation technique
Reference is made to the paragraph "2.4 Credit risk mitigation technique" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Qualitative information, 2. Credit risk management policies, which is herewith quoted entirely.

Part E - Information on risks and related hedging policies

3. Non-performing credit exposures

3.1 Management strategies and policies
In order to ensure a homogeneous approach in the classification of credit exposures for regulatory and reporting purposes, UniCredit has defined guidelines at Group level for the classification of non-performing exposures that refer to the principles reported in the Implementing Technical Standards issued by the Authority European Banking in 2014. This definition of non-performing exposures complements the definition of “default” exposures, disciplined by EBA Guidelines on default definition in line with article 178 of Regulation (EU) 575/2013 of the European Parliament and of the Council (EBA/GL/2016/07) in force since 1 January 2021, and “impaired” exposures defined by IFRS9 Accounting Standards. A substantial alignment within the Group has been pursued between the three definitions, providing the Supervisory Authorities with a harmonized view of these concepts and strengthening the tools available to the Authorities for assessing the asset quality.

The default classification criteria in force since 1 January 2021 include, among the main aspects, harmonized thresholds at European level for past due materiality and additional Unlikely to Pay triggers further regulated by EBA/GL/2016/07 with respect to the high-level provisions of article 178 of Regulation (EU) 575/2013. In this regard, it is highlighted the Distressed Restructuring for credit obligation object of concession, where a maximum threshold for decreasing the Net Present Value of 1% has been set, as well as specific requirements on the contagion effects of default in the case of connected customers (mainly, groups of companies, joint headings between individuals and links between individuals and companies with unlimited liability). In addition, a mandatory minimum probation period before returning to the non-defaulted status has been defined.

Furthermore, in accordance with the provisions of Banca d’Italia in Circular 272/2008, non-performing credit exposures must be classified in one of the following risk classes:
- past-due and/or overdue exposures: problematic exposures that are more than 90 days past due on any material obligation (the latter assessed in line with article 178 (2d) of Regulation (EU) 575/2013 and the Technical Standards of the EBA);
- unlikely to pay: the classification in this category is the result of the judgment of the bank about the unlikeliness, without recourse to actions such as realising collaterals, that the obligor will pay in full (principal and/or interest) its credit obligations. This assessment should be carried out independently of the presence of any (or rate) past due and unpaid amount;
- bad loans: exposures to borrowers in a state of insolvency (even when not recognised in a court of law) or in an essentially similar situation, regardless of any loss forecasts made by the bank.

According to the Group rules, all debtors in the Bank's portfolio must be mapped in the classes defined by Banca d’Italia, regardless of local reporting which has to be performed according to local accounting standards and/or local supervisory regulations or instructions.

These classification rules are further integrated by accounting principles defined in IFRS9, according to which credit exposures must be allocated in three "stages" (for details see section "Expected loss measurement method” - Section 2). With regard to non-performing exposures, the allocation to "Stage 3" occurs when the customer's status changes into "non-performing". This is a classification at counterparty level and not at transaction level based on specific regulations on the classification of non-performing exposures.

In accordance with article 156 EBA ITS, an exposure must remain classified as non-performing as long as the following criteria (exit criteria) are not met simultaneously:
- the situation of the debtor has improved to the extent that full repayment of the original due amount is likely to be made;
- the debtor does not have any amount past-due by more than 90 days.

Specific exit criteria must be applied in case the forbearance measures are extended to non-performing exposures, listed below:
- the starting date of the observation period of one year is the latest between the adoption of Forbearance measures and the classification as non-performing;
- any past due amount is verified if no past due occurs at debtor level;
- concerns regarding the “full repayment" refer to a judgmental evaluation by the empowered Bodies.

In the non-performing credit exposures management, UniCredit S.p.A. adopts certain strategies that operationally define the activities necessary to achieve the targets defined yearly.

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The aforementioned strategies concerning impaired loans include:
- an effective internal restructuring activity, supported by qualified resources with specific skills dedicated to the management of loans classified as unlikely to pay; within these activities, ad-hoc approaches are then envisaged for positions considered strategic or referring to the Corporate and Real Estate segment;
- proactive portfolio management through judicial and extra-judicial procedures managed by internal Workout professionals or assigned to external agencies specialised in credit recovery;
- the recourse of alternative recovery strategies (which UniCredit was one of the first banks to use) based on formalised partnerships aimed at managing positions in the industrial or Real Estate sector;
- disposal of impaired loans as a further strategy for internal recovery both for individual positions and for portfolios of impaired loans, already classified as bad loans and unlikely to pay.

These strategies reflect the main levers for reducing the amount of impaired loans and have led to an important result during 2023, highlighting:
- write-off for €115 million;
- recoveries for €1,056 million;
- disposals for €1,252 million.

Non-Performing Credit stock reduction performed better than expectations underlying previous multiyear Plan “UniCredit Unlocked”, achieving an improvement in asset quality with an NPE ratio of 2,5% (-87 bps better than expected as a baseline of the updated multiyear plan).

Regarding the management strategies and policies in force for the UniCredit group reference is made to the paragraph “3.1 Management strategies and policies” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 3. non-performing credit exposures, which is herewith quoted entirely.

3.2 Write-off

UniCredit group guidelines for write-offs on financial assets provides that whenever a loan is deemed to be uncollectable/unrecoverable it needs to be identified at the earliest possible opportunity and properly dealt with in accordance with financial regulations. Write-offs can relate to a financial asset in its entirety, or to a portion of it.
In assessing the recoverability of Non-Performing Exposures (NPE) and in determining internal NPE write-off approaches, the following cases, in particular, are taken into account:
- exposures with prolonged arrears: it is assessed the recoverability of an exposure that presents arrears for a prolonged period of time. If, following this assessment, an exposure or part of an exposure is deemed as non-recoverable, it should be written-off in a timely manner, adopting different thresholds predefined on the basis of the different portfolios;
- exposures under insolvency procedure: where the collateralisation of the exposure is low, legal expenses often absorb a significant portion of the proceeds from the bankruptcy procedure and therefore estimated recoveries are expected to be very low;
- a partial write-off may be warranted where there are reasonable elements to demonstrate the debtor's inability to repay the full amount of the debt, i.e. a significant level of debt, even following the implementation of a forbearance treatment and/or the execution of collateral.

Below a non-exhaustive list of hard evidences implying, with high likelihood, the not recoverability of the exposure, to be assessed, for the potential (total or partial) write-off:
- the Bank cannot call the guarantor(s), or his assets are not sufficient for the recovery of the debtor’s exposures;
- negative outcome of the judicial and/or out-of-court initiatives with absence of other assets that can be called in the event of un-recoverability of the debtor’s exposures;
- impossibility to initiate actions to recover credit;
- current insolvency procedure, from which the procedure itself states that the unsecured exposures will not have redress;
- loans not backed by mortgage security older than 3 years that have not registered repayments/collections during the first 3 years after the NPE classification;
- mortgage loans to private individuals with collaterals already executed or not recoverable (because of legal or administrative defects and if execution is considered not economically viable), if they have been classified as non-performing for more than 7 years, or between 2 and 7 years if the residual debt is less than €110,000.

Specifically, for UniCredit S.p.A. perimeter, write-offs on financial assets still subject to an enforcement procedure amount to €507 million as at 31 December 2023, of which partial write-offs amount to €434 million and total write-offs amount to €73 million. The amount of write-offs (both partial and total) related to the 2023 financial year is €3 million. 2023 write-offs cannot be compared with write-offs amount reported in gross changes in non-performing exposures, because the latter includes “debt forgiveness”.

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3.3 Acquired or originated impaired financial assets

Reference is made to the paragraph "3.3 Acquired or originated impaired financial assets" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Qualitative information, 3. Non-performing credit exposures, which is herewith quoted entirely.

4. Financial assets subject to commercial renegotiations and forborne exposures

Changes in existing financial instruments which determine a modification of contractual conditions might be the result of either:

- commercial initiatives, which may be specific for each customer or applied to portfolio of customers also as a result of dedicated initiatives sponsored by public authorities or banking associations, or
- concessions granted in light of debtor's financial difficulties (Forbearance).

Such changes are accounted on the basis of whether the modification is considered significant or not. In this regard, reference is made to the Part A - Accounting policies, A.2 - Main items of the accounts.

The concessions granted due to debtor's financial difficulties, so-called Forbearance initiatives, are usually considered not significant from an accounting perspective.

4.1 Loan categorisation in the risk categories and forborne exposures

Reference is made to the paragraph "4.1 Loan categorization in the risk categories and forborne exposures" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Qualitative information, 4. Financial assets subject to commercial renegotiations and forborne exposures, which is herewith quoted entirely.

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Quantitative information

In the following tables, the volume of impaired assets according to the IFRS definition is equivalent to the one for non-performing exposures referred to in the EBA standards.

A. Credit quality

For the purposes of the disclosure of quantitative information about credit quality, the term "credit exposures" does not include equity instruments and units in investment funds.

A.1 Non-performing and performing credit exposure: amounts, write-downs, changes, distribution by business activity

A.1.1 Breakdown of financial assets by portfolio and credit quality (carrying value)

(€ million)

PORTFOLIOS/QUALITY	BAD EXPOSURES	UNLIKELY TO PAY	NON-PERFORMING PAST-DUE EXPOSURES	PERFORMING PAST-DUE EXPOSURES	OTHER PERFORMING EXPOSURES	TOTAL
1. Financial assets at amortised cost	339	1,537	320	3,557	236,072	241,825
2. Financial assets at fair value through other comprehensive income	-	-	-	-	30,281	30,281
3. Financial assets designated at fair value	-	-	-	-	132	132
4. Other financial assets mandatorily at fair value	-	45	1	-	2,683	2,729
5. Financial instruments classified as held for sale	23	255	-	-	-	278
Total 31.12.2023	**362**	**1,837**	**321**	**3,557**	**269,168**	**275,245**
Total 31.12.2022	**290**	**2,174**	**341**	**6,492**	**279,460**	**288,757**

A.1.2 Breakdown of financial assets by portfolio and credit quality (gross and net values)

(€ million)

PORTFOLIOS/QUALITY	NON-PERFORMING ASSETS				PERFORMING ASSETS			TOTAL (NET EXPOSURE)
	GROSS EXPOSURE	OVERALL WRITEDOWNS	NET EXPOSURE	OVERALL PARTIAL WRITE-OFFS(*)	GROSS EXPOSURE	OVERALL WRITEDOWNS	NET EXPOSURE	
1. Financial assets at amortised cost	4,308	2,112	2,196	434	241,502	1,873	239,629	241,825
2. Financial assets at fair value through other comprehensive income	2	2	-	-	30,351	70	30,281	30,281
3. Financial assets designated at fair value	-	-	-	-	X	X	132	132
4. Other financial assets mandatorily at fair value	123	77	46	-	X	X	2,683	2,729
5. Financial instruments classified as held for sale	583	305	278	-	-	-	-	278
Total 31.12.2023	**5,016**	**2,496**	**2,520**	**434**	**271,853**	**1,943**	**272,725**	**275,245**
Total 31.12.2022	**5,463**	**2,658**	**2,805**	**827**	**285,798**	**2,815**	**285,952**	**288,757**

Note:
(*) Value shown for information purposes.

The reduction in impaired credit exposures is mainly due to the Non-performing disposal transactions performed during 2023.

For more details related to the evaluation of the credit exposure as at 31 December 2023" of the Consolidated financial, for what relates specifically to UniCredit S.p.A., refer to paragraph Section 2 - Risks of the prudential consolidated financial statements, Notes to the consolidated accounts, Part E - Information on risks and related hedging policies.

(€ million)

PORTFOLIOS/QUALITY	ASSETS OF EVIDENT LOW CREDIT QUALITY		OTHER ASSETS
	CUMULATED LOSSES	NET EXPOSURE	NET EXPOSURE
1. Financial assets held for trading	1	1	15,383
2. Hedging derivatives	-	-	10,843
Total 31.12.2023	**1**	**1**	**26,226**
Total 31.12.2022	**2**	**1**	**32,525**

Part E - Information on risks and related hedging policies

A.1.3 Breakdown of financial assets by past-due buckets (carrying value)

(€ million)

PORTFOLIOS/RISK STAGES	STAGE 1 FROM 1 TO 30 DAYS	STAGE 1 OVER 30 AND UP TO 90 DAYS	STAGE 1 OVER 90 DAYS	STAGE 2 FROM 1 TO 30 DAYS	STAGE 2 OVER 30 AND UP TO 90 DAYS	STAGE 2 OVER 90 DAYS	STAGE 3 FROM 1 TO 30 DAYS	STAGE 3 OVER 30 AND UP TO 90 DAYS	STAGE 3 OVER 90 DAYS	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS FROM 1 TO 30 DAYS	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS OVER 30 AND UP TO 90 DAYS	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS OVER 90 DAYS
1. Financial assets at amortised cost	1,584	26	68	1,583	240	56	1,016	230	950	-	-	-
2. Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
3. Financial instruments classified as held for sale	-	-	-	-	-	-	158	14	107	-	-	-
Total 31.12.2023	**1,584**	**26**	**68**	**1,583**	**240**	**56**	**1,174**	**244**	**1,057**	**-**	**-**	**-**
Total 31.12.2022	**3,811**	**17**	**19**	**2,305**	**291**	**46**	**1,603**	**259**	**916**	**-**	**-**	**-**

A.1.4 Financial assets, loan commitments and financial guarantees given: changes in overall impairments and provisions

(€ million)

SOURCES/RISK STAGES	OVERALL WRITE-DOWNS - FINANCIAL ASSETS CLASSIFIED IN STAGE 1: CURRENT ACCOUNTS AND DEMAND DEPOSITS WITH BANKS AND CENTRAL BANKS	STAGE 1: FINANCIAL ASSETS AT AMORTISED COST	STAGE 1: FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	STAGE 1: FINANCIAL INSTRUMENTS CLASSIFIED AS HELD FOR SALE	STAGE 1: OF WHICH: INDIVIDUAL IMPAIRMENT	STAGE 1: OF WHICH: COLLECTIVE IMPAIRMENT	FINANCIAL ASSETS CLASSIFIED IN STAGE 2: CURRENT ACCOUNTS AND DEMAND DEPOSITS WITH BANKS AND CENTRAL BANKS	STAGE 2: FINANCIAL ASSETS AT AMORTISED COST	STAGE 2: FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	STAGE 2: FINANCIAL INSTRUMENTS CLASSIFIED AS HELD FOR SALE	STAGE 2: OF WHICH: INDIVIDUAL IMPAIRMENT	STAGE 2: OF WHICH: COLLECTIVE IMPAIRMENT
Opening balance (gross amount)	**1**	**716**	**60**	**-**	**2**	**774**	**1**	**2,039**	**-**	**-**	**-**	**2,039**
Increases in acquired or originated financial assets	-	85	1	-	-	86	-	155	-	-	-	155
Reversals different from write-offs	-	(250)	(1)	-	-	(251)	-	(763)	-	(189)	-	(952)
Net losses/recoveries on credit impairment	-	(230)	10	-	-	(220)	(1)	116	-	-	-	115
Contractual changes without cancellation	-	-	-	-	-	-	-	(6)	-	-	-	(6)
Changes in estimation methodology	-	-	-	-	-	-	-	-	-	-	-	-
Write-off not recognised directly in profit or loss	-	-	-	-	-	-	-	-	-	-	-	-
Other changes	-	1	-	-	-	-	-	11	-	189	-	199
Closing balance (gross amount)	**1**	**322**	**70**	**-**	**2**	**389**	**-**	**1,552**	**-**	**-**	**-**	**1,550**
Recoveries from financial assets subject to write-off	-	-	-	-	-	-	-	-	-	-	-	-
Write-off recognised directly in profit or loss	-	-	-	-	-	-	-	(16)	-	-	-	(16)

Part E - Information on risks and related hedging policies

continued: A.1.4 Financial assets, loan commitments and financial guarantees given: changes in overall impairments and provisions

(€ million)

SOURCES/RISK STAGES	OVERALL WRITE-DOWNS										
	ASSETS BELONGING TO THIRD STAGE						PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS				
	CURRENT ACCOUNTS AND DEMAND DEPOSITS WITH BANKS AND CENTRAL BANKS	FINANCIAL ASSETS AT AMORTISED COST	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FINANCIAL INSTRUMENTS CLASSIFIED AS HELD FOR SALE	OF WHICH: INDIVIDUAL IMPAIRMENT	OF WHICH: COLLECTIVE IMPAIRMENT	FINANCIAL ASSETS AT AMORTISED COST	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FINANCIAL INSTRUMENTS CLASSIFIED AS HELD FOR SALE	OF WHICH: INDIVIDUAL IMPAIRMENT	OF WHICH: COLLECTIVE IMPAIRMENT
Opening balance (gross amount)	**-**	**2,367**	**2**	**205**	**1,692**	**882**	**-**	**-**	**-**	**-**	**-**
Increases in acquired or originated financial assets	-	89	-	2	38	53	-	-	-	-	-
Reversals different from write-offs	-	(771)	-	(464)	(782)	(454)	-	-	-	-	-
Net losses/recoveries on credit impairment	-	498	-	(13)	11	473	-	-	-	-	-
Contractual changes without cancellation	-	(1)	-	-	(1)	-	-	-	-	-	-
Changes in estimation methodology	-	-	-	-	-	-	-	-	-	-	-
Write-off not recognised directly in profit or loss	-	(89)	-	-	(74)	(16)	-	-	-	-	-
Other changes	-	19	-	575	537	59	-	-	-	-	-
Closing balance (gross amount)	**-**	**2,112**	**2**	**305**	**1,421**	**997**	**-**	**-**	**-**	**-**	**-**
Recoveries from financial assets subject to write-off	-	31	-	-	-	31	-	-	-	-	-
Write-off recognised directly in profit or loss	-	(24)	-	(1)	(11)	(15)	-	-	-	-	-

continued: A.1.4 Financial assets, loan commitments and financial guarantees given: changes in overall impairments and provisions

(€ million)

SOURCES/RISK STAGES	OVERALL WRITE-DOWNS				TOTAL
	TOTAL PROVISIONS ON LOANS COMMITMENTS AND FINANCIAL GUARANTEES GIVEN				
	STAGE 1	STAGE 2	STAGE 3	COMMITMENTS FUNDS AND FINANCIAL GUARANTEES PURCHASED OR ORIGINATED CREDIT-IMPAIRED	
Opening balance (gross amount)	**71**	**95**	**301**	**-**	**5,858**
Increases in acquired or originated financial assets	11	30	19	-	392
Reversals different from write-offs	-	-	-	-	(2,438)
Net losses/recoveries on credit impairment	(58)	17	(20)	-	319
Contractual changes without cancellation	-	-	-	-	(7)
Changes in estimation methodology	-	-	-	-	-
Write-off not recognised directly in profit or loss	-	-	-	-	(89)
Other changes	-	-	-	-	795
Closing balance (gross amount)	**24**	**142**	**300**	**-**	**4,830**
Recoveries from financial assets subject to write-off	-	-	-	-	31
Write-off recognised directly in profit or loss	-	-	-	-	(41)

Part E - Information on risks and related hedging policies

A.1.5 Financial assets, loan commitments and financial guarantees given: transfers between risk stages (gross values and nominal values)

(€ million)

PORTFOLIOS/RISK STAGES	GROSS VALUES/NOMINAL VALUES					
	TRANSFERS BETWEEN STAGE 1 AND STAGE 2		TRANSFERS BETWEEN STAGE 2 AND STAGE 3		TRANSFERS BETWEEN STAGE 1 AND STAGE 3	
	FROM STAGE 1 TO STAGE 2	FROM STAGE 2 TO STAGE 1	FROM STAGE 2 TO STAGE 3	FROM STAGE 3 TO STAGE 2	FROM STAGE 1 TO STAGE 3	FROM STAGE 3 TO STAGE 1
1. Financial assets at amortised cost	9,094	10,270	911	319	457	47
2. Financial assets at fair value through other comprehensive income	-	-	-	-	-	-
3. Financial instruments classified as held for sale	-	-	26	-	3	-
4. Loan commitments and financial guarantees given	4,973	3,949	48	24	20	19
Total 31.12.2023	**14,067**	**14,219**	**985**	**343**	**480**	**66**
Total 31.12.2022	**18,080**	**22,820**	**1,311**	**511**	**436**	**62**

A.1.5a Other loans and advances guaranteed by Covid-19 public guarantee: transfers between impairment stages (gross values)

(€ million)

PORTFOLIOS/RISK STAGES	GROSS VALUES					
	TRANSFERS BETWEEN STAGE 1 AND STAGE 2		TRANSFERS BETWEEN STAGE 2 AND STAGE 3		TRANSFERS BETWEEN STAGE 1 AND STAGE 3	
	FROM STAGE 1 TO STAGE 2	FROM STAGE 2 TO STAGE 1	FROM STAGE 2 TO STAGE 3	FROM STAGE 3 TO STAGE 2	FROM STAGE 1 TO STAGE 3	FROM STAGE 3 TO STAGE 1
A. Financial assets at amortised cost	**1,239**	**1,667**	**144**	**9**	**68**	**2**
B. Financial assets at fair value through other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**
Total at 31.12.2023	**1,239**	**1,667**	**144**	**9**	**68**	**2**

A.1.6 On- and off-balance sheet credit exposures with banks: gross and net values

(€ million)

	AMOUNTS AS AT 31.12.2023											
	GROSS EXPOSURE					OVERALL WRITE-DOWNS AND PROVISIONS						
EXPOSURE TYPES/VALUES		STAGE 1	STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS		STAGE 1	STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	NET EXPOSURE	OVERALL PARTIAL WRITE-OFFS(*)
A. On-balance sheet credit exposures												
A.1 On Demand	**10,907**	**10,885**	**22**	**-**	**-**	**1**	**1**	**-**	**-**	**-**	**10,906**	**-**
a) Non-performing	-	X	-	-	-	-	X	-	-	-	-	-
b) Performing	10,907	10,885	22	X	-	1	1	-	X	-	10,906	-
A.2 Other	**38,317**	**35,846**	**134**	**4**	**-**	**23**	**15**	**5**	**4**	**-**	**38,294**	**-**
a) Bad exposures	4	X	-	4	-	4	X	-	4	-	-	-
of which: forborne exposures	-	*X*	-	-	-	-	*X*	-	-	-	-	-
b) Unlikely to pay	-	X	-	-	-	-	X	-	-	-	-	-
of which: forborne exposures	-	*X*	-	-	-	-	*X*	-	-	-	-	-
c) Non-performing past due	-	X	-	-	-	-	X	-	-	-	-	-
of which: forborne exposures	-	*X*	-	-	-	-	*X*	-	-	-	-	-
d) Performing past due	-	-	-	X	-	-	-	-	X	-	-	-
of which: forborne exposures	-	-	-	*X*	-	-	-	-	*X*	-	-	-
e) Other performing exposures	38,313	35,846	134	X	-	19	15	5	X	-	38,294	-
of which: forborne exposures	-	-	-	*X*	-	-	-	-	*X*	-	-	-
Total (A)	**49,224**	**46,731**	**156**	**4**	**-**	**24**	**16**	**5**	**4**	**-**	**49,200**	**-**
B. Off-balance sheet credit exposures												
a) Non-performing	14	X	-	8	-	4	X	-	4	-	10	-
b) Performing	41,325	5,485	291	X	-	28	1	27	X	-	41,297	-
Total (B)	**41,339**	**5,485**	**291**	**8**	**-**	**32**	**1**	**27**	**4**	**-**	**41,307**	**-**
Total (A+B)	**90,563**	**52,216**	**447**	**12**	**-**	**56**	**17**	**32**	**8**	**-**	**90,507**	**-**

Note:
(*) Value shown for information purposes.

On-Balance sheet exposures to banks include all balance-sheet assets regardless of their belonging portfolio (held-for-trading, assets designed and mandatorily at fair value through profit or loss, assets at fair value through other comprehensive income, assets at amortised cost and assets held for sale). In more details columns Stage1, Stage 2, Stage 3 and Purchased or Originated Credit-Impaired financial assets include assets at amortised cost, assets at fair value through other comprehensive income, current accounts and demand deposits with banks and central banks and assets held for sale; the overall gross exposures also report held-for-trading, assets designed and mandatorily at fair value through profit or loss. Off-Balance sheet exposures to banks comprise guarantees given, irrevocable commitments, derivatives regardless of each transaction's classification category and the revocable commitments to disburse funds.

Part E - Information on risks and related hedging policies

A.1.7 On- and off-balance sheet credit exposures with customers: gross and net values

(€ million)

	AMOUNTS AS AT 31.12.2023											
	GROSS EXPOSURE					OVERALL WRITE-DOWNS AND PROVISIONS						
EXPOSURE TYPES/VALUES		STAGE 1	STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS		STAGE 1	STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	NET EXPOSURE	OVERALL PARTIAL WRITE-OFFS(*)
A. On-balance sheet credit exposures												
a) Bad exposures	1,201	X	-	1,200	-	839	X	-	838	-	362	423
of which: forborne exposures	*236*	*X*	-	*236*	-	*158*	*X*	-	*158*	-	*78*	*8*
b) Unlikely to pay	3,336	X	-	3,219	-	1,499	X	-	1,426	-	1,837	11
of which: forborne exposures	*1,804*	*X*	-	*1,795*	-	*818*	*X*	-	*814*	-	*986*	*3*
c) Non-performing past due	475	X	-	471	-	155	X	-	151	-	320	-
of which: forborne exposures	*5*	*X*	-	*5*	-	*1*	*X*	-	*1*	-	*4*	-
d) Performing past due	3,799	1,694	2,105	X	-	241	16	226	X	-	3,558	-
of which: forborne exposures	*424*	-	*424*	*X*	-	*36*	-	*36*	*X*	-	*388*	-
e) Other performing exposures	238,584	213,577	18,499	X	-	1,682	361	1,321	X	-	236,902	-
of which: forborne exposures	*3,617*	*72*	*3,538*	*X*	-	*265*	-	*265*	*X*	-	*3,352*	-
Total (A)	**247,395**	**215,271**	**20,604**	**4,890**	**-**	**4,416**	**377**	**1,547**	**2,415**	**-**	**242,979**	**434**
B. Off-balance sheet credit exposures												
a) Non-performing	1,427	*X*	-	1,021	-	295	*X*	-	295	-	1,132	-
b) Performing	154,118	51,745	9,575	X	-	139	23	116	X	-	153,979	-
Total (B)	**155,545**	**51,745**	**9,575**	**1,021**	**-**	**434**	**23**	**116**	**295**	**-**	**155,111**	**-**
Total (A+B)	**402,940**	**267,016**	**30,179**	**5,911**	**-**	**4,850**	**400**	**1,663**	**2,710**	**-**	**398,090**	**434**

Note:
(*) Value shown for information purposes.

On-Balance sheet exposures to customers include all balance-sheet assets regardless of their belonging portfolio (held-for-trading, assets designed and mandatorily at fair value through profit or loss, assets at fair value through other comprehensive income, assets at amortised cost and assets held for sale). In more details columns Stage1, Stage 2, Stage 3 and Purchased or Originated Credit-Impaired financial assets include assets at amortized cost, assets at fair value through other comprehensive income and assets held for sale; the overall gross exposures also report held-for-trading, assets designed and mandatorily at fair value through profit or loss.
Off-Balance sheet exposures to customers comprise guarantees given, irrevocable commitments, derivatives regardless of each transaction’s classification category and the revocable commitments to disburse funds.

Part E - Information on risks and related hedging policies

'A.1.7a Other loans and advances guaranteed by Covid-19 public guarantee: gross and net value

(€ million)

	AMOUNTS AS AT 31.12.2023											
	GROSS EXPOSURE					OVERALL WRITE-DOWNS						
EXPOSURE TYPES/VALUES		STAGE 1	STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT IMPAIRED		STAGE 1	STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT IMPAIRED	NET EXPOSURE	OVERALL PARTIAL WRITE-OFFS(*)
A. Bad loans	4	-	-	4	-	1	-	-	1	-	3	-
B. Unlikely to pay loans	337	-	-	337	-	80	-	-	80	-	257	-
C. Non-performing past due loans	18	-	-	18	-	1	-	-	1	-	17	-
D. Performing past due loans	403	153	250	-	-	2	-	2	-	-	401	-
E. Other performing exposures loans	13,999	11,521	2,392	-	-	12	5	6	-	-	13,987	-

For further details refer to the table "A.1.5a Other loans and advances subject to Covid-19 measures: gross and net value", Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Quantitative information.

A.1.8 On-balance sheet exposures with banks: changes in gross non-performing exposures

(€ million)

	CHANGES IN 2023		
SOURCES/CATEGORIES	BAD EXPOSURES	UNLIKELY TO PAY	NON-PERFORMING PAST DUE
A. Opening balance (gross amount)	**4**	**-**	**-**
of which sold non-cancelled exposures	-	-	-
B. Increases	**-**	**-**	**-**
B.1 Transfers from performing loans	-	-	-
B.2 Transfers from acquired or originated impaired financial assets	-	-	-
of which: business combinations	-	-	-
B.3 Transfers from other categories of non-perforiming exposures	-	-	-
B.4 Contractual changes with no cancellations	-	-	-
B.5 Other increases	-	-	-
of which: business combinations - mergers	-	-	-
C. Reductions	**-**	**-**	**-**
C.1 Transfers to performing loans	-	-	-
C.2 Write-offs	-	-	-
C.3 Collections	-	-	-
C.4 Sale proceeds	-	-	-
C.5 Losses on disposal	-	-	-
C.6 Transfers to other non-performing exposures	-	-	-
C.7 Contractual changes with no cancellations	-	-	-
C.8 Other decreases	-	-	-
of which: business combinations	-	-	-
D. Closing balance (gross amount)	**4**	**-**	**-**
of which sold non-cancelled exposures	-	-	-

A.1.8bis Regulatory consolidation - On-balance sheet exposures with banks: changes by credit quality in gross forborne exposures

No data to be disclosed.

Part E - Information on risks and related hedging policies

A.1.9 On-balance sheet credit exposures with customers: changes in gross non-performing exposures

(€ million)

SOURCES/CATEGORIES	CHANGES IN 2023		
	BAD EXPOSURES	UNLIKELY TO PAY	NON-PERFORMING PAST DUE
A. Opening balance (gross amount)	**994**	**4,002**	**462**
of which sold non-cancelled exposures	*44*	*363*	*9*
B. Increases	**740**	**1,669**	**455**
B.1 Transfer from performing loans	295	1,227	347
B.2 Transfer from acquired or originated impaired financial assets	-	-	-
of which: business combinations	-	-	-
B.3 Transfer from other non-performing exposures	346	70	5
B.4 Contractual changes with no cancellations	-	1	-
B.5 Other increases	99	371	103
of which: business combinations - mergers	-	-	-
C. Decreases	**533**	**2,335**	**442**
C.1 Transfers to performing loans	1	306	103
C.2 Write-offs	35	80	-
C.3 Collections	151	747	180
C.4 Sale proceeds	108	509	-
C.5 Losses on disposals	4	28	-
C.6 Transfers to other non-performing exposures	-	262	159
C.7 Contractual changes with no cancellations	-	-	-
C.8 Other decreases	234	403	-
of which: business combinations	-	-	-
D. Closing balance (gross amount)	**1,201**	**3,336**	**475**
of which sold non-cancelled exposures	*12*	*41*	*12*

A.1.9bis On-balance sheet exposures with customers: changes by credit quality in gross forborne exposures

(€ million)

SOURCES/QUALITY	CHANGES IN 2023	
	FORBORNE EXPOSURES: NON-PERFORMING	FORBORNE EXPOSURES: PERFORMING
A. Opening balance (gross amount)	**2,811**	**5,611**
of which sold non-cancelled exposures	*366*	*405*
B. Increases	**675**	**3,284**
B.1 Transfers from performing non-forborne exposures	50	2,472
B.2 Transfers from performing forbone exposures	264	X
B.3 Transfers from non-performing forborne exposures	X	236
of which: business combinations	*X*	-
B.4 Transfers from non-performing non-forborne exposures	184	
B.5 Other increases	177	576
of which: business combinations - mergers	-	-
C. Reductions	**1,441**	**4,854**
C.1 Transfers to performing non-forborne exposures	X	2,581
C.2 Transfers to performing forbone exposures	236	X
C.3 Transfers to non-performing forborne exposures	X	264
C.4 Write-offs	53	-
C.5 Collections	436	1,730
C.6 Sale proceeds	324	101
C.7 Losses from disposal	14	-
C.8 Other reductions	378	178
of which: business combinations	-	-
D. Closing balance (gross amount)	**2,045**	**4,041**
of which sold non-cancelled exposures	*35*	*7*

Part E - Information on risks and related hedging policies

A.1.10 On-balance sheet non-performing credit exposures with banks: changes in overall write-downs

(€ million)

	CHANGES IN 2023					
	NON-PERFORMING LOANS		UNLIKELY TO PAY		NON-PERFORMING PAST DUE	
SOURCES/CATEGORIES	TOTAL	OF WHICH FORBORNE EXPOSURES	TOTAL	OF WHICH FORBORNE EXPOSURES	TOTAL	OF WHICH FORBORNE EXPOSURES
A. Opening balance (gross amount)	**4**	**-**	**-**	**-**	**-**	**-**
of which sold non-cancelled exposures	-	-	-	-	-	-
B. Increases	**-**	**-**	**-**	**-**	**-**	**-**
B.1 Write-downs of acquired or originated impaired financial assets	-	X	-	X	-	X
of which: business combinations	-	-	-	-	-	-
B.2 Other write-downs	-	-	-	-	-	-
B.3 Losses on disposal	-	-	-	-	-	-
B.4 Transfers from other categories of non-performing exposures	-	-	-	-	-	-
B.5 Contractual changes with no cancellations	-	X	-	X	-	X
B.6 Other increases	-	-	-	-	-	-
of which: business combinations - mergers	-	-	-	-	-	-
C. Reductions	**-**	**-**	**-**	**-**	**-**	**-**
C.1 Write-backs from valuation	-	-	-	-	-	-
C.2 Write-backs from collections	-	-	-	-	-	-
C.3 Gains from disposals	-	-	-	-	-	-
C.4 Write-offs	-	-	-	-	-	-
C.5 Transfers to other categories of non-performing exposures	-	-	-	-	-	-
C.6 Contractual changes with no cancellations	-	X	-	X	-	X
C.7 Other decreases	-	-	-	-	-	-
of which: business combinations	-	-	-	-	-	-
D. Closing balance (gross amount)	**4**	**-**	**-**	**-**	**-**	**-**
of which sold non-cancelled exposures	-	-	-	-	-	-

Part E - Information on risks and related hedging policies

A.1.11 On-balance sheet non-performing credit exposures with customers: changes in overall write-downs

(€ million)

	CHANGES IN 2023					
	NON-PERFORMING LOANS		UNLIKELY TO PAY		NON-PERFORMING PAST DUE	
SOURCES/CATEGORIES	TOTAL	OF WHICH FORBORNE EXPOSURES	TOTAL	OF WHICH FORBORNE EXPOSURES	TOTAL	OF WHICH FORBORNE EXPOSURES
A. Opening balance (gross amount)	**704**	**164**	**1,829**	**1,209**	**122**	**2**
of which sold non-cancelled exposures	*14*	*8*	*135*	*127*	*2*	-
B. Increases	**540**	**92**	**819**	**390**	**122**	**1**
B.1 Write-downs of acquired or originated impaired financial assets	25	X	58	X	8	X
of which: business combinations	-	-	-	-	-	-
B.2 Other write-downs	320	47	544	301	81	1
B.3 Losses on disposal	4	2	28	12	-	-
B.4 Transfers from other categories of non-performing exposures	145	40	16	2	1	-
B.5 Contractual changes with no cancellations	-	X	-	X	-	X
B.6 Other increases	46	3	173	75	32	-
of which: business combinations - mergers	-	-	-	-	-	-
C. Reductions	**405**	**98**	**1,149**	**781**	**89**	**2**
C.1 Write-backs from valuation	65	29	316	216	1	-
C.2 Write-backs from collections	49	5	56	20	21	-
C.3 Gains from disposals	12	2	38	14	-	-
C.4 Write-offs	35	5	80	48	-	-
C.5 Transfers to other categories of non-performing exposures	-	-	120	40	42	2
C.6 Contractual changes with no cancellations	-	X	1	X	-	X
C.7 Other decreases	244	57	538	443	25	-
of which: business combinations	-	-	-	-	-	-
D. Closing balance (gross amount)	**839**	**158**	**1,499**	**818**	**155**	**1**
of which sold non-cancelled exposures	*9*	*1*	*17*	*16*	*2*	-

Part E - Information on risks and related hedging policies

A.2 Classification of credit exposure, of loan commitments and financial guarantees given based on internal and external ratings

A.2.1 Breakdown of financial assets, loan commitments and financial guarantees given by external rating classes (gross amounts)

(€ million)

EXPOSURES	AMOUNT AS AT 31.12.2023							
	EXTERNAL RATING CLASSES							
	CLASS 1	CLASS 2	CLASS 3	CLASS 4	CLASS 5	CLASS 6	NO RATING	TOTAL
A. Financial assets at amortised cost								
- Stage 1	9,059	11,597	52,419	1,206	433	-	146,151	220,865
- Stage 2	-	-	11	4	258	-	20,365	20,638
- Stage 3	-	-	-	-	181	-	4,127	4,308
- Purchased or Originated Credit-Impaired Financial Assets	-	-	-	-	-	-	-	-
B. Financial assets at fair value through other comprehensive income								
- Stage 1	2,307	6,416	18,526	197	-	-	2,805	30,251
- Stage 2	-	-	-	100	-	-	-	100
- Stage 3	-	-	-	-	-	-	2	2
- Purchased or Originated Credit-Impaired Financial Assets	-	-	-	-	-	-	-	-
C. Financial instruments classified as held for sale								
- Stage 1	-	-	-	-	-	-	-	-
- Stage 2	-	-	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-	583	583
- Purchased or Originated Credit-Impaired Financial Assets	-	-	-	-	-	-	-	-
Total (A+B+C)	**11,366**	**18,013**	**70,956**	**1,507**	**872**	**-**	**174,033**	**276,747**
D. Loan commitments and financial guarantees given								
- Stage 1	3,257	3,074	16,546	2,471	1,002	3	30,877	57,230
- Stage 2	-	859	121	802	532	-	7,551	9,865
- Stage 3	-	-	-	-	7	-	1,022	1,029
- Purchased or Originated Credit-Impaired Financial Assets	-	-	-	-	-	-	-	-
Total (D)	**3,257**	**3,933**	**16,667**	**3,273**	**1,541**	**3**	**39,450**	**68,124**
Total (A+B+C+D)	**14,623**	**21,946**	**87,623**	**4,780**	**2,413**	**3**	**213,483**	**344,871**

The table details on- and off-Balance sheet credits granted to counterparties rated by external rating agencies, which provide brief assessments of the creditworthiness of different classes of borrowers such as Countries, Banks, Public-Sector Entities, Insurance Companies and (usually large) Enterprises.

The table refers to classification of Circular No.262 of 22 December 2005 of Banca d'Italia (and subsequent amendments); then it provides, for external ratings, 6 classes of creditworthiness.
Rating agencies utilised to fill the table are: Moody's, S&Ps and Fitch.

Where more than one rating agency is available, the most prudential rating is assigned.

Concerning the classification of credit exposure, of loan commitments and financial guarantees given based on internal and external ratings in force for the UniCredit group is made to the paragraph "A.2 Classification of credit exposure based on internal and external ratings", Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Quantitative information, A. Credit quality, which is herewith quoted entirely.

The 36% of rated counterparties were investment grade (from Class 1 to Class 3), referring to best-rated borrowers.

Unrated exposures, i.e. those with no external rating, were about 62% of the portfolio, due to the fact that a considerable proportion of borrowers were private individuals or SMEs, which are not externally rated.

Part E - Information on risks and related hedging policies

A.2.2 Breakdown of financial assets, loan commitments and financial guarantees given by internal rating classes (gross amounts)

(€ million)

	AMOUNT AS AT 31.12.2023									
	INTERNAL RATING CLASSES									
EXPOSURES	1	2	3	4	5	6	7	8	NO RATING	TOTAL
A. Financial assets at amortised cost										
- Stage 1	18,736	61,719	21,768	30,576	27,069	12,747	4,438	912	42,900	220,865
- Stage 2	113	140	1,053	2,835	3,889	2,878	3,227	4,177	2,326	20,638
- Stage 3	-	-	-	-	-	-	-	-	4,308	4,308
- Purchased or Originated Credit-Impaired Financial Assets	-	-	-	-	-	-	-	-	-	-
B. Financial assets at fair value through other comprehensive income										
- Stage 1	8,927	19,335	126	275	-	-	-	-	1,588	30,251
- Stage 2	-	-	-	100	-	-	-	-	-	100
- Stage 3	-	-	-	-	-	-	-	-	2	2
- Purchased or Originated Credit-Impaired Financial Assets	-	-	-	-	-	-	-	-	-	-
C. Financial instruments classified as held for sale										
- Stage 1	-	-	-	-	-	-	-	-	-	-
- Stage 2	-	-	-	-	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-	-	-	583	583
- Purchased or Originated Credit-Impaired Financial Assets	-	-	-	-	-	-	-	-	-	-
Total (A+B+C)	**27,776**	**81,194**	**22,947**	**33,786**	**30,958**	**15,625**	**7,665**	**5,089**	**51,707**	**276,747**
D. Loan commitments and financial guarantees given										
- Stage 1	5,900	12,359	10,530	4,846	3,462	1,486	597	236	17,814	57,230
- Stage 2	764	1,312	1,475	2,067	2,444	435	551	262	555	9,865
- Stage 3	-	-	-	-	-	-	-	-	1,029	1,029
- Purchased or Originated Credit-Impaired Financial Assets	-	-	-	-	-	-	-	-	-	-
Total (D)	**6,664**	**13,671**	**12,005**	**6,913**	**5,906**	**1,921**	**1,148**	**498**	**19,398**	**68,124**
Total (A+B+C+D)	**34,440**	**94,865**	**34,952**	**40,699**	**36,864**	**17,546**	**8,813**	**5,587**	**71,105**	**344,871**

The table contains on-Balance and off-Balance sheet exposures grouped according to the counterparties' internal rating.
Ratings are assigned to individual counterparties using internally developed models included in their credit risk management processes.

The internal models validated by the regulators are both "local" and "group-wide" (e.g. for Banks, Multinationals, Countries).

The various rating scales of these models are mapped into a single Group master-scale of 8 classes (illustrated above) based on Probability of Default (PD). The internal models used are only the IRB ones approved for capital requirements calculation.

"Investment Grade" portfolio (rating classes 1-3) represents 60% of the exposure managed with an internal regulatory rating model; the exposures referring to counterparties without a specific internal regulatory rating model represent 21% of the overall exposure.

Part E - Information on risks and related hedging policies

A.3 Distribution of secured credit exposures by type of security

A.3.1 Secured on-balance and off-balance sheet credit exposures with banks

(€ million)

	AMOUNT AS AT 31.12.2023					
			COLLATERALS (1)			
	GROSS EXPOSURE	NET EXPOSURE	PROPERTY - MORTGAGES	PROPERTY - LEASE LOANS	SECURITIES	OTHER COLLATERALS
1. Secured on-balance sheet credit exposures						
1.1 Totally secured	11,779	11,779	-	-	11,597	-
of which non-performing	-	-	-	-	-	-
1.2 Partially secured	43	43	-	-	-	-
of which non-performing	-	-	-	-	-	-
2. Secured off-balance sheet credit exposures						
2.1 Totally secured	1,337	1,337	-	-	1,262	2
of which non-performing	-	-	-	-	-	-
2.2 Partially secured	127	127	-	-	-	-
of which non-performing	-	-	-	-	-	-

continued: A.3.1 Secured on-balance and off-balance sheet credit exposures with banks

(€ million)

	AMOUNT AS AT 31.12.2023									
	GUARANTEES (2)									
	CREDIT DERIVATIVES					SIGNATURE LOANS (LOANS GUARANTEES)				
		OTHER CREDIT DERIVATIVES								
	CLN	GOVERNMENT AND CENTRAL BANKS	BANKS	OTHER PUBLIC ENTITIES	OTHER ENTITIES	GOVERNMENTS AND OTHER PUBLIC SECTOR ENTITIES	BANKS	OTHER PUBLIC ENTITIES	OTHER ENTITIES	TOTAL (1)+(2)
1. Secured on-balance sheet credit exposures										
1.1 Totally secured	-	-	-	-	-	48	-	-	-	**11,645**
of which non-performing	-	-	-	-	-	-	-	-	-	**-**
1.2 Partially secured	-	-	-	-	-	31	10	-	-	**41**
of which non-performing	-	-	-	-	-	-	-	-	-	**-**
2. Secured off-balance sheet credit exposures										
2.1 Totally secured	-	-	-	-	-	8	28	2	33	**1,335**
of which non-performing	-	-	-	-	-	-	-	-	-	**-**
2.2 Partially secured	-	-	-	-	-	14	1	1	41	**57**
of which non-performing	-	-	-	-	-	-	-	-	-	**-**

A.3.2 Secured on-balance and off-balance sheet credit exposures with customers

(€ million)

	AMOUNT AS AT 31.12.2023					
			COLLATERALS (1)			
	GROSS EXPOSURE	NET EXPOSURE	PROPERTY - MORTGAGES	PROPERTY - LEASE LOANS	SECURITIES	OTHER COLLATERALS
1. Secured on-balance sheet credit exposures						
1.1 Totally secured	99,300	97,093	51,904	-	20,097	4,034
of which non-performing	*2,844*	*1,660*	*992*	-	*1*	*48*
1.2 Partially secured	18,690	18,294	11	-	389	364
of which non-performing	*545*	*313*	-	-	*5*	*2*
2. Secured off-balance sheet credit exposures						
2.1 Totally secured	29,009	28,919	1,538	-	8,850	388
of which non-performing	*362*	*298*	*16*	-	*3*	*12*
2.2 Partially secured	5,337	5,300	1	-	203	115
of which non-performing	*155*	*123*	-	-	*23*	*2*

Part E - Information on risks and related hedging policies

continued: A.3.2 Secured on-balance and off-balance sheet credit exposures with customers

(€ million)

	AMOUNT AS AT 31.12.2023									
	GUARANTEES (2)									
	CREDIT DERIVATIVES					SIGNATURE LOANS (LOANS GUARANTEES)				
		OTHER CREDIT DERIVATIVES								
	CLN	GOVERNMENT AND CENTRAL BANKS	BANKS	OTHER PUBLIC ENTITIES	OTHER ENTITIES	GOVERNMENTS AND OTHER PUBLIC SECTOR ENTITIES	BANKS	OTHER PUBLIC ENTITIES	OTHER ENTITIES	TOTAL (1)+(2)
1. Secured on-balance sheet credit exposures										
1.1 Totally secured	-	-	-	-	-	10,098	133	1,016	9,404	**96,686**
of which non-performing	-	-	-	-	-	*395*	-	*31*	*176*	***1,643***
1.2 Partially secured	-	-	-	-	-	7,125	313	65	5,287	**13,554**
of which non-performing	-	-	-	-	-	*147*	*9*	*1*	*87*	***251***
2. Secured off-balance sheet credit exposures										
2.1 Totally secured	-	-	-	-	-	2,556	346	1,117	14,052	**28,847**
of which non-performing	-	-	-	-	-	*11*	*52*	*86*	*114*	***294***
2.2 Partially secured	-	-	-	-	-	919	60	312	2,050	**3,660**
of which non-performing	-	-	-	-	-	*3*	*2*	*2*	*30*	***62***

A.4 Financial and non-financial assets obtained by taking possession of collaterals

(€ million)

	CANCELLED CREDIT EXPOSURE	GROSS AMOUNT	OVERALL WRITE-DOWNS	CARRYING VALUE	
					OF WHICH OBTAINED DURING THE YEAR
A. Property, plant and equipment	**-**	**-**	**-**	**-**	**-**
A.1 Used in business	-	-	-	-	-
A.2 Held for investment	-	-	-	-	-
A.3 Inventories	-	-	-	-	-
B. Equity instruments and debt securities	**168**	**115**	**50**	**65**	**-**
C. Other assets	**-**	**-**	**-**	**-**	**-**
D. Non-current assets and disposal groups classified as held for sale	**-**	**-**	**-**	**-**	**-**
D.1 Property, plant and equipment	-	-	-	-	-
D.2 Other assets	-	-	-	-	-
Total 31.12.2023	**168**	**115**	**50**	**65**	**-**
Total 31.12.2022	**167**	**118**	**41**	**77**	**-**

Part E - Information on risks and related hedging policies

B. Distribution and concentration of credit exposures

B.1 Distribution by segment of on-balance and off-balance sheet credit exposures with customers

(€ million)

EXPOSURES/COUNTERPARTIES	GOVERNMENTS AND OTHER PUBLIC SECTOR ENTITIES		FINANCIAL COMPANIES		FINANCIAL COMPANIES (OF WHICH INSURANCE COMPANIES)		NON-FINANCIAL COMPANIES		HOUSEHOLDS	
	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS
A. On-balance sheet credit exposures										
A.1 Bad exposures	-	-	-	4	-	-	273	592	89	243
of which: forborne exposures	-	-	-	-	-	-	*67*	*131*	*11*	*27*
A.2 Unlikely to pay	188	14	35	99	-	-	1,012	1,043	602	343
of which: forborne exposures	*6*	*7*	*8*	*15*	-	-	*590*	*607*	*382*	*189*
A.3 Non-performing past-due	13	17	1	4	-	-	50	11	256	123
of which: forborne exposures	-	-	-	-	-	-	-	-	*4*	*1*
A.4 Performing exposures	67,283	28	47,709	187	264	-	65,804	1,012	59,664	696
of which: forborne exposures	*13*	-	*413*	*56*	-	-	*2,803*	*166*	*511*	*79*
Total (A)	**67,484**	**59**	**47,745**	**294**	**264**	**-**	**67,139**	**2,658**	**60,611**	**1,405**
B. Off-balance sheet credit exposures										
B.1 Non-performing exposures	38	13	7	3	-	-	1,056	279	30	1
B.2 Performing exsposures	3,869	1	40,418	4	5,723	-	103,321	133	4,542	1
Total (B)	**3,907**	**14**	**40,425**	**7**	**5,723**	**-**	**104,377**	**412**	**4,572**	**2**
Total (A+B) 31.12.2023	**71,391**	**73**	**88,170**	**301**	**5,987**	**-**	**171,516**	**3,070**	**65,183**	**1,407**
Total (A+B) 31.12.2022	**67,379**	**56**	**84,221**	**288**	**5,241**	**-**	**192,016**	**4,093**	**70,239**	**1,430**

B.2 Distribution of on-balance and off-balance sheet credit exposures with customers by geographic area

(€ million)

EXPOSURES/GEOGRAPHIC AREAS	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS
A. On-balance sheet credit exposures										
A.1 Bad exposures	344	778	18	56	-	3	-	2	-	-
A.2 Unlikely to pay	1,388	1,125	266	371	-	1	4	-	179	2
A.3 Non-performing past-due	319	155	1	-	-	-	-	-	-	-
A.4 Performing exposures	208,238	1,746	15,890	160	6,385	6	8,596	8	1,351	3
Total (A)	**210,289**	**3,804**	**16,175**	**587**	**6,385**	**10**	**8,600**	**10**	**1,530**	**5**
B. Off-balance sheet credit exposures										
B.1 Non-performing exposures	1,121	295	4	-	-	-	-	-	7	-
B.2 Performing exposures	140,603	116	8,700	22	2,368	1	237	-	241	-
Total (B)	**141,724**	**411**	**8,704**	**22**	**2,368**	**1**	**237**	**-**	**248**	**-**
Total (A+B) 31.12.2023	**352,013**	**4,215**	**24,879**	**609**	**8,753**	**11**	**8,837**	**10**	**1,778**	**5**
Total (A+B) 31.12.2022	**361,696**	**4,634**	**33,330**	**1,186**	**8,230**	**20**	**8,564**	**25**	**2,033**	**2**

Part E - Information on risks and related hedging policies

B.2 Distribution of on-balance and off-balance sheet credit exposures with customers by geographic area - Italy

(€ million)

EXPOSURES/GEOGRAPHIC AREAS	NORTH-WEST ITALY		NORTH-EAST ITALY		CENTRAL ITALY		SOUTH ITALY AND ISLANDS	
	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS
A. On-balance sheet credit exposures								
A.1 Bad exposures	77	168	68	139	92	229	107	242
A.2 Unlikely to pay	459	356	240	202	371	286	318	281
A.3 Non-performing past-due	76	38	52	25	81	36	110	56
A.4 Performing exposures	61,859	670	33,467	410	90,844	378	22,068	288
Total (A)	**62,471**	**1,232**	**33,827**	**776**	**91,388**	**929**	**22,603**	**867**
B. Off-balance sheet credit exposures								
B.1 Non-performing exposures	465	81	310	81	255	102	92	30
B.2 Performing exposures	60,693	49	27,667	27	43,450	30	8,792	10
Total (B)	**61,158**	**130**	**27,977**	**108**	**43,705**	**132**	**8,884**	**40**
Total (A+B) 31.12.2023	**123,629**	**1,362**	**61,804**	**884**	**135,093**	**1,061**	**31,487**	**907**
Total (A+B) 31.12.2022	**117,492**	**1,411**	**68,795**	**1,029**	**142,329**	**1,160**	**33,082**	**1,033**

B.3 Distribution of on-balance and off-balance sheet credit exposures with banks by geographic area

(€ million)

EXPOSURES/GEOGRAPHIC AREAS	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS
A. On-balance sheet credit exposures										
A.1 Bad exposures	-	-	-	-	-	4	-	-	-	-
A.2 Unlikely to pay	-	-	-	-	-	-	-	-	-	-
A.3 Non-performing past-due	-	-	-	-	-	-	-	-	-	-
A.4 Performing exposures	17,714	13	26,874	7	1,446	-	2,596	-	570	-
Total (A)	**17,714**	**13**	**26,874**	**7**	**1,446**	**4**	**2,596**	**-**	**570**	**-**
B. Off-balance sheet credit exposures										
B.1 Non-performing exposures	-	-	-	-	-	-	10	4	-	-
B.2 Performing exposures	4,593	-	22,392	28	814	-	3,746	-	1,197	-
Total (B)	**4,593**	**-**	**22,392**	**28**	**814**	**-**	**3,756**	**4**	**1,197**	**-**
Total (A+B) 31.12.2023	**22,307**	**13**	**49,266**	**35**	**2,260**	**4**	**6,352**	**4**	**1,767**	**-**
Total (A+B) 31.12.2022	**65,062**	**1**	**54,746**	**65**	**2,117**	**4**	**7,599**	**4**	**1,666**	**1**

B.3 Distribution of on-balance and off-balance sheet credit exposures with banks by geographic area - Italy

(€ million)

EXPOSURES/GEOGRAPHIC AREAS	NORTH-WEST ITALY		NORTH-EAST ITALY		CENTRAL ITALY		SOUTH ITALY AND ISLANDS	
	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS	NET EXPOSURE	OVERALL WRITE-DOWNS
A. On-balance sheet credit exposures								
A.1 Bad exposures	-	-	-	-	-	-	-	-
A.2 Unlikely to pay	-	-	-	-	-	-	-	-
A.3 Non-performing past-due	-	-	-	-	-	-	-	-
A.4 Performing exposures	4,698	13	1,883	-	11,133	-	-	-
Total (A)	**4,698**	**13**	**1,883**	**-**	**11,133**	**-**	**-**	**-**
B. Off-balance sheet credit exposures								
B.1 Non-performing exposures	-	-	-	-	-	-	-	-
B.2 Performing exposures	3,982	-	502	-	109	-	-	-
Total (B)	**3,982**	**-**	**502**	**-**	**109**	**-**	**-**	**-**
Total (A+B) 31.12.2023	**8,680**	**13**	**2,385**	**-**	**11,242**	**-**	**-**	**-**
Total (A+B) 31.12.2022	**9,265**	**1**	**1,593**	**-**	**54,203**	**-**	**1**	**-**

Part E - Information on risks and related hedging policies

B.4 Large exposures

	31.12.2023
a) Amount book value (€ million)	250,941
b) Amount weighted value (€ million)	17,677
c) Number	8

According to Art.4.1 39 of Regulation (EU) No.575/2013 (CRR), in case of exposures towards a group of connected clients formed by a Central Government and other groups of connected clients, such exposure towards the Central Government is reported for each group of connected clients when remitting regulatory reporting; despite the abovementioned regulatory approach, both the amounts shown in letter a), b), and the number in letter c) in the table above disclose only once the exposure towards the Central Government. It should be noted that deferred tax assets towards Central Government were considered as fully exempted and, consequently, the weighted amount reported is null. Carrying and weighted amounts also include the indirect exposures towards the issuers of securities used as collateral under reverse repurchase agreement transactions included in master netting agreements, in compliance to EBA Q&A n. 5496.

Part E - Information on risks and related hedging policies

C. Securitisation transactions

Qualitative information
In 2023 UniCredit S.p.A. carried out 4 new transactions, of which 2 traditional and 2 synthetic ones:
- Tahiti - traditional;
- A.R.T.S. Consumer 2023 - traditional;
- A.R.T.S. Large Corporate 2023 - synthetic;
- A.R.T.S. ReMo 2023 - synthetic.

Details of the transactions, traditional and synthetic, are set out in the tables enclosed in the “Annexes” to the Consolidated financial statements, including also those carried out in previous financial years.

It should also be noted that "self-securitisations" and transactions in warehousing phase are not included in the quantitative tables of this paragraph (C. Securitisation transactions), as required by regulations.

Part of the portfolio are:
- own securitisation transactions, both traditional and synthetic, including also those traditional carried out by the Banks absorbed by UniCredit S.p.A. in previous years, for a book value of €11,961 million as at 31 December 2023;
- securities arising out of securitisation transactions carried out by other companies belonging to the UniCredit group, for a book value of €268 million as at 31 December 2023;
- other third-party securitisation exposures, for a book value of €82 million as at 31 December 2023.

Quantitative information

C.1 - Exposure from the main "in-house" securitisation transaction broken down by type of securitised asset and by type of exposure

(€ million)

TYPE OF SECURITISED ASSETS/EXPOSURE		BALANCE SHEET EXPOSURE					
		SENIOR		MEZZANINE		JUNIOR	
		CARRYING VALUE	WRITE-DOWNS/WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS/WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS/WRITE-BACKS
A.	**Totally derecognised**	**1,635**	**-**	**40**	**-**	**20**	**-**
A.1	Residential mortgages	498	-	1	-	-	-
A.2	Loans to corporates	475	-	15	-	1	-
A.3	Loans to SME	662	-	24	-	19	-
B.	**Partially derecognised**	**-**	**-**	**9**	**-**	**11**	**1**
B.1	Loans to SME	-	-	9	-	11	1
C.	**Not-derecognised**	**9,917**	**-**	**-**	**-**	**330**	**(7)**
C.1	Residential mortgages	3,899	-	-	-	197	1
C.2	Loans to corporates	4,556	-	-	-	-	-
C.3	Loans to SME	1,394	-	-	-	65	-
C.4	Consumer loans	68	-	-	-	68	(8)

Possible write-downs and write-backs, including depreciations and revaluations posted on the Income statement or to reserves, refer to financial year 2023 only.

Part E - Information on risks and related hedging policies

continued: C.1 - Exposure from the main "in-house" securitisation transaction broken down by type of securitised asset and by type of exposure

TYPE OF SECURITISED ASSETS/EXPOSURE		GUARANTEES GIVEN					
		SENIOR		MEZZANINE		JUNIOR	
		NET EXPOSURE	WRITE-DOWNS/WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS/WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS/WRITE-BACKS
A.	**Totally derecognised**	**-**	**-**	**-**	**-**	**-**	**-**
A.1	Residential mortgages	-	-	-	-	-	-
A.2	Loans to corporates	-	-	-	-	-	-
A.3	Loans to SME	-	-	-	-	-	-
B.	**Partially derecognised**	**-**	**-**	**-**	**-**	**-**	**-**
B.1	Loans to SME	-	-	-	-	-	-
C.	**Not-derecognised**	**-**	**-**	**-**	**-**	**-**	**-**
C.1	Residential mortgages	-	-	-	-	-	-
C.2	Loans to corporates	-	-	-	-	-	-
C.3	Loans to SME	-	-	-	-	-	-
C.4	Consumer loans	-	-	-	-	-	-

continued: C.1 - Exposure from the main "in-house" securitisation transaction broken down by type of securitised asset and by type of exposure

TYPE OF SECURITISED ASSETS/EXPOSURE		CREDIT FACILITIES					
		SENIOR		MEZZANINE		JUNIOR	
		NET EXPOSURE	WRITE-DOWNS/WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS/WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS/WRITE-BACKS
A.	**Totally derecognised**	**-**	**-**	**-**	**-**	**-**	**-**
A.1	Residential mortgages	-	-	-	-	-	-
A.2	Loans to corporates	-	-	-	-	-	-
A.3	Loans to SME	-	-	-	-	-	-
B.	**Partially derecognised**	**-**	**-**	**-**	**-**	**-**	**-**
B.1	Loans to SME	-	-	-	-	-	-
C.	**Not-derecognised**	**-**	**-**	**-**	**-**	**-**	**-**
C.1	Residential mortgages	-	-	-	-	-	-
C.2	Loans to corporates	-	-	-	-	-	-
C.3	Loans to SME	-	-	-	-	-	-
C.4	Consumer loans	-	-	-	-	-	-

C.2 - Exposure resulting from the main third-party securitisation transactions broken down by type of securitised asset and by type of exposure

(€ million)

TYPE OF SECURITISED ASSETS/EXPOSURE	BALANCE-SHEET EXPOSURE					
	SENIOR		MEZZANINE		JUNIOR	
	CARRYING VALUE	WRITE-DOWNS/WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS/WRITE-BACKS	CARRYING VALUE	WRITE-DOWNS/WRITE-BACKS
- Loans to corporates	61	-	-	-	-	-
- Loans to SME	-	-	-	-	18	-
- Leasing	268	-	-	-	-	-
- Other retail exposures	1	-	-	-	2	-

Possible write-downs and write-backs, including depreciations and revaluations posted on the Income statement or to reserves, refer to financial year 2023 only.

Part E - Information on risks and related hedging policies

continued: C.2 - Exposure resulting from the main third-party securitisation transactions broken down by type of securitised asset and by type of exposure

	GUARANTEES GIVEN					
	SENIOR		MEZZANINE		JUNIOR	
TYPE OF SECURITISED ASSETS/EXPOSURE	NET EXPOSURE	WRITE-DOWNS/WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS/WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS/WRITE-BACKS
- Loans to corporates	-	-	-	-	-	-
- Loans to SME	-	-	-	-	-	-
- Leasing	-	-	-	-	-	-
- Other retail exposures	-	-	-	-	-	-

continued: C.2 - Exposure resulting from the main third-party securitisation transactions broken down by type of securitised asset and by type of exposure

	CREDIT FACILITIES					
	SENIOR		MEZZANINE		JUNIOR	
TYPE OF SECURITISED ASSETS/EXPOSURE	NET EXPOSURE	WRITE-DOWNS/WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS/WRITE-BACKS	NET EXPOSURE	WRITE-DOWNS/WRITE-BACKS
- Loans to corporates	-	-	-	-	-	-
- Loans to SME	-	-	-	-	-	-
- Leasing	-	-	-	-	-	-
- Other retail exposures	-	-	-	-	-	-

C.3 SPVs for securitisations

(€ million)

			ASSETS			LIABILITIES		
NAME OF SECURITISATION/NAME OF VEHICLE	COUNTRY OF INCORPORATION	CONSOLIDATION	LOANS AND RECEIVABLES	DEBT SECURITIES	OTHERS	SENIOR	MEZZANINE	JUNIOR
ARTS Consumer	VIALE DELL'AGRICOLTURA 7, 37135 VERONA	Y	592	-	71	469	179	15
ARTS Consumer 2023	VIALE DELL'AGRICOLTURA 7, 37135 VERONA	Y	814	-	98	677	183	13
Capital Mortgage S.r.l. - CAPITAL MORTGAGE 2007 - 1	Piazzetta Monte 1 - 37121 Verona	Y	286	-	63	171	75	61
F-E Mortgages S.r.l. - 2005	Piazzetta Monte 1 - 37121 Verona	Y	79	-	13	-	31	33
ALTEA SPV S.R.L.	VIA VALTELLINA,15/17, 20159 MILANO	N	513	-	45	390	121	22
ARCOBALENO FINANCE SRL	FORO BUONAPARTE,70 20121 MILANO	N	18	-	4	-	-	0
ARTS LARGE CORPORATE S.R.L.	VIA VITTORIO ALFIERI 1, 31015 CONEGLIANO (TV)	N	497	-	29	471	-	44
CREDIARC SPV SRL	FORO BUONAPARTE,70 20121 MILANO	N	7	-	1	-	-	24
FINO 1 SECURITISATION SRL	VIALE LUIGI MAJNO 45, 20122 MILANO	N	138	-	41	-	-	50
FINO 2 SECURITISATION SRL	VIALE LUIGI MAJNO 45, 20122 MILANO	N	89	-	355	180	201	40
ITACA SPV S.R.L.	VIA VITTORIO ALFIERI 1, 31015 CONEGLIANO (TV)	N	786	-	49	69	24	6
OLYMPIA SPV S.R.L.	VIA VITTORIO ALFIERI 1, 31015 Conegliano	N	130	-	111	165	26	3
ONIF FINANCE SRL	VIA ALESSANDRO PESTALOZZA 12/14, 20131 MILANO	N	149	-	9	-	-	104
Pillarstone Italy SPV S.r.l. - Premuda	Via Pietro Mascagni 14, 20122 MILANO	N	59	-	29	1	175	90
Pillarstone Italy SPV S.r.l. - Rainbow	Via Pietro Mascagni 14, 20122 MILANO	N	56	-	0	1	51	106
PRISMA SPV S.R.L.	VIA MARIO CARUCCI 131, Roma	N	281	-	407	532	80	30
Sestante Finance S.r.l.	Via Borromei, 5 - 20123 Milano	N	111	-	-	67	90	9
Tahiti SPV S.r.l.	PZA GEN.ARMANDO DIAZ 5, 20123 MILANO	N	24	-	2	20	5	1

C.4 Special Purpose Vehicles for securitisation not subject to consolidation

Refer to the corresponding paragraph “C.4 Regulatory consolidation - Special Purpose Vehicles for securitisation not subject to consolidation”, Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Quantitative information, C. Securitisation transactions, Quantitative information.

C.5 Servicer activities - “In house” securitisations - Collections of securitised loans and redemptions of securities issued by the special purpose vehicle for securitisation

As at 31 December 2023, the Bank does not perform any servicer activity in its “in house” securitisations in which the assets sold were derecognised from the Balance sheet under IFRS9.

Part E - Information on risks and related hedging policies

D. Information on structured entities not consolidated for accounting purposes (other than vehicles for securitisation transactions)

Refer to the corresponding paragraph "B.2 Non-consolidated for accounting purposes structured entities" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 1 - Risks of the accounting consolidated perimeter, Quantitative information, B. Structured entities (other than entities for securitisation transaction).

E. Sales transaction

A. Financial assets sold and not fully derecognised

Quantitative information

Any exposures that, at the reference date, are booked under item "110. Non-current assets and disposal groups classified as held for sale", in the tables below are shown in correspondence of the original accounting portfolio.

E.1 Financial assets sold and fully recognised and associated financial liabilities: book value

(€ million)

	FINANCIAL ASSETS SOLD AND FULLY RECOGNISED				ASSOCIATED FINANCIAL LIABILITIES		
	BOOK VALUE	OF WHICH: SUBJECT TO SECURITISATION TRANSACTION	OF WHICH: SUBJECT TO SALE AGREEMENT WITH REPURCHASE OBLIGATION	OF WHICH NON-PERFORMING	BOOK VALUE	OF WHICH: SUBJECT TO SECURITISATION TRANSACTION	OF WHICH: SUBJECT TO SALE AGREEMENT WITH REPURCHASE OBLIGATION
A. Financial assets held for trading	**643**	**-**	**643**	**X**	**618**	**-**	**618**
1. Debt securities	643	-	643	X	618	-	618
2. Equity instruments	-	-	-	X	-	-	-
3. Loans	-	-	-	X	-	-	-
4. Derivative instruments	-	-	-	X	-	-	-
B. Other financial assets mandatorily at fair value	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-	-	-	-
2. Equity instruments	-	-	-	X	-	-	-
3. Loans	-	-	-	-	-	-	-
C. Financial assets designated at fair value	**20**	**-**	**20**	**-**	**19**	**-**	**19**
1. Debt securities	20	-	20	-	19	-	19
2. Loans	-	-	-	-	-	-	-
D. Financial assets at fair value through other comprehensive income	**8,350**	**-**	**8,350**	**-**	**8,021**	**-**	**8,021**
1. Debt securities	8,350	-	8,350	-	8,021	-	8,021
2. Equity instruments	-	-	-	X	-	-	-
3. Loans	-	-	-	-	-	-	-
E. Financial assets at amortised cost	**19,872**	**4,811**	**15,061**	**49**	**15,929**	**1,461**	**14,468**
1. Debt securities	15,061	-	15,061	-	14,468	-	14,468
2. Loans	4,811	4,811	-	49	1,461	1,461	-
Total 31.12.2023	**28,885**	**4,811**	**24,074**	**49**	**24,587**	**1,461**	**23,126**
Total 31.12.2022	**38,253**	**16,744**	**21,509**	**402**	**22,878**	**1,178**	**21,700**

Part E - Information on risks and related hedging policies

E.2 Financial assets sold and partially recognised and associated financial liabilities: book value

(€ million)

	ORIGINAL GROSS VALUE OF ASSETS BEFORE SALE	BOOK VALUE OF ASSETS STILL PARTIALLY RECOGNISED	OF WHICH NON-PERFORMING	BOOK VALUE OF ASSOCIATED FINANCIAL LIABILITIES
A. Financial assets held for trading	**-**	**-**	**X**	**-**
1. Debt securities	-	-	X	-
2. Equity instruments	-	-	X	-
3. Loans	-	-	X	-
4. Derivative instruments	-	-	X	-
B. Other financial assets mandatory at fair value	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-
2. Equity instruments	-	-	X	-
3. Loans	-	-	-	-
C. Financial assets designated at fair value	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-
2. Loans	-	-	-	-
D. Financial assets at fair value through other comprehensive income	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-
2. Equity instruments	-	-	X	-
3. Loans	-	-	-	-
E. Financial assets at amortised cost	**60**	**14**	**14**	**1**
1. Debt securities	-	-	-	-
2. Loans	60	14	14	1
Total 31.12.2023	**60**	**14**	**14**	**1**
Total 31.12.2022	**60**	**14**	**14**	**4**

E.3 Sale transactions relating to financial liabilities with repayment exclusively based on assets sold and not fully derecognised: fair value

(€ million)

	FULLY RECOGNISED	PARTIALLY RECOGNISED	TOTAL	
			31.12.2023	31.12.2022
A. Financial assets held for trading	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-
2. Equity instruments	-	-	-	-
3. Loans	-	-	-	-
4. Derivative instruments	-	-	-	-
B. Other financial assets mandatorily at fair value	**-**	**-**	**-**	**6**
1. Debt securities	-	-	-	-
2. Equity instruments	-	-	-	-
3. Loans	-	-	-	6
C. Financial assets designated at fair value	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-
2. Loans	-	-	-	-
D. Financial assets at fair value through other comprehensive income	**-**	**-**	**-**	**-**
1. Debt securities	-	-	-	-
2. Equity instruments	-	-	-	-
3. Loans	-	-	-	-
E. Financial assets at amortised cost (fair value)	**4,797**	**14**	**4,811**	15,507
1. Debt securities	-	-	-	**-**
2. Loans	4,797	14	4,811	15,507
Total associated financial assets	**4,797**	**14**	**4,811**	**15,513**
Total associated financial liabilities	**1,425**	**1**	**X**	**X**
Total net amount 31.12.2023	**3,372**	**13**	**3,385**	**X**
Total net amount 31.12.2022	**14,373**	**10**	**X**	**14,383**

Part E - Information on risks and related hedging policies

B. Financial assets sold and fully derecognised with recognition of continuing involvement

Qualitative and quantitative information

At the end of the year there were no disposals of financial assets that had been fully derecognised, which required the recognition of continuing involvement.

C. Financial assets sold and fully derecognised

Quantitative information

As at 31 December 2023, the Bank holds asset-backed securities and units in investment funds acquired following the sale of financial assets fully derecognised, carried out in 2023 and in previous years.

These transactions involved the sale of financial assets, mainly consisting of loans both performing and non-performing, by the Bank to securitisation vehicles or investment funds and their derecognition from the financial statements pursuant to IFRS9, following the assessment that the Bank originator itself has substantially transferred the risks and benefits of the assets sold and at the same time has not maintained any control over the same assets.

Instead of these derecognised assets, the asset-backed securities or the units in investment funds received in the same transactions were recognised among the Financial assets.

For further information on each transaction carried out in the 2023 and also in the previous years, with specific regard to UniCredit S.p.A. as Originator, refer to the two annexes “Annex 3 - Securitisations - qualitative tables” and “Annex 4 - Sales of financial assets to investment funds, receiving as consideration units issued by the same funds - qualitative tables” of Consolidated financial statements of UniCredit group, which are herewith quoted entirely.

C. Financial assets sold and fully derecognised

(€ million)

	ORIGINAL BOOK VALUE OF ASSETS BEFORE SALE	OF WHICH NON-PERFORMING	BOOK VALUE OF THE BALANCE-SHEET EXPOSURE ACQUIRED
A. Financial assets held for trading	**-**	**X**	**-**
1. Debt securities	-	X	-
2. Equity instruments	-	X	-
3. Loans	-	X	-
4. Derivative instruments	-	X	-
B. Other financial assets mandatorily at fair value	**6**	**2**	**6**
1. Debt securities	-	-	-
2. Equity instruments	-	X	-
3. Loans	6	2	6
C. Financial assets designated at fair value	**-**	**-**	**-**
1. Debt securities	-	-	-
2. Loans	-	-	-
D. Financial assets at fair value through other comprehensive income	**-**	**-**	**-**
1. Debt securities	-	-	-
2. Equity instruments	-	X	-
3. Loans	-	-	-
E. Financial assets at amortised cost	**528**	**308**	**557**
1. Debt securities	-	-	-
2. Loans	528	308	557
Total 31.12.2023	**534**	**310**	**563**

The asset-backed securities acquired during the year by such transactions, amounting to €21 million, are classified in the Financial assets at amortised cost and in those mandatorily at fair value, while the units in investment Funds underwritten, amounting to €542 million, are classified in the Financial assets mandatorily at fair value portfolio.

D. Covered bond transaction

Reference is made to the paragraph “D. Covered bond transactions” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risk of the prudential consolidated perimeter, 2.1 Credit Risk, Quantitative information, D. Sales transactions, which is herewith quoted entirely.

Part E - Information on risks and related hedging policies

Information on Sovereign exposures

With reference to the UniCredit S.p.A. sovereign exposures[116], the book value of sovereign debt securities as at 31 December 2023 amounted to €57,628 million, of which 96% concentrated in five countries; Italy, with €38,759 million, represents over 67% of the total. For each of the five countries, the following table shows the nominal value, the book value and the fair value of the exposures broken down by portfolio as at 31 December 2023.

116 Sovereign exposures are bonds issued by and loans given to central and local governments and governmental bodies. To the purpose of this risk exposure are not included:
- Sovereign exposures and Group's Legal entities classified as held for sale as at 31 December 2022;
- ABSs.

Part E - Information on risks and related hedging policies

Breakdown of sovereign debt securities by country and portfolio

(€ million)

	AMOUNTS AS AT 31.12.2023		
COUNTRY/PORTFOLIO	BOOK VALUE	NOMINAL VALUE	FAIR VALUE
- Italy	**38,759**	**39,076**	**38,830**
financial assets/liabilities held for trading (net exposures*)	1,504	1,213	1,504
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	53	50	53
financial assets at fair value through other comprehensive income	17,197	16,982	17,197
financial assets at amortised cost	20,005	20,831	20,076
- Spain	**6,220**	**6,482**	**6,229**
financial assets/liabilities held for trading (net exposures*)	(162)	(153)	(162)
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	-	-	-
financial assets at fair value through other comprehensive income	210	200	210
financial assets at amortised cost	6,172	6,435	6,181
- Japan	**5,882**	**5,949**	**5,882**
financial assets/liabilities held for trading (net exposures*)	-	-	-
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	-	-	-
financial assets at fair value through other comprehensive income	5,882	5,949	5,882
financial assets at amortised cost	-	-	-
- U.S.A.	**3,815**	**4,615**	**3,835**
financial assets/liabilities held for trading (net exposures*)	-	-	-
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	-	-	-
financial assets at fair value through other comprehensive income	1,630	1,629	1,630
financial assets at amortised cost	2,185	2,986	2,205
- Israel	**817**	**855**	**791**
financial assets/liabilities held for trading (net exposures*)	-	-	-
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	-	-	-
financial assets at fair value through other comprehensive income	-	-	-
financial assets at amortised cost	817	855	791
- Ireland	**790**	**750**	**792**
financial assets/liabilities held for trading (net exposures*)	-	-	-
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	-	-	-
financial assets at fair value through other comprehensive income	-	-	-
financial assets at amortised cost	790	750	792
- Portugal	**679**	**668**	**683**
financial assets/liabilities held for trading (net exposures*)	2	3	2
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	-	-	-
financial assets at fair value through other comprehensive income	-	-	-
financial assets at amortised cost	677	665	681
- China	**666**	**722**	**663**
financial assets/liabilities held for trading (net exposures*)	-	-	-
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	-	-	-
financial assets at fair value through other comprehensive income	-	-	-
financial assets at amortised cost	666	722	663
Total on-balance sheet exposures	**57,628**	**59,117**	**57,705**

With respect to these exposures, as at 31 December 2023 there were no indications that default have occurred.

Part E - Information on risks and related hedging policies

The table below shows the classification of bonds belonging to the banking book and their percentage proportion of the total of the portfolio under which they are classified:

Breakdown of sovereign debt securities by portfolio

	AMOUNTS AS AT 31.12.2023				
	FINANCIAL ASSETS DESIGNATED AT FAIR VALUE	FINANCIAL ASSETS MANDATORILY AT FAIR VALUE	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FINANCIAL ASSETS AT AMORTISED COST	TOTAL
Book value (€ million)	132	57	25,592	32,107	57,888
% Portfolio	100.00%	0.99%	80.90%	13.28%	20.72%

In addition to the exposures to Sovereign debt securities, loans given to central and local governments and governmental bodies must be taken into account.
The table below shows the total amount of the loans as at 31 December 2023:

Breakdown of sovereign loans by country

(€ million)

	AMOUNTS AS AT 31.12.2023
COUNTRY	BOOK VALUE
- Italy	2,207
- Qatar	740
- Egypt	250
- Kenya	179
- Angola	54
- Dominican Republic	30
- Senegal	1
Total on-balance sheet exposures	**3,461**

It should also be noted that, as at 31 December 2023, there are in addition also loans to Supranational Organisations amounting to €108 million booked in financial assets at amortised cost.

Other transaction

With reference to the indications of Banca d'Italia/Consob/IVASS document No.6 of 8 March 2013 - Booking of "long-term structured repos" - instructions, there are no transactions of this kind to report.

Part E - Information on risks and related hedging policies

Information on trading book derivative instruments with customers

The business model governing OTC derivatives trading with customers provides for the centralisation of market risk in Group Client Risk Management, while credit risk is assumed by the Group company which, under the divisional or geographical segmentation model, manages the relevant customer's account.

The Group's operational model provides for customer trading derivatives business to be carried on, as part of each subsidiary's operational independence:

- by the commercial banks and divisions that close transactions in OTC derivatives in order to provide non-institutional clients with products to manage currency, interest-rate and price risks. Under these transactions, the commercial banks transfer their market risks to the Group Client Risk management by means of equal and opposite contracts, retaining only the relevant counterparty risk. The commercial banks also place or collect orders on behalf of others for investment products with embedded derivatives (e.g. structured bonds);
- by CE and EE Banks, which transact business directly with their customers (and possibly manage market risk associated with specific products and/or risk factors).

UniCredit group trades OTC derivatives on a wide range of underlying, e.g. interest rates, currency rates, share prices and indexes, commodities (precious metals, base metals, petroleum and energy materials) and credit rights.

OTC derivatives offer considerable scope for personalisation: new payoff profiles can be constructed by combining several OTC derivatives (for example, a plain vanilla IRS with one or more plain vanilla or exotic options). The risk and the complexity of the structures obtained in this manner depend on the respective characteristics of the components (reference parameters and indexation mechanisms) and the way in which they are combined.

Credit and market risk arising from OTC derivatives business is controlled by the Chief Risk Officer competence line (CRO) in the Parent and/or in the Division or subsidiary involved. This control is carried out by means of guidelines and policies covering risk management, measurement and controls in terms of principles, rules and processes, as well as by setting VaR limits.

The business with non-institutional clients does not (usually) entail the use of margin calls, whereas with institutional counterparties recourse may be made to 'credit-risk mitigation' (CRM) techniques, by using netting and/or collateral agreements.

Write-downs and write-backs of derivatives to take account of counterparty risk are determined in line with the procedure used to assess other credit exposure, specifically:

- performing exposure to customers are mapped by deriving EAD (Exposure at Default) with simulation techniques that take into account the Wrong-Way Risk and measured with PD (Probability of Default) and LGD (Loss Given Default) implied by current market default rates obtained from credit & loan-credit default swaps, in order to obtain a value in terms of 'expected loss' (EL) to be used for items designated and measured at fair value maximising the usage of market's inputs;
- non-performing positions are valued in terms of estimated expected future cash flows according to specific indications of impairment (which are the basis for the calculation of the amount and timing of the cash flow).

Here follows the breakdown of balance-sheet asset item "20. Financial assets at fair value through profit or loss: a) financial assets held for trading" and of balance-sheet liability item "20. Financial liabilities held for trading".
For the purpose of the distinction between customers and banking counterparties, the definition contained in Circular No.262 of 22 December 2005 of Banca d'Italia and subsequent amendments (which was used for the preparation of the accounts) was used as a reference.
Structured products were defined as derivative contracts that incorporate in the same instrument forms of contracts that generate exposure to several types of risk (with the exception of cross-currency swaps) and/or leverage effects.

The balance of item "20. Financial assets at fair value through profit or loss: a) financial assets held for trading" with regard to derivative contracts totaled €9,356 million (with a notional value of €164,368 million) including €2,926 million with customers. The notional value of derivatives with customers amounted to €46,579 million, including €2,846 related to structured derivatives (fair value €251 million). The notional value of derivatives with banking counterparties totaled €117,789 million (fair value of €6,430 million) including €2,326 million relating to structured derivatives (fair value of €32 million).
The balance of item "20. Financial liabilities held for trading" with regard to derivative contracts totaled €9,747 million (with a notional value of €160,334 million) including €3,857 million with customers. The notional value of derivatives with customers amounted to €70,563 million, including €2.230 million in structured derivatives (fair value of €32 million). The notional value of derivatives with banking counterparties totaled €89,771 million (fair value of €5,891 million), including €2,751 million relating to structured derivatives (fair value €256 million).

Part E - Information on risks and related hedging policies

F. Credit risk measurement models

At 31 December 2023 the expected loss on the credit risk perimeter was 0.54% of total Bank credit exposure. This trend is mitigated by the exposures which have migrated to default and therefore do not enter in the calculation of expected loss and improvement PD and LGD dynamics. Besides, since risk measurement systems tend to be anti-cyclical, this may result in a smaller elasticity to the swift changes of the macroeconomic scenario.

The ratio between credit economic capital (including a component to cover migration risk) and its relative credit exposure amount is 2.98% with reference date end of December 2023.

As far as quantitative information of the Group, reference is made to the paragraph "E. Prudential perimeter - Credit risk measurement models" del Consolidated financial statements, Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Quantitative information.

Section 2 - Market risks

Reference is made to the paragraph "2.2 Market risk" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risk of the prudential consolidated perimeter, which is herewith quoted entirely.

Below, end of year VaR, SVaR and IRC results of UniCredit S.p.A.

Daily VaR on Regulatory Trading book

(€ million)

		2023			2022
	12.28.2023	AVERAGE	MAX	MIN	AVERAGE
UniCredit S.p.A.	4.8	4.0	7.6	1.6	4.1

SVaR on Regulatory Trading book

(€ million)

		2023			2022
	12.28.2023	AVERAGE	MAX	MIN	AVERAGE
UniCredit S.p.A.	8.9	7.2	18.7	3.7	5.4

IRC on Regulatory Trading book

(€ million)

		2023			2022
	12.28.2023	AVERAGE	MAX	MIN	AVERAGE
UniCredit S.p.A.	19.1	56.1	201.2	5.6	48.0

Part E - Information on risks and related hedging policies

2.1 Interest rate risk and price risk - Regulatory trading book

Qualitative information

Interest rate risk

A. General aspects
Reference is made to the paragraph “A. General aspects” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.2 Market risk, 2.2.1 Interest rate risk and price risk - Regulatory trading book, Qualitative information, Interest rate risk, which is herewith quoted entirely.

B. Operational processes and methods for measuring interest rate risk and price risk
Reference is made to the paragraph “B. Risk management process and measurement methods” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.2 Market risk, 2.2.1 Interest rate risk and price risk - Regulatory trading book, Qualitative information, Interest rate risk, which is herewith quoted entirely.

Price risk

A. General aspects
Reference is made to the paragraph “A. General aspects” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.2 Market risk, 2.2.1 Interest rate risk and price risk - Regulatory trading book, Qualitative information, Price risk, which is herewith quoted entirely.

B. Operational processes and methods for measuring interest rate risk and price risk
Reference is made to the paragraph “B. Risk management process and measurement methods” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.2 Market risk, 2.2.1 Interest rate risk and price risk - Regulatory trading book, Qualitative information, Price risk, which is herewith quoted entirely.

Quantitative information

1. Regulatory trading portfolio: distribution by residual duration (re-pricing date) of financial assets and liabilities for cash and financial derivatives
The table is not reported since a table showing interest rate sensitivity is described below, in accordance with internal model.

2. Regulatory trading portfolio: distribution of equity exposures and equity indices for the main listing countries
The table is not reported since a table showing price risk sensitivity is described below, in accordance with internal model.

3. Regulatory trading portfolio: internal models and other methods for sensitivity analysis
For both a description of internal processes for monitoring and managing risk and an illustration of the methodologies used to analyse exposure, also refer to the introduction on internal models of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risk of the prudential consolidated perimeter, 2.2 Market risk, which is herewith quoted entirely.

Part E - Information on risks and related hedging policies

Interest rate risk
Reference is made to the paragraph “Interest rate risk” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.2 Market risk, 2.2.1 Interest rate risk and price risk - Regulatory trading book, Quantitative information, which is herewith quoted entirely.

The tables below show trading book sensitivities.

(€ million)

INTEREST RATES	+1 BP LESS THAN 1 MONTH	+1 BP 1 MONTH TO 6 MONTHS	+1 BP 6 MONTHS TO 1 YEAR	+1 BP 1 YEAR TO 5 YEARS	+1 BP 5 YEARS TO 10 YEARS	+1 BP 10 YEARS TO 20 YEARS	+1 BP OVER 20 YEARS	+1 BP TOTAL	-10 BP	+10 BP	-100 PB	+100 BP	CW	CCW
Total	**0.0**	**0.0**	**-0.0**	**0.0**	**-0.4**	**0.4**	**0.0**	**0.1**	**-0.7**	**0.6**	**-9.4**	**4.5**	**-5.8**	**5.2**
of which: EUR	0.0	-0.0	0.0	-0.0	-0.3	0.4	0.0	**0.1**	-0.6	0.6	-9.0	4.1	-7.4	6.8
USD	0.0	0.0	-0.0	0.0	-0.0	0.0	0.0	**0.0**	-0.5	0.5	-4.7	4.7	1.4	-1.4
GBP	0.0	0.0	-0.0	0.0	0.0	0.0	0.0	**-0.0**	0.3	-0.3	3.0	-2.9	0.0	-0.0
CHF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	-0.0	0.0	-0.0	0.0	0.0	-0.0
JPY	0.0	0.0	-0.0	0.0	0.0	0.0	0.0	**-0.0**	0.2	-0.2	1.7	-1.7	0.0	-0.0

Price risk
Reference is made to the paragraph “Price risk” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.2 Market risk, 2.2.1 Interest rate risk and price risk - Regulatory trading book, Quantitative information, which is herewith quoted entirely.

2.2 Interest rate and price risk - Banking book

Qualitative information

Interest rate risk and price risk

A. General aspects, operational processes and methods for measuring interest rate risk and price risk
Reference is made to the paragraph “A. General aspects, operational processes and methods for measuring interest rate risk” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.2 Market risk, 2.2.2 Interest rate risk and price risk - Banking book, Qualitative information, Interest rate risk, which is herewith quoted entirely.

Part E - Information on risks and related hedging policies

Quantitative information

1. Banking book: breakdown by maturity (repricing date) of financial assets and liabilities

(€ million)

TYPE/RESIDUAL MATURITY	AMOUNTS AS AT 31.12.2023							
	ON DEMAND	UP TO 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	1 TO 5 YEARS	5 TO 10 YEARS	OVER 10 YEARS	INDEFINITE MATURITY
1. On-balance sheet assets	**27,180**	**106,487**	**25,646**	**15,473**	**60,466**	**36,049**	**17,298**	**-**
1.1 Debt securities	675	17,290	7,257	7,341	28,940	20,414	4,842	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	675	17,290	7,257	7,341	28,940	20,414	4,842	-
1.2 Loans to banks	13,798	9,132	694	1,079	4,093	28	7	-
1.3 Loans to customers	12,707	80,065	17,695	7,053	27,433	15,607	12,449	-
- Current accounts	5,623	7	5	31	124	30	4	-
- Other loans	7,084	80,058	17,690	7,022	27,309	15,577	12,445	-
- With prepayment option	1,396	51,246	13,260	4,753	20,769	10,263	11,590	-
- Other	5,688	28,812	4,430	2,269	6,540	5,314	855	-
2. On-balance sheet liabilities	**184,539**	**53,407**	**7,213**	**7,828**	**22,626**	**12,815**	**4,891**	**-**
2.1 Deposits from customers	179,879	20,059	1,861	1,138	1,510	462	2,014	-
- Current accounts	173,253	3,731	1,493	856	1	1	-	-
- Other	6,626	16,328	368	282	1,509	461	2,014	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	6,626	16,328	368	282	1,509	461	2,014	-
2.2 Deposits from banks	4,109	25,705	1,783	955	19	6	1	-
- Current accounts	700	-	-	-	-	-	-	-
- Other	3,409	25,705	1,783	955	19	6	1	-
2.3 Debt secuties in issue	550	7,643	3,569	5,735	21,097	12,347	2,876	-
- With prepayment option	-	6	-	-	-	-	-	-
- Other	550	7,637	3,569	5,735	21,097	12,347	2,876	-
2.4 Other liabilities	1	-	-	-	-	-	-	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	1	-	-	-	-	-	-	-
3. Financial derivatives								
3.1 With underlying security								
- Option								
+ Long positions	-	-	-	1	-	-	-	-
+ Short positions	1	-	-	-	-	-	-	-
- Other derivates								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
3.2 Without underlying security								
- Option								
+ Long positions	450	32,031	16,637	33,360	223,914	122,577	33,888	-
+ Short positions	350	22,926	15,341	33,360	229,564	125,292	36,028	-
- Other derivatives								
+ Long positions	5,818	184,265	74,418	59,893	136,609	55,198	5,270	-
+ Short positions	3,733	205,491	82,696	54,852	116,833	44,450	11,162	-
4. Other off-balance sheet transactions								
+ Long positions	1	32,937	523	1,254	1,513	798	458	-
+ Short positions	12,630	22,902	585	1,070	296	-	-	-

Part E - Information on risks and related hedging policies

1. Banking book: breakdown by maturity (repricing date) of financial assets and liabilities - Currency: euro

(€ million)

	AMOUNTS AS AT 31.12.2023							
TYPE/RESIDUAL MATURITY	ON DEMAND	UP TO 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	1 TO 5 YEARS	5 TO 10 YEARS	OVER 10 YEARS	INDEFINITE MATURITY
1. On-balance sheet assets	**24,714**	**104,011**	**24,957**	**13,886**	**54,753**	**30,797**	**14,714**	**-**
1.1 Debt securities	601	16,547	7,109	5,925	24,104	15,512	2,293	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	601	16,547	7,109	5,925	24,104	15,512	2,293	-
1.2 Loans to banks	12,156	8,898	694	1,078	4,055	3	-	-
1.3 Loans to customers	11,957	78,566	17,154	6,883	26,594	15,282	12,421	-
- Current accounts	5,528	3	5	31	124	30	4	-
- Other loans	6,429	78,563	17,149	6,852	26,470	15,252	12,417	-
- With prepayment option	1,380	51,045	12,786	4,708	20,299	9,944	11,562	-
- Other	5,049	27,518	4,363	2,144	6,171	5,308	855	-
2. On-balance sheet liabilities	**179,841**	**47,395**	**7,129**	**7,716**	**20,107**	**10,985**	**2,415**	**-**
2.1 Deposits from customers	177,053	19,275	1,823	1,097	1,510	462	2,014	-
- Current accounts	170,677	3,567	1,456	820	1	1	-	-
- Other	6,376	15,708	367	277	1,509	461	2,014	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	6,376	15,708	367	277	1,509	461	2,014	-
2.2 Deposits from banks	2,278	20,506	1,762	933	19	6	1	-
- Current accounts	564	-	-	-	-	-	-	-
- Other	1,714	20,506	1,762	933	19	6	1	-
2.3 Debt secuties in issue	509	7,614	3,544	5,686	18,578	10,517	400	-
- With prepayment option	-	6	-	-	-	-	-	-
- Other	509	7,608	3,544	5,686	18,578	10,517	400	-
2.4 Other liabilities	1	-	-	-	-	-	-	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	1	-	-	-	-	-	-	-
3. Financial derivatives								
3.1 With underlying security								
- Option								
+ Long positions	-	-	-	1	-	-	-	-
+ Short positions	1	-	-	-	-	-	-	-
- Other derivates								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
3.2 Without underlying security								
- Option								
+ Long positions	450	31,961	16,295	33,360	223,914	122,577	33,888	-
+ Short positions	350	22,420	15,341	33,360	229,564	125,292	36,028	-
- Other derivatives								
+ Long positions	5,818	181,866	49,445	55,440	127,763	45,349	5,270	-
+ Short positions	3,733	200,997	64,673	50,633	104,410	29,877	7,693	-
4. Other off-balance sheet transactions								
+ Long positions	1	32,241	523	1,254	1,513	696	388	-
+ Short positions	12,458	22,206	585	1,070	296	-	-	-

Part E - Information on risks and related hedging policies

1. Banking book: breakdown by maturity (repricing date) of financial assets and liabilities - Currency: other currencies

(€ million)

	AMOUNTS AS AT 31.12.2023							
TYPE/RESIDUAL MATURITY	ON DEMAND	UP TO 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	1 TO 5 YEARS	5 TO 10 YEARS	OVER 10 YEARS	INDEFINITE MATURITY
1. On-balance sheet assets	**2,466**	**2,476**	**689**	**1,587**	**5,713**	**5,252**	**2,584**	**-**
1.1 Debt securities	74	743	148	1,416	4,836	4,902	2,549	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	74	743	148	1,416	4,836	4,902	2,549	-
1.2 Loans to banks	1,642	234	-	1	38	25	7	-
1.3 Loans to customers	750	1,499	541	170	839	325	28	-
- Current accounts	95	4	-	-	-	-	-	-
- Other loans	655	1,495	541	170	839	325	28	-
- With prepayment option	16	201	474	45	470	319	28	-
- Other	639	1,294	67	125	369	6	-	-
2. On-balance sheet liabilities	**4,698**	**6,012**	**84**	**112**	**2,519**	**1,830**	**2,476**	**-**
2.1 Deposits from customers	2,826	784	38	41	-	-	-	-
- Current accounts	2,576	164	37	36	-	-	-	-
- Other	250	620	1	5	-	-	-	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	250	620	1	5	-	-	-	-
2.2 Deposits from banks	1,831	5,199	21	22	-	-	-	-
- Current accounts	136	-	-	-	-	-	-	-
- Other	1,695	5,199	21	22	-	-	-	-
2.3 Debt secuties in issue	41	29	25	49	2,519	1,830	2,476	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	41	29	25	49	2,519	1,830	2,476	-
2.4 Other liabilities	-	-	-	-	-	-	-	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
3. Financial derivatives								
3.1 With underlying security								
- Option								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivates								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
3.2 Without underlying security								
- Option								
+ Long positions	-	70	342	-	-	-	-	-
+ Short positions	-	506	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	2,399	24,973	4,453	8,846	9,849	-	-
+ Short positions	-	4,494	18,023	4,219	12,423	14,573	3,469	-
4. Other off-balance sheet transactions								
+ Long positions	-	696	-	-	-	102	70	-
+ Short positions	172	696	-	-	-	-	-	-

Part E - Information on risks and related hedging policies

2. Banking book: internal models and other methods for sensitivity analysis

Interest Rate Risk
As at 31 December 2023, the interest income sensitivity to an immediate and parallel shift of +100 bps was +€306 million, whilst the immediate change to a parallel downward shift of interest rate of -100 bp (or less, according to the interest rates level of each currency) was equal to -€352 million.
The sensitivity of the economic value of shareholders' equity to an immediate and parallel change in interest rates ("parallel shift") of +200 bps and -200 bp was respectively equal to €312 million and -€2,026 million. The sensitivity to interest rates changes for the worst-of-six "Supervisory Outlier Test", as envisioned by EBA guideline (EBA/GL/2022/14) was equal to -€2,024 million.

Template EU IRRBB1 - Interest rate risks on positions not held in the trading book

(€ million)

		a	b	c	d
		CHANGES OF THE ECONOMIC VALUE OF EQUITY		CHANGES OF THE NET INTEREST INCOME	
SUPERVISORY SHOCK SCENARIOS		31.12.2023	31.12.2022	31.12.2023	31.12.2022[117]
1	Parallel up	309	(1,940)	283	
2	Parallel down	(2,024)	532	(763)	
3	Steepener	638	288		
4	Flattener	(1,154)	(802)		
5	Short rates up	(673)	(1,228)		
6	Short rates down	143	462		

Up to December 2022, the sensitivity of the net interest income in template EU IRRBB1 above, was calculated according to an internal methodology. Starting from the second quarter 2023, the EBA required the application of new Guidelines (EBA/GL/2022/14) for reporting the sensitivity related to the Net Interest Income (NII). Specifically, the Guidelines introduced the "Supervisory Outlier Tests" aimed to identify institutions which, in the context of a shock scenario, would experience NII large decline.
The main methodological changes, which explains the asymmetry between the parallel shifts (up/down), refer to:
- a wider parallel shift of the Euro interest rate curves: +/-200 bps vs previous +100 bps or even less in the parallel down scenario;
- a new cap on positive NII shift contribution: 50% instead of the full effect as embedded in the repricing profile.

2.3 Exchange rate risk

Qualitative information

A. General aspects, risk management processes and measurement methods
Reference is made to the paragraph "A. General aspects, risk management processes and measurement methods" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.2 Market risk, 2.2.3 Exchange rate risk, Qualitative information, which is herewith quoted entirely.

B. Hedging exchange rate risk
Reference is made to the paragraph "B. Hedging exchange rate risk" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.2 Market risk, 2.2.3 Exchange rate risk, Qualitative information, which is herewith quoted entirely.

117 Data related to the previous period (31 December 2022) are not shown in the template EU IRRBB1 as SOT NII are disclosed since June 2023.

Part E - Information on risks and related hedging policies

Quantitative information

1. Distribution by currency of assets and liabilities and derivatives

(€ million)

ITEMS	AMOUNTS AS AT 31.12.2023					
	CURRENCIES					
	U.S. DOLLAR	JAPAN YEN	BRITISH PUOND	NEW ROMANIAN LEU	CZECH KORUNA	OTHER CURRENCIES
A. Financial assets	**13,096**	**5,893**	**405**	**380**	**378**	**754**
A.1 Debt securities	8,007	5,882	305	-	-	-
A.2 Equity securities	592	-	2	-	-	13
A.3 Loans to banks	1,545	4	13	26	20	343
A.4 Loans to customers	2,953	7	85	354	358	398
A.5 Other financial assets	-	-	-	-	-	-
B. Other assets	**336**	**2**	**12**	**14**	**9**	**29**
C. Financial liabilities	**16,537**	**75**	**164**	**41**	**448**	**465**
C.1 Deposits from banks	6,347	24	51	3	374	274
C.2 Deposits from customers	3,377	19	113	17	10	152
C.3 Debt securities in issue	6,813	32	-	21	64	39
C.4 Other financial liabilities	-	-	-	-	-	-
D. Other liabilities	**219**	**0**	**7**	**11**	**6**	**21**
E. Financial derivatives						
- Options						
+ Long positions	497	1	3	62	7	49
+ Short positions	156	1	3	276	180	98
- Other derivatives						
+ Long positions	26,869	667	2,143	113	71	2,561
+ Short positions	24,781	6,510	2,378	470	10	4,067
Total assets	**40,798**	**6,563**	**2,563**	**569**	**465**	**3,393**
Total liabilities	**41,693**	**6,587**	**2,552**	**798**	**644**	**4,651**
Difference (+/-)	**(895)**	**(24)**	**11**	**(229)**	**(179)**	**(1,258)**

2. Internal models and other methodologies for sensitivity analysis

Reference is made to the paragraph "2.Internal models and other methodologies for sensitivity analysis" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.2 Market risk, 2.2.3 Exchange rate risk, Quantitative information, which is herewith quoted entirely.

Credit spread risk and Stress test

Reference is made to the paragraphs "Credit spread risk" and "Stress test" of the Company financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.2 Market risk, 2.2.3 Exchange rate risk, which is herewith quoted entirely.

Below, end of year Stress test results.

Stress Test on Trading book

28 December 2023

Scenario

(€ million)

	2023	
	RECESSION SCENARIO	HAWKISH SCENARIO
UniCredit S.p.A.	30	36

Part E - Information on risks and related hedging policies

Section 3 - Derivative instruments and hedging policies

3.1 Trading financial derivatives

A. Financial derivatives

A.1 Trading financial derivatives: end-of-period notional amounts

(€ million)

UNDERLYING ACTIVITIES/TYPE OF DERIVATIVES	AMOUNTS AS AT 31.12.2023				AMOUNTS AS AT 31.12.2022			
	OVER THE COUNTER				OVER THE COUNTER			
		WITHOUT CENTRAL COUNTERPARTIES				WITHOUT CENTRAL COUNTERPARTIES		
	CENTRAL COUNTERPARTIES	WITH NETTING AGREEMENT	WITHOUT NETTING AGREEMENT	ORGANISED MARKETS	CENTRAL COUNTERPARTIES	WITH NETTING AGREEMENT	WITHOUT NETTING AGREEMENT	ORGANISED MARKETS
1. Debt securities and interest rate indexes	**44,632**	**188,910**	**23,361**	**3,046**	**45,550**	**206,002**	**23,595**	**2,316**
a) Options	-	16,981	6,212	-	-	11,202	4,625	-
b) Swap	44,632	171,929	14,349	-	45,550	194,800	17,753	-
c) Forward	-	-	-	-	-	-	7	-
d) Futures	-	-	2,800	3,046	-	-	1,210	2,316
e) Other	-	-	-	-	-	-	-	-
2. Equity instruments and stock indexes	**-**	**12,119**	**22**	**-**	**-**	**11,021**	**22**	**-**
a) Options	-	12,119	22	-	-	11,021	22	-
b) Swap	-	-	-	-	-	-	-	-
c) Forward	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
3. Gold and currencies	**-**	**43,287**	**2,774**	**-**	**-**	**76,860**	**3,972**	**-**
a) Options	-	5,668	612	-	-	6,831	1,018	-
b) Swap	-	10,467	69	-	-	14,157	75	-
c) Forward	-	27,152	2,093	-	-	55,872	2,879	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
4. Commodities	**-**	**5,991**	**559**	**-**	**-**	**7,522**	**555**	**-**
5. Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**44,632**	**250,307**	**26,716**	**3,046**	**45,550**	**301,405**	**28,144**	**2,316**

Part E - Information on risks and related hedging policies

A.2 Trading financial derivatives: positive and negative gross fair value - breakdown by product

(€ million)

TYPE OF DERIVATIVES	AMOUNTS AS AT 31.12.2023				AMOUNTS AS AT 31.12.2022			
	OVER THE COUNTER				OVER THE COUNTER			
		WITHOUT CENTRAL COUNTERPARTIES				WITHOUT CENTRAL COUNTERPARTIES		
	CENTRAL COUNTERPARTIES	WITH NETTING AGREEMENT	WITHOUT NETTING AGREEMENT	ORGANISED MARKETS	CENTRAL COUNTERPARTIES	WITH NETTING AGREEMENT	WITHOUT NETTING AGREEMENT	ORGANISED MARKETS
1. Positive fair value								
a) Options	-	838	29	-	-	850	21	-
b) Interest rate swap	1,382	4,883	60	-	2,375	7,746	22	-
c) Cross currency swap	-	992	-	-	-	1,270	-	-
d) Equity swap	-	-	-	-	-	-	-	-
e) Forward	-	310	29	-	-	893	65	-
f) Futures	-	-	4	4	-	-	-	14
g) Other	-	678	139	-	-	1,667	80	-
Total	**1,382**	**7,701**	**261**	**4**	**2,375**	**12,426**	**188**	**14**
2. Negative fair value								
a) Options	-	246	129	-	-	317	236	-
b) Interest rate swap	1,979	4,735	557	-	3,164	6,998	1,020	-
c) Cross currency swap	-	987	9	-	-	1,253	12	-
d) Equity swap	-	-	-	-	-	-	-	-
e) Forward	-	252	19	-	-	1,028	33	-
f) Futures	-	-	3	12	-	-	2	13
g) Other	-	802	16	-	-	1,623	121	-
Total	**1,979**	**7,022**	**733**	**12**	**3,164**	**11,219**	**1,424**	**13**

Part E - Information on risks and related hedging policies

A.3 OTC trading financial derivatives: notional amounts, positive and negative gross fair value by counterparty

(€ million)

UNDERLYING ACTIVITIES	AMOUNTS AS AT 31.12.2023			
	CENTRAL COUNTERPARTIES	BANKS	OTHER FINANCIAL COMPANIES	OTHER ENTITIES
Contracts not included in netting agreement				
1) Debt securities and interest rate indexes				
- Notional amount	X	2,800	529	20,032
- Positive fair value	X	4	3	81
- Negative fair value	X	3	15	650
2) Equity instruments and stock indexes				
- Notional amount	X	-	-	22
- Positive fair value	X	-	-	1
- Negative fair value	X	-	-	12
3) Gold and currencies				
- Notional amount	X	231	92	2,451
- Positive fair value	X	-	-	32
- Negative fair value	X	-	1	36
4) Commodities				
- Notional amount	X	-	-	559
- Positive fair value	X	-	-	139
- Negative fair value	X	-	-	16
5) Other				
- Notional amount	X	-	-	-
- Positive fair value	X	-	-	-
- Negative fair value	X	-	-	-
Contracts included in netting agreement				
1) Debt securities and interest rate indexes				
- Notional amount	44,632	154,868	14,721	19,321
- Positive fair value	1,382	4,708	87	270
- Negative fair value	1,979	4,132	181	525
2) Equity instruments and stock indexes				
- Notional amount	-	12,029	90	-
- Positive fair value	-	595	8	-
- Negative fair value	-	106	2	-
3) Gold and currencies				
- Notional amount	-	31,312	2,905	9,071
- Positive fair value	-	817	32	500
- Negative fair value	-	1,113	14	143
4) Commodities				
- Notional amount	-	3,275	898	1,818
- Positive fair value	-	300	51	333
- Negative fair value	-	525	42	241
5) Other				
- Notional amount	-	-	-	-
- Positive fair value	-	-	-	-
- Negative fair value	-	-	-	-

Part E - Information on risks and related hedging policies

A.4 OTC financial derivatives - residual life: notional amounts

(€ million)

UNDERLYING/RESIDUAL MATURITY	UP TO 1 YEAR	OVER 1 YEAR UP TO 5 YEARS	OVER 5 YEARS	TOTAL
A.1 Financial derivative contracts on debt securities and interest rates	67,603	128,232	61,067	256,902
A.2 Financial derivative contracts on equity securities and stock indexes	2,086	8,680	1,375	12,141
A.3 Financial derivative contracts on exchange rates and hold	38,287	3,740	4,035	46,062
A.4 Financial derivative contracts on other values	5,050	1,500	-	6,550
A.5 Other financial derivatives	-	-	-	-
Total 31.12.2023	**113,026**	**142,152**	**66,477**	**321,655**
Total 31.12.2022	**152,198**	**153,590**	**69,309**	**375,097**

B. Credit derivatives
No data to be disclosed.

3.2 Hedging policies

Qualitative information
Hedging transactions are used to manage the exposure to market risks and volatility of financial outcomes that arise as part of our normal business operations and are executed in accordance with internal policies.

Derivatives are mainly used to manage the banking book interest rate risk with the following goals:
- to reduce banking book interest rate risk profile according to *Risk Appetite Framework* approved by the Board of Directors and limits defined by relevant Committees or risk functions. Within *Risk Appetite Framework*, the banking book exposure to interest rate risk is defined either in terms of *Net Interest Income Sensitivity* or *Economic Value Sensitivity*;
- to optimise the natural hedge between the risk profile of assets and liabilities using derivatives to manage the mismatch, even temporary, between the volume and the rates of assets and liabilities with different repricing schedules;
- to minimise the net exposure of derivatives used as economic hedges of the most stable portion of either assets or liabilities subject to hedge accounting, thereby reducing the associated transaction cost.

A. Fair value hedging activities
The objective of fair value hedge on assets/liabilities is to hedge the exposure to changes in fair value coming from the embedded risk factor subject to a hedging transaction.
The fair value hedge is applied both for identified financial instruments (securities, debt issues, loans, borrowings) and for portfolios of financial instruments (in particular, fixed rate loans/mortgages and non-maturity deposits or other fixed rate liabilities).

The hedging relationship is qualified at the inception of the hedge by identifying the portion and type of risk to be hedged (partial term hedge), the hedging strategy, the hedging instrument, and the methods used to assess the effectiveness of the hedging relationship.

The hedging strategy on identified financial instruments classified as *Held-to-Collect* (HTC) and *Held-to-Collect & Sell* (HTCS) considers the contractual features of each instrument and relevant risk management & business intent.
The hedging strategy on portfolios of financial instruments refers to the amounts of money contained in the portfolio of interest rate exposures that are not already subject to "micro/specific" hedging and mirrors to the nominal amount and financial conditions of hedging derivatives.

The objective of fair value hedge on assets/liabilities denominated in foreign currency could refer to hedge the exposure to changes in fair value by converting to Euro denominated assets/liabilities.

The hedging instruments used mainly consist of interest-rate swaps, basis swaps, caps, floors, and cross-currencies swaps.

Part E - Information on risks and related hedging policies

B. Cash flow hedging activities

The objective of cash flow hedge on assets/liabilities is to hedge the exposure to changes in cash flows from borrowings/lending that bear a floating interest rate or provide for a variable FX countervalue amount.

The hedging relationship is qualified at the inception of the hedge by identifying the portion and type of risk to be hedged (partial term hedge), the hedging strategy, the hedging instrument, and the methods used to assess the effectiveness of the hedging relationship.

Cash flow hedges are particularly used to hedge interest rate risk on floating-rate assets and liabilities, including rollovers, and foreign exchange risks on highly probable forecast of foreign currency cost/revenue streams.

The hedging instruments used mainly consist of interest-rate swaps, caps, floors, cross-currency swaps with a maturity up to 20 years for some commercial hedged assets.

C. Foreign net investments hedge activities

The objective of net investment hedging on entities that have different functional currency from the Bank is to reduce the impact of fluctuations in exchange rates on the Group's capital adequacy ratios.
The management of this risk embeds the annual definition of hedging strategies in compliance with the EBA guidelines on the treatment of Structural Foreign Exchange risk (EBA/GL/2020/09), and its continuous monitoring to remain within the relevant Risk Appetite Framework thresholds.

The hedging instruments used mainly consist of foreign exchange options. At consolidated level these derivatives qualify as Net Investment Hedge, in relationship with the investment. The effective component (*intrinsic value*) of the hedging instruments is deferred into Other Comprehensive Income - booked to sub-item "Foreign Investments Hedge" of Valuation Reserves-, offsetting the "FX differences" of the related hedged item. However, at Bank level, a FVH relationship of the controlling stake is recognised.

Furthermore, the Bank put in place some economic hedges on forecasted foreign currency revenues stemming from those entities. The objective of the economic hedge is to reduce the volatility on the Income statement coming from the foreign exchange risks. FX risk on forecasted foreign currency revenues is continuously monitored and hedging strategies are periodically assessed.

The derivatives used mainly consist of currency options. These derivatives may not or should not qualify for hedge accounting even though achieve substantially the same economic results. The impact of economic hedges is accounted in Item "80 - Net gains (losses) on trading".

In general term, both the hedging strategies and the percentage to be hedged is defined considering, inter-alia, the diversification effect and taking into account the volatility and correlation in the FX rates.

D. Hedging instruments and E. Hedging elements

Prospective hedge effectiveness is established by the fact that all derivatives must, at inception, have the effect of reducing interest rate (or other identified) risk in term of *Economic Value Sensitivity* (Fair Value Hedge) or *Net Interest Income Sensitivity* (Cash Flow Hedge) in the specific/portfolio of hedged underlyings.

Retrospectively the hedge effectiveness is quarterly measured by referring to the most stable portion of assets/liabilities using a portfolio hedge approach or by referring to the portion of risk being hedged using a micro/specific approach.

Sources of ineffectiveness comes from (i) the Euribor vs Eonia/€STER basis for hedging derivatives transactions subject to a collateral agreement, (ii) Credit/Debit Value and Funding Value adjustment impacting derivative transactions fair values, (iii) shortfall arising in the underlying's specifically associated with that hedge in term of nominal or reverse sensitivity due to prepayment or default on commercial assets or withdrawals on liabilities included such as commercial non-maturity deposits and are presented in item "90. Net gains (losses) on hedge accounting".

Part E - Information on risks and related hedging policies

Quantitative information

A. Cash flow hedging derivatives

A.1 Hedging financial derivatives: end-of-period notional amounts

(€ million)

UNDERLYING ACTIVITIES/TYPE OF DERIVATIVES	AMOUNTS AS AT 31.12.2023				AMOUNTS AS AT 31.12.2022			
	OVER THE COUNTER				OVER THE COUNTER			
		WITHOUT CENTRAL COUNTERPARTIES				WITHOUT CENTRAL COUNTERPARTIES		
	CENTRAL COUNTERPARTIES	WITH NETTING AGREEMENT	WITHOUT NETTING AGREEMENT	ORGANISED MARKETS	CENTRAL COUNTERPARTIES	WITH NETTING AGREEMENT	WITHOUT NETTING AGREEMENT	ORGANISED MARKETS
1. Debt securities and interest rate indexes	**2,121**	**403,547**	**88,993**	**-**	**2,224**	**442,813**	**92,578**	**-**
a) Options	-	21,882	4,000	-	-	19,469	17,500	-
b) Swap	2,121	381,665	-	-	2,224	423,344	-	-
c) Forward	-	-	-	-	-	-	-	-
d) Futures	-	-	84,993	-	-	-	75,078	-
e) Other	-	-	-	-	-	-	-	-
2. Equity instruments and stock indexes	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Options	-	-	-	-	-	-	-	-
b) Swap	-	-	-	-	-	-	-	-
c) Forward	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
3. Gold and currencies	**-**	**24,222**	**-**	**-**	**-**	**30,596**	**-**	**-**
a) Options	-	3,064	-	-	-	2,378	-	-
b) Swap	-	21,158	-	-	-	28,016	-	-
c) Forward	-	-	-	-	-	202	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
4. Commodities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
5. Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**2,121**	**427,769**	**88,993**	**-**	**2,224**	**473,409**	**92,578**	**-**

A.2 Hedging financial derivatives: positive and negative gross fair value - breakdown by product

(€ million)

TYPE OF DERIVATIVES	AMOUNT AS AT 31.12.2023				AMOUNT AS AT 31.12.2022				AMOUNT AS AT 31.12.2023	AMOUNT AS AT 31.12.2022
	POSITIVE AND NEGATIVE FAIR VALUE				POSITIVE AND NEGATIVE FAIR VALUE					
	OVER THE COUNTER				OVER THE COUNTER					
		WITHOUT CENTRAL COUNTERPARTIES				WITHOUT CENTRAL COUNTERPARTIES			CHANGES IN VALUE USED TO CALCULATE HEDGE INEFFECTIVENESS	
	CENTRAL COUNTERPARTIES	WITH NETTING AGREEMENT	WITHOUT NETTING AGREEMENT	ORGANISED MARKETS	CENTRAL COUNTERPARTIES	WITH NETTING AGREEMENT	WITHOUT NETTING AGREEMENT	ORGANISED MARKETS		
1. Positive fair value										
a) Options	-	62	1	-	-	49	4	-	-	-
b) Interest rate swap	42	9,059	-	-	72	11,804	-	-	-	-
c) Cross currency swap	-	1,598	-	-	-	1,637	-	-	-	-
d) Equity swap	-	-	-	-	-	-	-	-	-	-
e) Forward	-	-	-	-	-	2	-	-	-	-
f) Futures	-	-	80	-	-	-	173	-	-	-
g) Other	-	-	-	-	-	-	-	-	-	-
Total	**42**	**10,719**	**81**	**-**	**72**	**13,492**	**177**	**-**	**-**	**-**
2. Negative fair value										
a) Options	-	117	1	-	-	76	45	-	-	-
b) Interest rate swap	7	11,296	-	-	8	14,821	-	-	-	-
c) Cross currency swap	-	406	-	-	-	986	-	-	-	-
d) Equity swap	-	-	-	-	-	-	-	-	-	-
e) Forward	-	-	-	-	-	-	-	-	-	-
f) Futures	-	-	123	-	-	-	292	-	-	-
g) Other	-	-	-	-	-	-	-	-	-	-
Total	**7**	**11,819**	**124**	**-**	**8**	**15,883**	**337**	**-**	**-**	**-**

Part E - Information on risks and related hedging policies

A.3 OTC hedging financial derivatives: notional amounts, positive and negative gross fair value by counterparty

(€ million)

UNDERLYING ACTIVITIES	AMOUNTS AS AT 31.12.2023			
	CENTRAL COUNTERPARTIES	BANKS	OTHER FINANCIAL COMPANIES	OTHER ENTITIES
Contracts not included in netting agreement				
1) Debt securities and interest rate indexes				
- Notional amount	X	88,993	-	-
- Positive fair value	X	81	-	-
- Negative fair value	X	124	-	-
2) Equity instruments and stock indexes				
- Notional amount	X	-	-	-
- Positive fair value	X	-	-	-
- Negative fair value	X	-	-	-
3) Gold and currencies				
- Notional amount	X	-	-	-
- Positive fair value	X	-	-	-
- Negative fair value	X	-	-	-
4) Commodities				
- Notional amount	X	-	-	-
- Positive fair value	X	-	-	-
- Negative fair value	X	-	-	-
5) Other				
- Notional amount	X	-	-	-
- Positive fair value	X	-	-	-
- Negative fair value	X	-	-	-
Contracts included in netting agreement				
1) Debt securities and interest rate indexes				
- Notional amount	2,121	402,852	695	-
- Positive fair value	42	9,096	24	-
- Negative fair value	7	11,343	69	-
2) Equity instruments and stock indexes				
- Notional amount	-	-	-	-
- Positive fair value	-	-	-	-
- Negative fair value	-	-	-	-
3) Gold and currencies				
- Notional amount	-	22,609	1,613	-
- Positive fair value	-	1,489	110	-
- Negative fair value	-	407	1	-
4) Commodities				
- Notional amount	-	-	-	-
- Positive fair value	-	-	-	-
- Negative fair value	-	-	-	-
5) Other				
- Notional amount	-	-	-	-
- Positive fair value	-	-	-	-
- Negative fair value	-	-	-	-

Part E - Information on risks and related hedging policies

A.4 OTC hedging financial derivatives - residual life: notional amounts

(€ million)

UNDERLYING/RESIDUAL MATURITY	UP TO 1 YEAR	OVER 1 YEAR UP TO 5 YEARS	OVER 5 YEARS	TOTAL
A.1 Financial derivative contracts on debt securities and interest rates	182,947	201,619	110,096	494,662
A.2 Financial derivative contracts on equity securities and stock indexes	-	-	-	-
A.3 Financial derivative contracts on exchange rates and gold	4,783	8,472	10,967	24,222
A.4 Financial derivative contracts on other values	-	-	-	-
A.5 Other financial derivatives	-	-	-	-
Total 31.12.2023	**187,730**	**210,091**	**121,063**	**518,884**
Total 31.12.2022	**279,568**	**177,084**	**111,559**	**568,211**

B. Hedging credit derivatives

No data to be disclosed.

C. Non hedging instruments

Note that, as provided by the Circular No.262 of 22 December 2005 of Banca d'Italia (and subsequent amendments) the present table is not disclosed as the Group has exercised the option to continue applying the existing IAS39 hedge accounting requirements for all its hedging relationships until the IASB completes the project on accounting for macro-hedging.

Part E - Information on risks and related hedging policies

D. Hedging instruments

Note that the Group has exercised the option to continue applying the existing IAS39 hedge accounting requirements for all its hedging relationships until the IASB completes the project on accounting for macro-hedging.

In this context the following table provides the required information about hedged instruments.

Micro hedging and macro hedging: breakdown by hedged item and risk type

(€ million)

	AMOUNT AS AT 31.12.2023	
	MICRO HEDGE: CARRYING AMOUNT	MACRO HEDGE: CARRYING AMOUNT
A) Fair value hedge		
1. Assets		
1.1 Financial assets measured at fair value through other comprehensive income	**23,662**	**-**
1.1.1 Interest rate	23,662	X
1.1.2 Equity	-	X
1.1.3 Foreign exchange and gold	-	X
1.1.4 Credit	-	X
1.1.5 Other	-	X
1.2 Financial assets measured at amortised cost	**34,276**	**(115)**
1.2.1 Interest rate	34,276	X
1.2.2 Equity	-	X
1.2.3 Foreign exchange and gold	-	X
1.2.4 Credit	-	X
1.2.5 Other	-	X
2. Liabilites		
2.1 Financial liabilities measured at amortised costs	**-**	**(727)**
2.1.1 Interest rate	-	X
2.1.2 Equity	-	X
2.1.3 Foreign exchange and gold	-	X
2.1.4 Credit	-	X
2.1.5 Other	-	X
B) Cash flow hedge		
1. Assets	**-**	**X**
1.1 Interest rate	-	X
1.2 Equity	-	X
1.3 Foreign exchange and gold	-	X
1.4 Credit	-	X
1.5 Other	-	X
2. Liabilites	**-**	**X**
2.1 Interest rate	-	X
2.2 Equity	-	X
2.3 Foreign exchange and gold	-	X
2.4 Credit	-	X
2.5 Other	-	X
C) Hedge of net investments in foreign operations	**-**	**X**
D) Porftolio - Assets	**X**	**(1,841)**
E) Porftolio - Liabilities	**X**	**(6,676)**

Note:
It should be noted that the column "Macro hedge: carrying amount" reports the revaluation recognised with reference to the hedged item.

Additionally, it should be noted that there are fair value hedge relationships of controlling investments for €953 million.

E. Effects of hedging policy at equity

This table has to be filled in only by entities that apply IFRS9 hedge accounting rules.

Part E - Information on risks and related hedging policies

3.3 Other information on derivatives instruments (trading and hedging)

A. Financial and credit derivatives

A.1 OTC financial and credit derivatives: net fair value by counterparty
No data to be disclosed.

Section 4 - Liquidity risk

Qualitative information

As at 31 December 2023, the amount of material outflows due to deterioration of own credit quality, included in the components of the Liquidity Coverage Ratio, is equal to €1,480 million.

For further information, reference is made to the paragraph "A. General aspects, operational processes and methods for measuring liquidity risk" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.4 Liquidity risk, Qualitative information, which is herewith quoted entirely.

Quantitative information

1. Time breakdown by contractual residual maturity of financial assets and liabilities

(€ million)

	AMOUNT AS AT 31.12.2023									
ITEMS/MATURITY	ON DEMAND	1 TO 7 DAYS	7 TO 15 DAYS	15 DAYS TO ONE MONTH	1 TO 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS	INDEFINITE MATURITY
A. On-balance sheet assets	**27,201**	**10,536**	**5,714**	**11,327**	**16,731**	**16,485**	**23,902**	**113,189**	**79,575**	**1,858**
A.1 Government securities	19	-	537	622	1,294	1,215	4,683	34,864	22,774	-
A.2 Other debt securities	37	2	22	264	257	606	1,231	13,209	13,524	24
A.3 Units in investment funds	2,408	-	-	-	-	-	-	-	-	-
A.4 Loans	24,737	10,534	5,155	10,441	15,180	14,664	17,988	65,116	43,277	1,834
- Banks	13,719	2,201	294	2,620	1,400	719	1,241	4,970	47	1,813
- Customers	11,018	8,333	4,861	7,821	13,780	13,945	16,747	60,146	43,230	21
B. On-balance sheet liabilities	**189,070**	**22,484**	**9,432**	**5,616**	**13,481**	**4,317**	**5,225**	**30,697**	**19,513**	**-**
B.1. Deposits and current accounts	177,002	1,114	2,691	1,656	1,833	1,758	1,048	1	1	-
- Banks	1,741	750	1,638	712	408	227	156	-	-	-
- Customers	175,261	364	1,053	944	1,425	1,531	892	1	1	-
B.2 Debt securities	14	59	57	1,829	3,476	1,790	2,810	28,260	16,643	-
B.3 Other liabilities	12,054	21,311	6,684	2,131	8,172	769	1,367	2,436	2,869	-
C. Off-balance sheet transactions										
C.1 Financial derivatives with capital swap										
- Long positions	4	4,225	2,749	6,972	9,631	6,093	8,764	12,031	15,484	-
- Short positions	4	4,242	2,733	6,943	9,531	6,594	7,122	11,723	15,037	-
C.2 Financial derivatives without capital swap										
- Long positions	7,340	246	217	517	2,192	2,877	5,339	-	-	-
- Short positions	7,381	246	217	517	2,192	2,877	5,339	-	-	-
C.3 Deposits and loans to be received										
- Long positions	-	23,486	1	-	-	391	778	197	-	-
- Short positions	-	10,681	8,818	2,327	1,076	585	1,070	296	-	-
C.4 Commitments to disburse funds										
- Long positions	19	7,706	58	864	511	57	490	1,539	1,401	-
- Short positions	12,646	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	39	-	-	4	3	27	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with capital swap										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without capital swap										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-

Part E - Information on risks and related hedging policies

1. Time breakdown by contractual residual maturity of financial assets and liabilities - Currency: euro

(€ million)

	AMOUNT AS AT 31.12.2023									
ITEMS/MATURITY	ON DEMAND	1 TO 7 DAYS	7 TO 15 DAYS	15 DAYS TO ONE MONTH	1 TO 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS	INDEFINITE MATURITY
A. On-balance sheet assets	**24,606**	**10,146**	**5,485**	**10,666**	**16,234**	**16,066**	**22,081**	**106,521**	**70,843**	**1,851**
A.1 Government securities	16	-	536	622	1,274	1,107	3,183	31,330	15,805	-
A.2 Other debt securities	37	2	8	260	246	496	1,178	11,204	12,319	17
A.3 Units in investment funds	2,207	-	-	-	-	-	-	-	-	-
A.4 Loans	22,346	10,144	4,941	9,784	14,714	14,463	17,720	63,987	42,719	1,834
- Banks	12,077	2,183	254	2,448	1,392	719	1,239	4,929	14	1,813
- Customers	10,269	7,961	4,687	7,336	13,322	13,744	16,481	59,058	42,705	21
B. On-balance sheet liabilities	**184,419**	**19,434**	**7,282**	**5,218**	**13,081**	**4,110**	**4,994**	**28,077**	**15,183**	**-**
B.1. Deposits and current accounts	173,725	608	1,331	1,303	1,446	1,699	984	1	1	-
- Banks	1,039	265	322	407	79	207	135	-	-	-
- Customers	172,686	343	1,009	896	1,367	1,492	849	1	1	-
B.2 Debt securities	14	59	57	1,829	3,463	1,642	2,643	25,640	12,313	-
B.3 Other liabilities	10,680	18,767	5,894	2,086	8,172	769	1,367	2,436	2,869	-
C. Off-balance sheet transactions										
C.1 Financial derivatives with capital swap										
- Long positions	3	2,522	1,742	3,474	4,782	3,165	5,412	4,835	7,095	-
- Short positions	1	2,221	827	2,896	3,223	3,330	2,494	4,147	5,780	-
C.2 Financial derivatives without capital swap										
- Long positions	3,550	175	202	500	2,003	2,701	4,950	-	-	-
- Short positions	3,598	175	202	500	2,003	2,701	4,950	-	-	-
C.3 Deposits and loans to be received										
- Long positions	-	22,791	-	-	-	391	778	197	-	-
- Short positions	-	10,677	8,817	2,152	560	585	1,070	296	-	-
C.4 Commitments to disburse funds										
- Long positions	19	7,706	58	864	511	57	490	1,539	1,228	-
- Short positions	12,473	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	39	-	-	4	3	27	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with capital swap										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without capital swap										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-

Part E - Information on risks and related hedging policies

1. Time breakdown by contractual residual maturity of financial assets and liabilities - Currency: other currencies

(€ million)

ITEMS/MATURITY	AMOUNT AS AT 31.12.2023									
	ON DEMAND	1 TO 7 DAYS	7 TO 15 DAYS	15 DAYS TO ONE MONTH	1 TO 3 MONTHS	3 TO 6 MONTHS	6 MONTHS TO 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS	INDEFINITE MATURITY
A. On-balance sheet assets	**2,595**	**390**	**229**	**661**	**497**	**419**	**1,821**	**6,668**	**8,732**	**7**
A.1 Government securities	3	-	1	-	20	108	1,500	3,534	6,969	-
A.2 Other debt securities	-	-	14	4	11	110	53	2,005	1,205	7
A.3 Units in investment funds	201	-	-	-	-	-	-	-	-	-
A.4 Loans	2,391	390	214	657	466	201	268	1,129	558	-
- Banks	1,642	18	40	172	8	-	2	41	33	-
- Customers	749	372	174	485	458	201	266	1,088	525	-
B. On-balance sheet liabilities	**4,651**	**3,050**	**2,150**	**398**	**400**	**207**	**231**	**2,620**	**4,330**	**-**
B.1. Deposits and current accounts	3,277	506	1,360	353	387	59	64	-	-	-
- Banks	702	485	1,316	305	329	20	21	-	-	-
- Customers	2,575	21	44	48	58	39	43	-	-	-
B.2 Debt securities	-	-	-	-	13	148	167	2,620	4,330	-
B.3 Other liabilities	1,374	2,544	790	45	-	-	-	-	-	-
C. Off-balance sheet transactions										
C.1 Financial derivatives with capital swap										
- Long positions	1	1,703	1,007	3,498	4,849	2,928	3,352	7,196	8,389	-
- Short positions	3	2,021	1,906	4,047	6,308	3,264	4,628	7,576	9,257	-
C.2 Financial derivatives without capital swap										
- Long positions	3,790	71	15	17	189	176	389	-	-	-
- Short positions	3,783	71	15	17	189	176	389	-	-	-
C.3 Deposits and loans to be received										
- Long positions	-	695	1	-	-	-	-	-	-	-
- Short positions	-	4	1	175	516	-	-	-	-	-
C.4 Commitments to disburse funds										
- Long positions	-	-	-	-	-	-	-	-	173	-
- Short positions	173	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with capital swap										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without capital swap										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-

Part E - Information on risks and related hedging policies

Section 5 - Operational risk

Qualitative information

A. General aspects, operational processes and methods for measuring operational risk

Reference is made to the paragraph “A. General aspects, operational processes and methods for measuring operational risk” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.5 Operational risks, Qualitative information, which is herewith quoted entirely.

B. Risks arising from legal disputes

Reference is made to the paragraph “B. Legal risks” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.5 Operational risks, Qualitative information, which is herewith quoted entirely.

C. Risks arising from employment law cases

Reference is made to the paragraph “C. Risks arising from employment law cases” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.5 Operational risks, Qualitative information, which is herewith quoted entirely.

D. Risks arising from tax disputes

Reference is made to the paragraph “D. Risks arising from tax disputes” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.5 Operational risks, Qualitative information, which is herewith quoted entirely.

E. Other claims by customers

Supporting the business structures, the Compliance function oversees the regulatory environment evolution relating to banking services and products in areas like transparency, financial and investment services and anti-usury. Compliance, as control function, develops rules, checks processes and procedures and monitors complaints trends. The Compliance function, along with the Legal one, also supports analysis and evaluation stages of adequacy of potential "customer care" actions or other initiatives designed to compose particular situations in which UniCredit S.p.A. might be involved in order to define them.
Considering the regulatory complexity and interpretations not always homogeneous, UniCredit S.p.A. time-to-time assesses the accounting of provisions for risk and charges, aimed at facing costs, deemed probable, in a contest that has increased the litigiousness at baking system level.

Concerning the financing of consumer credit, the EU Directive 2008/48 establishes that “the consumer shall be entitled at any time to discharge fully or partially his obligations under a credit agreement. In such cases, he shall be entitled to a reduction in the total cost of credit, such reduction consisting of the interest and the costs for the remaining duration of the contract”.
Following the decision of the European Court of Justice in September 2019 (judgment C-383/18 referring to the “Lexitor” case) and the communication of the Banca d’Italia issued in December 2020, UniCredit S.p.A. proceeded to adapt to the most recent interpretation of this legislation. Therefore, in the event of a request for early repayment of the loan, the consumer is entitled to pay off his debt net of costs not yet accrued on the repayment date.
In consideration of the above, as well as the interpretations prior to the aforementioned communication of Banca d’Italia, the Bank noted the guidelines issued by the Authority and by decision of Constitutional Court of 22 December 2022 adapting to the framework outlined, and has carried out the appropriate assessments, also to preserve the quality of the customers relationship.

Part E - Information on risks and related hedging policies

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

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

In 2017 UniCredit S.p.A. started a “customer care” initiative which envisaged the availability of the Bank to intervene for the acknowledgement towards the customer of the original cost incurred for the purchase of precious items and the consequent withdrawal of the stones, upon certain conditions. The initiative has been adopted by the Bank assessing the absence of responsibility for its role as “Introducer”; nevertheless, the AGCM ascertained the responsibility of UniCredit S.p.A. for unfair commercial practice (confirmed in appeal by the Administrative Regional Court in the second half of 2018), imposing, in 2017, a fine of €4 million paid in the same year. The Bank has filed an appeal to the Council of State. With a sentence of 11 March 2021, the Council of State accepted the appeal brought by UniCredit S.p.A. against the fine imposed by reducing the amount of the fine to €2.8 million and sentenced AGCM to return 1.2 million, amount reimbursed in June 2021.

For the sake of completeness, it should be noted that on 8 March 2018, a specific communication was issued from Banca d'Italia concerning the “Related activities exercisable by bank”", in which large attention was given to the reporting at the bank branches of operations, purchase and sale of diamonds by specialised third-party companies.

As at 31 December 2023, UniCredit S.p.A. received reimbursement requests for a total amount of about €416 million (cost originally incurred by the Clients) from No.12,465 Customers; according to a preliminary analysis, such requests fulfill the requirements envisaged by the "customer care" initiative; the finalization of the reimbursement requests is currently carried out, aimed at assessing their effective compliance with the "customer care" initiative, and then proceed with the settlement where conditions recur; with reference to the scope outlined above (€416 million), reimbursed No.12,048 customers for about €408 million (equivalent value of original purchases), equal to about 98% of the reimbursement requests said above.

In order to cope with the probable risks of loss related to the repurchases of diamonds, a dedicated Provision for risks and charges was set up; its quantification was also based on the outcome of an independent study (commissioned to a primary third company) aiming at evaluating the diamonds' value.
Finally, in line with a strategy that envisages its disposal in the short term, the gems purchased are recognised for about €49 million in item “120. Other assets” of the Balance sheet.

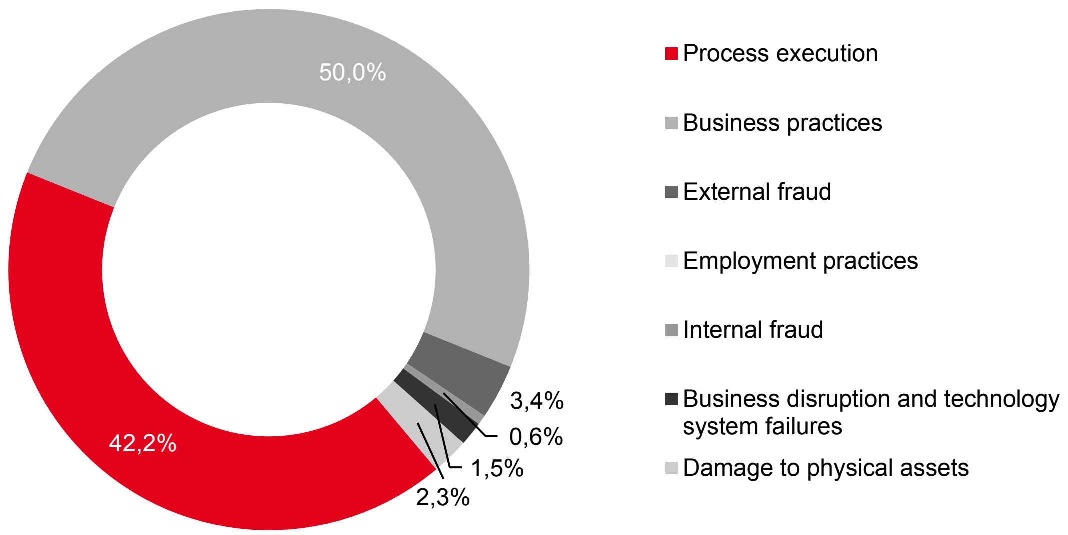
On 19 February 2019, the judge in charge of the preliminary investigation at the Court of Milan had issued an interim seizure directed to UniCredit S.p.A. and other financial institutions aimed at: (i) direct confiscation of the amount of €33 million against UniCredit S.p.A. for the offence of aggravated fraud and (ii) indirect as well as direct confiscation of the amount of €72 thousand for the offence of self-laundering against UniCredit S.p.A. From the seizure order it emerged that investigations for the administrative offence under article 25-octies of Legislative Decree No.231/2001 were pending against UniCredit S.p.A. for the crime of self-laundering.
On 2 October 2019, the Bank and certain individuals had received the notice of conclusion of the investigations pursuant to article 415-bis of the Italian Code of criminal procedure. The notice had confirmed the involvement of certain current and former employees for the offence of aggravated fraud and self-laundering. In particular, with regard to the latter, self-laundering serves as a predicate crime for the administrative liability of the Bank under Legislative Decree No.231/2001.
In September 2020, a new notice pursuant to article 415-bis of the Italian code of criminal procedure was served on certain individuals already involved in the proceedings. The allegations against the UniCredit S.p.A. individuals only pertained to the offence of fraud. Such new allegations did not modify the overall investigative framework as per the notice served in the autumn of 2019. In June 2021 the public prosecutor had issued the formal request of indictment against certain current and former employees. The case was transferred to the Prosecution Office of Trieste following jurisdiction challenges made by the suspected individuals. The case, which had reached the preliminary hearing phase, was back at the investigations stage. The interim seizures of €33 million and €72 thousand ordered in February 2019 were lifted.
In February 2023, the Prosecution Office of Trieste requested the dismissal of the case against the individuals and dismissed the case against the Bank with reference to the charge of self-laundering. The measure was approved by the General Prosecution Office at the Court of Appeal of Trieste, so the investigation against the Bank is formally concluded. The Judge for the Preliminary Investigations then formally dismissed the case, accepting the Prosecutor's request.
The file was sent back to Prosecution Office of Milan in relation to the charges of fraud against the individuals. The decisions by the new prosecutor assigned to the file are awaited.

Part E - Information on risks and related hedging policies

Quantitative information

Reference is made to the paragraph "Quantitative information" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.5 Operational risks, which is herewith quoted entirely.

Operational losses Full Year 2023 divided by risk category



"Employment practices" is not shown in the chart since they have a positive impact in the reference period, due to the effects of recoveries and releases of funds.

In 2023, the main source of operational risk is the category "clients, products and business practices", which includes losses arising from the non-fulfilment of professional obligations towards clients or from the nature or characteristics of the products or services provided.

The second largest contribution is "errors in process management execution and delivery", due to operational or process management shortfalls.

There were also, in decreasing order, losses stemming from "external fraud", "damage to physical assets", "business disruption and technology system failures" and "internal fraud".

Part E - Information on risks and related hedging policies

Section 6 - Other risks

Other risks included in Economic capital

Reference is made to the paragraph "Other risks included in Economic Capital" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.6 Other risks, which is herewith quoted entirely.

Reputational risk

Reference is made to the paragraph "Reputational risk" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.6 Other risks, which is herewith quoted entirely.

Top and emerging risks

Reference is made to the paragraph "Top and emerging risks" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.6 Other risks, which is herewith quoted entirely.

The climate-related and environmental risks

Reference is made to the paragraph "The climate-related and environmental risks" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.6 Other risks, which is herewith quoted entirely.

Part F - Shareholders' equity

Section 1 - Shareholders' equity

A. Qualitative information

Reference is made to the paragraph "A. Qualitative information" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part F - Consolidated shareholders' equity, Section 1 - Consolidated Shareholders' Equity, which is herewith quoted entirely.

B. Quantitative information

B.1 Company shareholders' equity: breakdown

(€ million)

ITEMS/VALUES	AMOUNT AS AT 31.12.2023	AMOUNT AS AT 31.12.2022
1. Share capital	21,278	21,220
2. Share premium reserve	23	2,516
3. Reserves	23,944	23,707
- from profits	17,191	18,618
a) legal	1,618	1,518
b) statutory	13,917	15,754
c) treasury shares	-	-
d) other	1,656	1,346
other(*)	6,753	5,089
4. Equity instruments	4,863	6,100
5. Treasury shares	(1,727)	-
6. Revaluation reserves	658	712
Equity instruments designated at fair value through other comprehensive income	(192)	(231)
Hedge accounting of equity instruments designated at fair value through other comprehensive income	-	-
Financial assets (different from equity instruments) at fair value through other comprehensive income	148	163
Property, plant and equipment	729	741
Intangible assets	-	-
Hedges of foreign investments	-	-
Cash flow hedges	(16)	18
Foreign investments hedging	-	-
Exchange differences	-	-
Non-current assets and disposal groups classified as held for sale	3	1
Financial liabilities designated at fair value through profit or loss (own creditworthiness changes)	(80)	(45)
Actuarial gains (losses) on defined benefit plans	(211)	(212)
Changes in valuation reserve pertaining to equity method investments	-	-
Special revaluation laws	277	277
7. Net profit (loss)	11,264	3,107
Total	60,303	57,362

Note:
The sub-item "Reserves - other" includes a part of the "Legal reserve" (€2,738 million) also constituted, as resolved by the approval of the Ordinary Shareholders' Meeting of 11 May 2013, 13 May 2014, 14 April 2016 and 15 April 2021, with the withdrawal from the "Share premium reserve".

Shareholders' equity as at 31 December 2023, additionally to the changes in capital explained in detail in the Notes to the accounts, Part B - Balance sheet - Liabilities, Section 12 - Shareholders' equity, reflects, among the others, the changes resulting from the Shareholders' Meeting resolutions of 31 March 2023 and 27 October 2023 which involved:
- the payment of a cash dividend to shareholders for a total amount of €1,875 million from allocation of the 2022 net profit;
- the distribution of €20 million in favor of UniCredit Foundation for social, charity and cultural initiatives from allocation of the 2022 net profit;
- the establishing of a specific Reserve for social, charity and cultural initiatives (€5 million) from allocation of the 2022 net profit;
- the allocation to the Reserve for the issue of the shares connected to the medium-term incentive plan for Group personnel (€75 million), to the Legal reserve (€100 million) and to the Statutory reserve of the residual 2022 net profit (€1,032 million);
- the elimination of negative reserves for €376 million, partly buy use of Share premium reserve to cover the negative reserve related to the payments of AT1 coupons (€302 million) and partly by use of the Statutory reserve to cover the negative reserve from the payments related to the Cashes financial instruments (€74 million);
- the use of the available amount of Share premium reserve (€2,191 million) and part from the IFRS3 business combination reserve (€1,152 million) for establishing a specific reserve restricted to finance a program for the purchase of treasury shares aimed at distribution to shareholders for the

Part F - Shareholders' equity

year 2022 ("the Buy-Back Programme 2022") carried out in two separate tranches with the purchase of total No.170,174,493 UniCredit ordinary shares for an amount equal to the maximum expenditure approved (€3,343 million) recorded under the item "Treasury shares";
- the partial derecognition of the Treasury shares item by the use of the reserve for share buyback (€3,031 million) as a consequence of the cancellation of No.156,114,828 treasury shares in portfolio at cancellation date;
- the use of the Statutory reserve for €2,500 million for financing a first tranche of the "2023 Buy-Back Programme" aimed at remunerating shareholders on the distribution expected for the year 2023.

B.2 Revaluation reserves of financial assets at fair value through other comprehensive income: breakdown

(€ million)

	AMOUNTS AS AT 31.12.2023		AMOUNTS AS AT 31.12.2022	
ASSETS/VALUES	POSITIVE RESERVE	NEGATIVE RESERVE	POSITIVE RESERVE	NEGATIVE RESERVE
1. Debt securities	213	(65)	238	(75)
2. Equity securities	82	(274)	67	(298)
3. Loans	-	-	-	-
Total	**295**	**(339)**	**305**	**(373)**

B.3 Revaluation reserves of financial assets at fair value through other comprehensive income: annual change

(€ million)

	CHANGES IN 2023		
ASSETS/VALUES	DEBT SECURITIES	EQUITY SECURITIES	LOANS
1. Opening balance	**163**	**(231)**	**-**
2. Positive changes	**1,287**	**88**	**-**
2.1 Fair value increases	754	65	-
2.2 Net losses on impairment	8	X	-
2.3 Reclassification through profit or loss of negative reserves: following disposal	515	X	-
2.4 Transfers to other comprehensive shareholders' equity (equity instruments)	-	22	-
2.5 Other changes	10	1	-
3. Negative changes	**(1,302)**	**(49)**	**-**
3.1 Fair value reductions	(637)	(27)	-
3.2 Recoveries on impairment	-	-	-
3.3 Reclassification throught profit or loss of positive reserves: following disposal	(665)	X	-
3.4 Transfers to other comprehensive shareholders' equity (equity instruments)	-	(8)	-
3.5 Other changes	-	(14)	-
4. Closing balance	**148**	**(192)**	**-**

B.4 Revaluation reserves to defined benefit plan: annual changes

(€ million)

	CHANGES IN	
ITEMS/VALUES	2023	2022
1. Net opening balance	**(212)**	**(228)**
2. Positive changes	**29**	**68**
2.1 Fair value increase	29	199
2.2 Other changes	-	(131)
3. Negative changes	**(28)**	**(52)**
3.1 Fair value reductions	(28)	(51)
3.2 Other changes	-	(1)
4. Closing balance	**(211)**	**(212)**

Section 2 - Own funds and regulatory ratios

For information on the regulatory ratios of UniCredit S.p.A. at the reference date and for the comparison with the previous periods refer to the own funds disclosure reported into the UniCredit group disclosure (Pillar III).

Part G - Business combinations

Section 1 - Business combinations completed in the year

1.1 Business combinations
Business combinations with counterparties outside the Group are performed using the "purchase method" as required by IFRS3 "Business Combinations", cited in the disclosure of accounting policies, part A.2 - Main items of the accounts.
In 2023 the Bank did not carry out any business combinations outside or within the Group.

Section 2 - Business Combinations completed after year-end
No business combinations have been completed after year end.

Section 3 - Retrospective adjustments
No retrospective adjustments have been applied in 2023 on business combinations completed in previous years.

Part H - Related-party transactions

Introduction

Refer to the paragraph "Introduction" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, which is herewith quoted entirely.

1. Details of Key management personnels' compensation

Details of key management personnel's 2023 remuneration are given below pursuant to IAS24 and to the Circular No.262 dated 22 December 2005 of Banca d'Italia (and subsequent amendments) requiring that also the Statutory Auditors' compensation be included.
Key management personnel are persons having authority and responsibility for planning, directing, and controlling UniCredit's activities, directly or indirectly. This category includes the Chief Executive Officer and the other members of the Board of Directors, the Statutory Auditors, the Chief Audit Executive and the Group Executive Committee (GEC) members, body that reports directly to the Chief Executive Officer, excluding the Heads of Group Strategy & ESG and Group Stakeholder Engagement.

Remuneration paid to key management personnel (including directors)

(€ million)

	YEAR 2023	YEAR 2022
a) short-term employee benefits	21	24
b) post-retirement benefits	1	1
of which: under defined benefit plans	-	-
of which: under defined contribution plans	*1*	*1*
c) other long-term benefits	-	-
d) termination benefits	-	5
e) share-based payments	10	7
Total	**32**	**37**

The information reported above include the compensation paid to Directors (€6 million), Statutory Auditors (€1 million) and other Managers with strategic responsibilities (€11 million), as shown in the document "Information Tables Pursuant Art.84 -quarter "Annual Report - Section II" of the Regulation No.11971 Issued by Consob" attached to the "2024 Group Remuneration Policy", and about €14 million relating to other costs (the company share of social security contributions, accruals to severance pay funds and share-based payments using UniCredit and its subsidiaries' equity instruments).

The compensation paid shows a decrease compared to fiscal year 2022, mainly in relation to the lower payment of benefits related to the termination of employment relations during the year. There is also a shift in costs from "short-term benefits" to "share-based payments" in connection with the payment of the 2023 variable compensation exclusively in financial instruments, in line with the provisions of the 2023 Group Remuneration Policy and Report and of the 2023 Group Incentive System.

Part H - Related-party transactions

2. Related-party transactions

The following table sets out the assets, liabilities, guarantees and commitments, for each group of related parties, pursuant to IAS24.

Related-party transactions: balance sheet items

(€ million)

	AMOUNTS AS AT 31.12.2023								
	CONTROLLED	JOINT VENTURES	ASSOCIATED COMPANIES	KEY MANAGEMENT PERSONNEL	OTHER RELATED PARTIES	TOTAL	% ON ACCOUNTS ITEM	SHAREHOLDERS	% ON ACCOUNTS ITEM
Cash and cash balances	385	-	-	-	-	385	3.13%	8	0.07%
Financial assets at fair value through profit or loss	8,643	-	44	-	-	8,687	40.85%	-	-
a) Financial assets held for trading	6,305	-	-	-	-	6,305	40.98%	-	-
b) Financial assets designated at fair value	-	-	-	-	-	-	-	-	-
c) Other financial assets mandatorily at fair value	2,338	-	44	-	-	2,382	41.41%	-	-
Financial assets at fair value through other comprehensive income	-	-	4	-	-	4	0.01%	-	-
Financial assets at amortised cost	34,234	-	270	1	-	34,505	14.27%	16	0.01%
a) Loans and advances to banks	15,010	-	-	-	-	15,010	43.83%	-	-
b) Loans and advances to customers	19,224	-	270	1	-	19,495	9.39%	16	0.01%
Hedging derivatives (assets)	10,418	-	-	-	-	10,418	96.08%	-	-
Non-current assets and disposal groups classified as held for sale	-	-	8	-	-	8	2.68%	-	-
Other assets	254	-	44	-	-	298	3.57%	-	-
Total assets	**53,934**	**-**	**370**	**1**	**-**	**54,305**	**16.63%**	**24**	**0.01%**
Financial liabilities at amortised cost	10,858	-	170	10	22	11,060	3.86%	36	0.01%
a) Deposits from banks	10,064	-	-	-	-	10,064	30.86%	23	0.07%
b) Deposits from customers	190	-	170	10	22	392	0.19%	13	0.01%
c) Debt securities in issue	604	-	-	-	-	604	1.30%	-	-
Financial liabilities held for trading and designated at fair value	5,804	-	-	-	-	5,804	26.91%	-	-
Hedging derivatives (liabilities)	11,695	-	-	-	-	11,695	97.87%	-	-
Other liabilities	97	-	20	-	-	117	1.68%	2	0.03%
Total liabilities	**28,454**	**-**	**190**	**10**	**22**	**28,676**	**8.76%**	**38**	**0.01%**
Guarantees given and commitments	21,394	-	42	-	-	21,436	12.89%	1	

Note:
Shareholders and related companies holding more than 2% of voting shares in UniCredit.

Other assets mandatory at fair value include UniCredit Bank GmbH’s Additional Tier 1 issuances, subscribed by UniCredit S.p.A. in October 2020, for a nominal amount of €1,700 million and evaluated at year end €1,617 million, with a revaluation of €136 million into Profit & Loss and UniCredit Bank Austria AG’s Additional Tier 1 issuances, subscribed by UniCredit S.p.A. in December 2021, for a nominal amount of €600 million and evaluated at year end €516 million, with a revaluation of €40 million.

The value of the percentage on accounts Item, referred to “Commitments and guarantees given”, has been calculated on the total of the tables “1. Commitments and financial guarantees given (different from those designated at fair value)” and “2. Others commitments and others guarantees given” in Notes to the accounts, Part B - Balance sheet, Liabilities, Other information.

Part H - Related-party transactions

The following table sets out the impact of transactions, for each group of related parties, on Income statements, pursuant to IAS24.

Related-party transactions: profit and loss items

(€ million)

	AMOUNTS AS AT 31.12.2023								
	CONTROLLED	JOINT VENTURES	ASSOCIATED COMPANIES	KEY MANAGEMENT PERSONNEL	OTHER RELATED PARTIES	TOTAL	% ON ACCOUNTS ITEM	SHAREHOLDERS	% ON ACCOUNTS ITEM
10. Interest income and similar revenues	4,378	-	10	-	-	4,388	29.89%	-	-
20. Interest expenses and similar charges	(4,176)	-	(3)	-	-	(4,179)	47.72%	-	-
30. Net interest margin	**202**	**-**	**7**	**-**	**-**	**209**	**3.53%**	**-**	**-**
40. Fees and commissions income	181	-	735	-	-	916	19.28%	20	0.42%
50. Fees and commissions expenses	(58)	-	-	-	-	(58)	7.09%	-	-
60. Net fees and commissions	**123**	**-**	**735**	**-**	**-**	**858**	**21.81%**	**20**	**0.51%**
190. Administrative expenses	(121)	-	(348)	(1)	(4)	(474)	8.03%	(3)	0.05%
a) Staff costs	-	-	1	(1)	-	-	-	-	-
b) Other administrative expenses	(121)	-	(349)	-	(4)	(474)	19.87%	(3)	0.13%
230. Other operating expenses/income	909	-	(29)	-	-	880	71.60%	-	-

Note:
Shareholders and related companies holding more than 2% of voting shares in UniCredit.

The “Other related-parties IAS” category includes:

- close family members of key management personnel (i.e., those family members who, as is expected, may influence, or be influenced by, the person in question);
- companies controlled (or jointly controlled) by key management personnel or their close family members;
- Group employee post-employment benefit plans.

With reference to the description of main transactions with related parties related to UniCredit S.p.A., reference is made to the corresponding paragraph “Part H - Related-party transactions” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, which is herewith quoted entirely.

Part I - Share based payments

A. Qualitative information

1. Description of payment agreements based on own equity instruments

For the part that concern the delivery of UniCredit shares reference is made to the paragraph “1. Description of payment agreements based on own equity instruments” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part I - Share-based payments, Qualitative information, which is herewith quoted.

B. Quantitative information

1. Annual changes

Reference is made to the paragraph “1. Annual changes” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part I - Share-based payments, Quantitative information, which is herewith quoted.

2. Other information

All Share-Based Payment granted after 7 November 2002 whose vesting period ends after 1 January 2005 are included within the scope of the IFRS2.

Financial statement presentation related to share based payments

(€ million)

	2023		2022	
	TOTAL	VESTED PLANS	TOTAL	VESTED PLANS
(Costs)/Revenues	**(44)**		**(29)**	
- connected to equity-settled plans	*(44)*		*(29)*	
- connected to cash-settled plans	-		-	
Debts for cash-settled plans	**-**	**-**	**-**	**-**

Note:
The sub-item "connected to equity-settled plans" include costs for €2.6 million related to golden parachute.

Part L - Segment reporting

Segment reporting of UniCredit S.p.A., parent company of the UniCredit banking group, in the light of faculty granted by IFRS8 Principles, is provided to the paragraph “Part L - Segment reporting” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts.

Part M - Information on leases

Section 1 - Lessee

Qualitative information

The Bank in conducting its business, signs lease contracts for which accounts for rights of use that mainly relate to the following type of tangible assets:

- buildings;
- others (e.g., electronic systems, cars).

These contracts are accounted for in accordance with rules set in accounting standard IFRS16 further detailed in Part A - Accounting policies, A.2 - Main items of the accounts, 15. Other Information.
The rights of use deriving from these lease contracts are mainly used to provide for services or for administrative purposes and accounted for according to the cost method. If these rights of use are sub-leased to third parties, a financial or operating lease contract is booked based on their characteristics.

It is worth to specify that, as allowed by the accounting standard, the Bank has decided not to account for rights of use or lease liabilities in case of:

- short-term leases, lower than 12 months; and
- lease of low value assets. In this regard, an asset is considered as low value if its fair value when new is equal to or lower than €5 thousand. This category mainly includes office machines (PCs, monitors, tablets, etc.) as well as fixed and mobile telephony devices.

As a result, the lease payments deriving from this type of activity are booked in item "160. Administrative expenses" on an accrual basis.

Quantitative information

The book value of the rights of use arising from lease contracts are exposed in the Section 8 - Property, plant and equipment of the Notes to the accounts, Part B - Balance sheet, Assets.

During the year, these rights of use resulted in the recognition of depreciations for €181 million of which:

- €175.8 million relating to buildings;
- €5.4 million relating to the other category (eg. cars).

In addition, impairment for €36.8 million has been booked.

With reference to leasing liabilities, the related book value is shown in the paragraph Section 1 - Financial liabilities at amortised cost of the Notes to the accounts, Part B - Balance sheet, Liabilities refer to this section.
During the year, these lease liabilities led to the recognition of interest expenses shown in the Section 1 - Interests - Item 10 e 20 of the Notes to the accounts, Part C - Income statement.

With reference to short-term leases and leases of low value assets, it should be noted that during the year, rentals were accounted for €53 million. It should be noted that such amount also includes VAT on rentals which is not included in the lease liability calculation.

For the purposes of determining the lease term, the Bank considers the non-cancellable period established by the contract, during which the lessee has the right to use the underlying asset as well as any renewal options where the lessee has reasonable expectation to proceed with the renewal. In particular, with reference to contracts that provide the lessee with the option to automatically renew the lease at the end of a first period, the lease term is determined considering elements such as the duration of the first period, the existence of any plan leading to the disposal of the asset leased as well as any other circumstance indicating the reasonable certainty of renewal.
Therefore, the amount of cash flows, not reflected in the calculation of the lease liability, to which the Bank is potentially exposed, is essentially due to the possible renewal of lease contracts and the subsequent extension of the lease term not included in the original calculation of the lease liabilities taking into account the information available and expectations existing as at 1 January 2019 (date of initial application of IFRS16) or on the starting date of the lease.

Part M - Information on leases

Section 2 - Lessor

Qualitative information

The Bank carries out financial leasing activities associated with the sublease of properties both to other Group's companies and to third parties. These contracts are exposed through the recognition of a credit for financial leases recognised in item "40. Financial assets at amortised cost", the booking of the related income on an accrual basis in item "10. Interest income and similar revenues" and of the impairment for the expected credit loss in item "130.Net losses/recoveries on credit impairment".

Operating leases activities, on the other hand, are essentially attributable to the leasing of owned properties.

These contracts are represented through the recognition, on an accrual basis, of the rentals received in item "200. Other operating expenses/income".

Quantitative information

1. Balance sheet and Income statement information

With reference to financial lease contracts, the book value of credit for financial leases is shown in Section 4 - Financial assets at amortised cost of the Notes to the accounts, Part B - Balance sheet, Assets.
Such loans determined, during the year, interest income shown in Section 1 - Interests - Items 10 and 20 of Notes to the accounts, Part C - Income statement.
With reference to operating lease contracts, it should be noted that the book value of the owned assets granted under operating lease is composed as follows:
- Land: €85 million;
- Buildings: €177.2 million.

Rentals recognised on an accrual basis during the year for leasing of these activities are shown in Section 14 - Other operating expenses/income of these Notes to the accounts, Part C - Income statement.

2. Financial leases

2.1 Classification for time bucket of Payments to be received and Reconciliation with Lease Loans booked in the Assets

(€ million)

TIME BUCKET	31.12.2023 PAYMENTS TO BE RECEIVED FOR LEASE	31.12.2022 PAYMENTS TO BE RECEIVED FOR LEASE
Up to 1 year	15	7
1 year to 2 years	17	7
2 year to 3 years	16	8
3 year to 4 years	15	7
4 year to 5 years	13	5
Over 5 years	19	11
Total Payments to be received for lease	**95**	**45**
RECONCILIATION WITH LOANS		
Unpaid Financial Profits (-)	9	1
Not guaranteed Residual Amount (-)	-	-
Lease Loans	**86**	**44**

The value shown in the table represents the gross exposure. This value is decreased by impairment, equal to €1 million, leading to the amount of €85 million shown among in Section 4 - Financial assets at amortised cost of Notes to the accounts, Balance sheet, Assets.

2.2 Other information

With regard to financial leases, the credit risk associated with the contract is managed according to what is stated in Section 1 - Credit risk of the Notes to the accounts, Part E - Information on risks and related hedging policies.
The classification of the contract as a finance lease is determined by the fact that the risks and rewards of the leased right of use are transferred to the lessee mainly through contract durations substantially aligned with the useful life of the related right.

Part M - Information on leases

3. Operating leases

3.1 Classification for time bucket of Payments to be received

(€ million)

TIME BUCKET	31.12.2023 PAYMENTS TO BE RECEIVED FOR LEASE	31.12.2022 PAYMENTS TO BE RECEIVED FOR LEASE
Up to 1 year	6	6
1 year to 2 years	5	6
2 year to 3 years	5	5
3 year to 4 years	5	5
4 year to 5 years	5	4
Over 5 years	19	19
Total	**45**	**45**

3.2 Other information

There is no further significant information to report compared to the above.

Annual Financial Statements certification pursuant to Art.81-ter of Consob regulation No.11971/99, as amended

1. The undersigned Andrea Orcel (as Chief Executive Officer) and Bonifacio Di Francescantonio (as the Manager charged with preparing the financial reports) of UniCredit S.p.A., also in compliance with Art.154-bis, (paragraphs 3 and 4) of Italian Legislative Decree No.58 of 24 February 1998, hereby certify:
   - the adequacy in relation to the Legal Entity's features, and
   - the actual application of the administrative and accounting procedures employed to draw up the 2023 Annual Financial Statements.

2. The adequacy of the administrative and accounting procedures employed to draw up the 2023 Annual Financial Statements has been evaluated by applying a model developed by UniCredit S.p.A., in accordance with the "Internal Control - Integrated Framework (CoSO)" and the "Control Objective for IT and Related Technologies (Cobit)", which represent generally accepted international standards for internal control system and for financial reporting in particular.

3. The undersigned also certify that:
   3.1 the 2023 Annual Financial Statements:
      a) were prepared in compliance with applicable international accounting standards recognised by the European Community pursuant to European Parliament and Council Regulation No.1606/2002, of 19 July 2002;
      b) correspond to the results of the accounting books and records;
      c) are suitable to provide a fair and correct representation of the economic and financial situation of the issuer;
   3.2 the Report on Operations includes a reliable analysis of the operating trend and results as well as of the situation of the issuer, together with a description of the main risks and uncertainties they are exposed to.

Milan, 29 February 2024

Andrea ORCEL

Bonifacio DI FRANCESCANTONIO

Report of the Board of Statutory Auditors

(English translation of the Italian original document)

BOARD OF STATUTORY AUDITORS' REPORT
TO THE SHAREHOLDERS MEETING OF 12 APRIL 2024
(PURSUANT TO ART.153 OF ITALIAN LEGISLATIVE DECREE 58/1998 AND ART.2429, PAR. 2, OF THE ITALIAN CIVIL CODE)

Dear Shareholders,

the Board of Statutory Auditors (hereinafter, also the “BoSA”, the “Control Body”) is called to report to the Shareholders’ Meeting of UniCredit S.p.A. (hereinafter also the “Bank”, the “Parent Company”, “UniCredit”) on the oversight activity performed during the year and on any detected omissions and censurable facts, pursuant to Article 153 of Italian Legislative Decree 58/1998 (Consolidated law on finance TUF) and Article 2429, paragraph 2, of the Italian Civil Code. The Board of Statutory Auditors is also entitled to make comments and proposals concerning the financial statements, their approval, and all matters within its remit. This report provides the information required by CONSOB Communication 1025564/2001 as amended and/or supplemented.

During 2023, the Board of Statutory Auditors performed its institutional duties in compliance with the Italian Civil Code, Italian Legislative Decree 385/1993 (Consolidated law on banking TUB), 58/1998 (TUF) and 39/2010 and subsequent amendments and/or additions, the provisions of the company Bylaws and those issued by the Authorities that exercise supervisory and control activities, also taking into consideration the rules of conduct recommended by the Italian National Board of Certified Public Accountants and Accounting Experts (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili - CNDCEC).

1. Appointment and activities of the Board of Statutory Auditors

On 8 April 2022, the Shareholders’ Meeting of UniCredit S.p.A. appointed the Board of Statutory Auditors, which had lapsed from office after completing its three-year term, appointing for the subsequent period and until the approval of the financial statements as at 31 December 2024 its members in the persons of Mr. Marco Rigotti (Chairman), Ms. Antonella Bientinesi, Mr. Claudio Cacciamani, Ms. Benedetta Navarra and Mr. Guido Paolucci (Permanent Statutory Auditors), and Mr. Vittorio Dell'Atti, Ms. Paola Manes, Ms. Raffaella Pagani and Ms. Enrica Rimoldi (Substitute Statutory Auditors). The Permanent Statutory Auditors Mr. Marco Rigotti, Ms. Antonella Bientinesi, Ms. Benedetta Navarra and Mr. Guido Paolucci were already present in the previous composition of the BoSA, as were the Substitute Statutory Auditors Ms. Paola Manes, Ms. Raffaella Pagani and Ms. Enrica Rimoldi.

In continuity with the previous three-year period, the Board of Statutory Auditors was assigned the function of Supervisory Body 231/2001, as per the resolution taken by the UniCredit’s Board of Directors at its meeting held on 6 February 2019.

During 2023, the Board of Statutory Auditors held 51 meetings, with an average duration of approximately 3 hours in ordinary session, and 12 meetings held in session acting as 231 Supervisory Body. During 2024 and until the date of this Report, the Board of Statutory Auditors met 15 times (of which 13 in ordinary session and 2 acting as 231 Supervisory Body).

During 2023, the Board of Statutory Auditors attended all meetings of the Board of Directors. The Shareholders’ Meeting held on 31 March 2023 without physical attendance by the Shareholders (in accordance with the provisions of Article 106 of Legislative Decree 18/2020, as amended and supplemented) was attended by the entire Board of Statutory Auditors, while the Shareholders’ Meeting held on 27 October 2023 was attended by the entire Board of Statutory Auditors except for the Permanent Statutory Auditor Mr. Paolucci, who was absent for justified reason.

In compliance with the provisions of the “UniCredit - Corporate Bodies and Committees Regulation”, the Chairman of the Board of Statutory Auditors - or another Statutory Auditor appointed by him - attends the meetings of the Board Committees, without prejudice to the right of the other Statutory Auditors to attend the meetings. During 2023, the Chairman of the Board of Statutory Auditors, as a permanent guest, attended all meetings of the Internal Controls & Risks Committee (IC&RC); the Chairman of the BoSA also attended the meetings of the Corporate Governance & Nomination Committee and the ESG Committee (Environmental, Social, Governance) established in April 2021, as well as some meetings of the Remuneration Committee.

Individual members of the Board of Statutory Auditors (based on a rotation established by the BoSA itself at the beginning of its term of office for the entire three-year period) also attended the meetings of the Internal Controls & Risks Committee, the Related Parties Committee, the Remuneration Committee and the ESG Committee. The entire Board of Statutory Auditors attended the meetings of the Internal Controls & Risks Committee when topics of common interest were discussed together with the Manager in charge of preparing the Company’s financial statements and the External Auditors (annual and half-yearly financial reports and accounting issues).

In short, in 2023:

- The Chairman Mr. Rigotti attended 23 meetings of the Internal Controls & Risks Committee (including 1 meeting which was jointly held with the ESG Committee and 1 meeting which was jointly held with the Corporate Governance & Nomination Committee), 19 meetings of the Corporate

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Governance & Nomination Committee (including 1 meeting which was jointly held with the Internal Controls & Risks Committee), 8 meetings of the ESG Committee (including 1 meeting which was jointly held with the Internal Controls & Risks Committee), and 4 meetings of the Remuneration Committee;
- The Statutory Auditor Ms. Bientinesi attended 10 meetings of the Internal Controls & Risks Committee (including 1 meeting which was jointly held with the ESG Committee), 1 meeting of the ESG Committee (including 1 meeting which was jointly held with the Internal Controls & Risks Committee), and 10 meetings of the Remuneration Committee;
- The Statutory Auditor Mr. Cacciamani attended 3 meetings of the Internal Controls & Risks Committee (including 1 meeting which was jointly held with the ESG Committee), 7 meetings of the ESG Committee (including 1 meeting which was jointly held with the Internal Controls & Risks Committee), 6 meetings of the Related Parties Committee, and 1 meeting of the Remuneration Committee;
- The Statutory Auditor Ms. Navarra attended 2 meetings of the Internal Controls & Risks Committee (including 1 meeting which was jointly held with the ESG Committee) and 1 meeting of the ESG Committee (including 1 meeting which was jointly held with the Internal Controls & Risks Committee), 8 meetings of the Related Parties Committee, and 2 meetings of the Remuneration Committee;
- The Statutory Auditor Mr. Paolucci attended 16 meetings of the Internal Controls & Risks Committee (including 1 meeting which was jointly held with the ESG Committee and 1 meeting which was jointly held with the Corporate Governance & Nomination Committee), 3 meetings of the ESG Committee (including 1 meeting which was jointly held with the Internal Controls & Risks Committee), 8 meetings of the Remuneration Committee (including 1 meeting which was jointly held with the Corporate Governance & Nomination Committee), and 2 meetings of the Corporate Governance & Nomination Committee (including 1 meeting which was jointly held with the Internal Controls & Risks Committee).

The members of the Board of Statutory Auditors also participated to the permanent induction program for the members of the Board of Directors, carried out, in some cases, with the support of an external consultant, including, inter alia, recurrent training sessions in order to preserve over time the expertise of technical skills needed to consciously play their role.
Specifically, in 2023, the training initiatives dedicated to ICT and ESG strategies and risks, as well as in-depth analyses of legislative and regulatory insights, were organised and delivered to the Statutory Auditors, including, at the request of the BoSA itself, topics related to “risk and control self-assessment approach” and “composition of the risk appetite framework”.
The Bank does not provide a specific induction program for the members of the Board of Statutory Auditors.

2. Group activities development operations and other corporate transactions
As stated in the Consolidated report on operations, the Group’s activities in 2023 were oriented towards the implementation of the strategic guidelines identified by the new “UniCredit Unlocked” Strategic Plan (hereinafter, also the “Plan”) for the three-year period 2022-2024, which was approved in December 2021, whose objectives are:
- Grow in the geographical areas of reference and develop the network of customers, transforming the business model and operating methods of the Group;
- Achieve economies of scale from the Group’s network of banks, through a technological transformation focused on Digital & Data and operating with a view to sustainability;
- Driving financial performance through three interconnected levers under full managerial control: streamlining and improvement of efficiency throughout the organization with very rigorous cost management, organic capital generation, increase in revenues net of loan loss provisions to achieve profitability above the cost of capital;
- To enable, through the new business model, a high organic generation of capital with a significantly higher and progressively growing distribution to Shareholders, maintaining or exceeding the CET1 ratio of 12.5-13 percent.

The Board of Statutory Auditors noted in time, through the information acquired during its meetings and the related analyses performed, as well as through its participation at the Board of Directors’ meetings, that the UniCredit group is successfully transforming, achieving record profitability while taking a conservative approach and investing to support its future. This has been made possible also thanks to the strengthening of the entire commercial machine, an objective envisaged by phase 1 of the Transformation Plan whose implementation is now advanced. The Group is now entered the second phase of the industrial plan that aims to significantly improve the efficiency and effectiveness of the operating machine by redesigning it to further support the Group’s activities, generating other potential to be exploited. The combination of these elements should create further value for all Stakeholders.

In 2023, the Group recorded a stated net profit of €9,507 million, compared to €6,458 million in 2022.
The Group’s net profit (Group net accounting result net of DTA write-up or cancellations on losses carried forward deriving from the update of sustainability tests) on the other hand, stands at €8,614 million, increasing by €3,014 million compared to the previous year (53.8% at current exchange rates, 55.1% at constant exchange rates). The figure includes a positive result of €665 million attributable to Russia (including AO UniCredit Bank with the other local legal entities and the cross-border exposures accounted for in UniCredit S.p.A) which had recorded a loss in 2022.
The minimum capital requirements applicable to the Group as at 31 December 2023 in coherence with CRR (Capital Requirements Regulation) Article 92 are the following (Pillar 1):
- Common Equity Tier 1 Capital: 4,50%
- Tier 1 Capital: 6,00%
- Total capital: 8,00%

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In addition to such requirements, for 2023 the Group shall also meet the following additional requirements:
- 2.00%, as Pillar 2 Requirements in coherence with SREP results;
- 2.50%, as Capital Conservation buffer (CCB) according to CRDIV article 129;
- 1.00%, as Global Systemically Important Institutions (G-SII buffer);
- 0.42%, as Countercyclical Capital buffer (CCyB) according to the CRDIV article 130, to be calculated on a quarterly basis;
- 0.03%, as Systemic Risk Capital buffer (SyRB) according to the CRDIV article 133, to be calculated on a quarterly basis.

Moreover, the article 104a.4 of CRD V allows banks to partially use capital instruments that do not qualify as CET1 capital (e.g. Additional Tier 1 or Tier 2 instruments) to meet the Pillar 2 Requirements (P2R). As consequence, in line with Pillar 2 Requirements, required in coherence with 2022 SREP results and equal to 2.00%, UniCredit group shall meet:
- At least the 1.13% of such requirement through Common Equity Tier 1 Capital in the assumption, fulfilled as at 31 December 2023, that the amount of AT1 Capital exceeds the regulatory minimum of 1.50% (i.e. being 1.70%);
- At least the 1.50% of such requirement through Tier 1 capital in the assumption, fulfilled as at 31 December 2023, that the amount of T2 Capital exceeds the regulatory minimum of 2.00% (i.e. being 3.06%).

Therefore, as at 31 December 2023, the Group shall meet the following overall capital requirements:
- Common Equity Tier 1 Capital: 9.58%
- Tier 1 Capital: 11.45%
- Total Capital: 13.95%

As at 31 December 2023, UniCredit Group's ratios are compliant with all the above requirements.

Based on the Board of Directors' approval of the financial results as at 31 December 2023, disclosed to the market on 5 February 2024, the Board of Directors of UniCredit S.p.A., in its meeting held on 29 February 2024, approved the Draft Company's Financial Statements and the Consolidated Financial Statements as at 31 December 2023, recording a net profit equal to €11,264 million for UniCredit S.p.A. and a net profit equal to €9,507 million at Consolidated level.

With regard to **the transactions and initiatives involving shareholdings**, explained in the financial statements report, please note the following:

Disposal of RN Bank
In June 2023, BARN B.V., the Dutch entity owned by AO UniCredit Bank with a 40% stake and RNSF (a joint venture between Renault and Nissan) with a 60% stake, completed the disposal of its entire (100%) shareholding in RN Bank, following the execution of a binding agreement at the end of March and the obtainment of regulatory approvals.

Acquisition of a non-qualifying shareholding in Alpha Services and Holdings
In October 2023 UniCredit S.p.A and Alpha Services and Holdings S.A. (Alpha), holding of Alpha Bank S.A. (Alpha Bank), announced the signing of a binding term-sheet for the creation of a strategic partnership in Romania and Greece.
In particular, the term-sheet provides:
- The merger of their respective Romanian subsidiaries and the creation of the third largest bank in Romania by total assets, cementing UniCredit's presence in a key growth market, with Alpha Bank retaining a minority stake;
- The establishment of a commercial partnership framework in Greece to distribute UniCredit's asset management and unit-linked products to Alpha Bank's 3.5 million clients and the creation of a joint venture in life and pension-saving products with UniCredit becoming a 51% shareholder in AlphaLife;
- The submission by UniCredit of an offer to the Hellenic Financial Stability Fund (HFSF) for all the shares it currently holds in Alpha.

The transaction will enable UniCredit to enhance its presence in Romania, a high growth potential country, and expand its product and platform reach to Greece, a country with strong growth prospects.
In November 2023, UniCredit acquired 9.6% of the share capital of Alpha in Greece, of which approximately 9% from the HFSF and 0.6% in the secondary market.

Acquisition of 51% of Incontra Assicurazioni S.p.A. and concurrent disposal of 50% to Allianz S.p.A.
In November 2023, following the signing of the agreements occurred on 7 July 2023 regarding Incontra Assicurazioni S.p.A., UniCredit S.p.A. finalised two concurrent transactions, aimed at simplifying the current bancassurance set-up:
- Acquisition from UnipolSai Assicurazioni S.p.A. of 51% of the issued share capital of Incontra Assicurazioni S.p.A.;
- Disposal to Allianz S.p.A. of 50% of the issued share capital of Incontra Assicurazioni S.p.A.

As a result, UniCredit S.p.A.'s participation in Incontra Assicurazioni S.p.A. has grown from 49% to 50% of the issued share capital.

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In relation to the above-mentioned transactions and the other transactions explained in the Consolidated report on operations, including the initiatives of securitization of non-performing portfolios, the Board of Statutory Auditors considered adequate the information provided by the Directors in the Report on Operations.
Based on the analyses carried out and the information obtained, including through attendance at the Board of Directors' meeting and examination of the related documentation, and based on the information available, the Board of Statutory Auditors can reasonably consider the transactions themselves compliant with the law and the Bank's Articles of Association and not manifestly imprudent, reckless, contrary to the resolutions of the Shareholders' Meeting, or such as to compromise the integrity of the corporate assets.

Regeneration of Scalo Farini in Milan
As stated in the press release of 22 December 2023, UniCredit, supported by Prelios and Hines, has won the FS Sistemi Urbani's competitive tender to sell two dismissed railway yards in the city of Milan - Scalo Farini and Scalo San Cristoforo, with a total land surface of c. 620,000sqm - whereby UniCredit will lead one of the most relevant urban regeneration initiatives in Europe, supporting the future development of the city.
The Scalo Farini project is aimed at redefining the way of working and living in Milan, creating a new sustainable district with large green spaces that will integrate offices, housing, shops, and services and will also include the new UniCredit Campus.
The Board of Statutory Auditors met with the Group Real Estate Function in order to perform an in-depth analysis of the transaction, which had already submitted to the Board of Directors for approval in December 2023, retracing the phases of the decision-making process carried out so far, including the due diligence performed and the highlighting of potential risks in any case related to real estate investments. The Board of Statutory Auditors recommended close monitoring of the developments related to this complex and innovative project.

3. Atypical or unusual transactions
The financial statements report, the information received during the Board of Directors' meetings and the information provided by the Chairman, the Chief Executive Officer, the Management, the Head of Internal Audit, the direct subsidiaries' Boards of Statutory Auditors, and the External Auditor revealed no atypical or unusual transactions, performed with third parties, related parties or intragroup.

4. Related-party transactions
UniCredit S.p.A. has adopted the Global Policy "Transactions with related parties, associated persons and Corporate Officers ex Art.136 CBA" (Consolidated Banking Act), containing provisions to be observed in the management of: (i) Transactions with related parties pursuant to the CONSOB Regulation; (ii) Transactions with associated persons pursuant to the Banca d'Italia Regulation; (iii) The obligations of bank representatives pursuant to Article 136 of Legislative Decree 385/1993.

The above-mentioned Policy was reviewed during 2023 and approved in November 2023 by UniCredit's Board of Directors with the positive opinion of the Related-Parties Committee and the Board of Statutory Auditors, in order to make, in view of the implementation experience, limited reviews aimed at optimizing the Policy implementation, regarding: (i) Review of the exemption for intra-group transfer of funds or "collateral" transactions, (ii) Clarifications regarding the qualification of extraordinary transactions, (iii) Greater effectiveness in the verification of the Global policy application by the Competent Bodies. In addition, the provisions of Article 88 of Directive 2013/36 (CRD IV) have been formally transposed, moreover already implemented in practice.

With reference to paragraph 8 of Article 5 - "Public information on transactions with related parties" of Consob Regulation containing provisions relating to transactions with related parties (adopted by Consob with Resolution No.17221 of 12 March 2010, as subsequently amended by Resolution No.21624 of 10 December 2020), it should be noted that:
a) According to the Global Policy "Transactions with related parties, associated persons and Corporate Officers ex art.136 CBA" updated by the Board of Directors of UniCredit S.p.A. on 8 November 2023, and published on the website www.unicreditgroup.eu, during 2023 the Bank's Presidio Unico received no reports of transactions of greater importance ended in the period;
b) During 2023, no transactions with related parties as defined by Article 2427, paragraph 22-bis of the Civil Code were conducted, under different conditions from normal market conditions and materially affecting the Group's financial and economic situation;
c) During 2023, there were no changes or developments in the individual transactions with related parties already described in the latest annual report that had a material effect on the Group's financial position or results during the reference period.

5. Oversight of the external audit activity
The Directive 2014/56/EU Article 28 amended the Directive 2006/43/EC concerning external audit and was transposed in Italy with Legislative Decree 135/2016, which updated Italian Legislative Decree 39/2010. Regulation (EU) 537/2014 of 16 April 2014, Article10 (hereafter also the "Regulation") defines the specific requirements of the audit report for public interest entities.
The Company financial statements of UniCredit S.p.A and the Consolidated financial statements of UniCredit Group as at 31 December 2023 are audited by the External Auditors KPMG S.p.A. (hereinafter, also "KPMG") pursuant to Legislative Decree No.39 of 27 January 2010, which took over from Deloitte & Touche S.p.A. in execution of the resolution passed by the UniCredit Shareholders' Meeting held on 9 April 2020, being appointed as the External Auditor for the 2022-2030 financial years.

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The financial statements of the other Group's companies are audited by the External Auditor KPMG S.p.A. itself or other companies of the KPMG network. KPMG is no longer present in Russia. Consequently, the companies are not audited by KPMG or its network, in that country, but by another External Audit Firm with which KPMG maintains appropriate information exchanges.

Pursuant to Article 19 of Italian Legislative Decree No.135/2016, the Board of Statutory Auditors performed, during 2023 and until the date of this Report to the Shareholding's Meeting, an in-depth monitoring process of the activity performed by the External Audit Firm.

Specifically, the BoSA held a series of specific meetings during the various audit phases, during which it examined, inter alia:
- The resources and hours budgeted for the 2023 external audit.
- The Transparency Report for the year ending 30 September 2023.
- The scope of work, materiality, and significant risk 2023.
- The 2023 Audit Plan (including audit activities relating to the Integrated Report/Non-Financial Declaration).
- The 2023 Group Audit timetable.

The Board of Statutory Auditors also analysed the methodology adopted by the External Auditor and acquired the necessary information during the task, with constant interaction on the audit approach used for the different significant areas of the financial statements, sharing the issues related to corporate risks, as well as receiving updates on the audit progress and on the key matters examined by the External Auditor.

In October 2023, the Board of Statutory Auditors examined the "Management Letter - UC Group Overview", finding the main suggestions and recommendations made by the External Auditor to the Group's Management for the year ending 31 December 2022, aimed at improving the Group's control system and accounting and administrative policies, shared with the Management and the relevant structures.

In November and December 2023, the Board of Statutory Auditors met in two separate sessions with the **Partners of the KPMG Network**, in charge of the audits of UniCredit Bank (Germany), UniCredit Bank Austria AG, and the Banks based in Croatia, Czech Republic, Slovakia, Bulgaria, Romania, Serbia, Bosnia and Herzegovina, Hungary, Slovenia, as well as the Italian subsidiaries UniCredit Factoring S.p.A and UniCredit Leasing S.p.A., for the usual annual update on the scenario developments in the various countries and on the main results of their respective audit activities.

The Board of Statutory Auditors examined the following reports of the External Auditor KPMG S.p.A., whose activity supplements the general framework of the control functions required by the regulations regarding financial information process:
- The auditing reports issued on 11 March 2024, pursuant to Article 14 of Legislative Decree No. 39/2010 and Article 10 of EU Regulation No.537/2014.
- The additional report issued on 11 March 2024, pursuant to Article 11 of the above-mentioned Regulation, to the Board of Statutory Auditors in its capacity as Internal Control and Auditing Committee.
- The annual confirmation of independence, issued on 11 March 2024, pursuant to Article 6, par.2), subpar. a) of the Regulation and pursuant to paragraph 17 of ISA Italia 260.

The aforementioned reports on the audit of the Company financial statements of UniCredit S.p.A. and the Consolidated financial statements of the UniCredit Group highlight that they both provide a truthful and correct representation of the equity and financial situation of UniCredit S.p.A. and of the UniCredit group at 31 December 2023, of the economic performance and cash flow for the year ended on that date, in accordance with the International Financial Reporting Standards adopted by the European Union as well as the provisions issued in implementation of Article 9 of Italian Legislative Decree No.38/2005 and of Article 43 of Italian Legislative Decree No.136/2015.
Furthermore, in the opinion of the External Auditor, the Consolidated report on operations and some specific information contained in the Report on Corporate Governance and Ownership Structure indicated in Article 123-bis, paragraph 4, of Italian Legislative Decree No.58/1998 (TUF) are consistent with the financial statements of UniCredit S.p.A. and with the consolidated financial statements of the UniCredit group at 31 December 2023, and are prepared pursuant to the law. With reference to the possible identification of significant errors in the Management Report (Article 14, paragraph 2, subparagraph E) of Italian Legislative Decree No.39/2010), the External Auditor declared that he had nothing to report.

The reports on the auditing of the financial statements of UniCredit S.p.A. and the consolidated financial statements show the key matters that, according to the professional opinion of the External Auditor, were more significant in the accounting audit of the Company and consolidated financial statements for the year under review [ISA Italy 701]:
- Measurement of loans and receivables with customers recognised under financial assets at amortised cost;
- Measurement of financial assets and liabilities at fair value levels 2 and 3.

As regards the above-mentioned key matters, where the External Auditor's reports illustrate the related audit procedures adopted, the External Auditor does not express a separate opinion, as the same have been dealt within the audit, and in the assessment of the financial statements as a whole. The above-mentioned key matters were subject to in-depth analysis updating during the periodic meetings that the Board of Statutory Auditors held with the External Audit Firm.

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The above-mentioned reports also contain the External Auditor's assessment of the compliance with the provisions of the Delegated Regulation 2019/815 (EU) regarding the preparation of the financial statements and consolidated financial statements.

The Board of Statutory Auditors met regularly with the External Auditor, as required by Article 150, paragraph 3, of Italian Legislative Decree 58/1998 (TUF) for a mutual exchange of information. It informed the Board of Statutory Auditors that there were no censurable actions or facts or irregularities which would have required specific reporting under Article 155, paragraph 2, of Italian Legislative Decree 58/1998 (TUF).
Considering the foregoing, the Board of Statutory Auditors deems the process of interaction with the External Audit Firm to be adequate and transparent.

6. Oversight on the independence of the External Auditors
During the 2023 financial year, pursuant to Article 19 of Italian Legislative Decree 39/2010, the Board of Statutory Auditors verified and monitored the independence of the External Auditor KPMG S.p.A., pursuant to Articles 10, 10-bis, 10-ter, 10-quater and 17 of the aforementioned decree and Article 6 of the Regulation (EU) 537/2014 dated 16 April 2014 (the "Regulation"), specifically with regard to the provision of services other than auditing (so-called "non-audit services") to the audited entity. Furthermore, as previously stated (see previous paragraph), the Board of Statutory Auditors received by KPMG S.p.A. the declaration confirming its independence.

For the purposes of the correct application of the Regulation, the Bank has adopted an internal regulation Global Operational Regulation (GOR) " Principles and Rules for the management of contractual relationships with Group External Auditor" including operating instructions addressed to all the companies of the UniCredit Group so that they may submit preliminarily each individual non-audit assignment for the assessment and approval of the Control Body of each Group company (Board of Statutory Auditors, Audit Committee or equivalent Body), and subsequently to the UniCredit S.p.A. Board of Statutory Auditors to issue its final binding prior opinion.
In 2023, the Board of Statutory Auditors supported, together with the competent Bank Structures, to carry out a review of the above-mentioned regulation, already issued in March 2018 and updated in 2020. The update of the policy is aimed, inter alia, at making the regulation suitable for its application regardless of the governance system adopted and to take in full account the contents of the guidelines in order to guarantee the independence both of the former and of the new External Auditors in compliance with the European regulation during the so-called *transition period.*

The Board of Statutory Auditors noted the information concerning non-audit services prepared through a preventive and half-yearly flow by the competent function: pursuant to this process, all the UniCredit Group's companies contributed to the transmission of the data requested and required by internal regulations, to enable the accurate monitoring of the costs of the services provided by the External Auditor and by all entities belonging to the KPMG S.p.A. Network.

Based on the 2023 final data, the value of the services provided to the UniCredit Group's companies by the Group's External Auditor and the companies belonging to its Network amounts to approximately €24.0 million, of which €17.9 million for audit services, €5.2 million to verification/attestation services and €0.9 million to other non-audit services. At Group level, the costs of other non-audit services assigned to the External Auditors and the Companies belonging to its network increased by €0.6 million compared to 2022**.**

With reference to the information concerning the Parent Company only, provided in the statement relating to the "Publication of the remuneration - UniCredit S.p.A. - 2023 financial year - KPMG network", the Board of Statutory Auditors noted that the costs of the services assigned to the External Auditor, compared to the costs of services assigned in 2022 increased by €1.4 million with a total cost of €5.8 million, of which €3.8 million for audit services, €1.8 million for verification/attestation services and €0.2 million for other non-audit services.

The ratio between the cost of non-audit services provided by the Parent Company's Auditor KPMG, and the audit services' costs referred to the first year of its appointment, amounted to 10% for 2023, below the 70% limit set by the internal regulations adopted by the Bank and the applicable external regulations ("fee cap").

With regard to the planning of non-audit services for 2024, KPMG S.p.A. is expected to be assigned services with a total equivalent value of approximately €0.7 million, with a forecast ratio of 17%. Please note that, according to the regulations, non-audit services required by national or European Union rules, or those representing a charge for the benefit of a certain discipline, are not significant for determining the ratio.

7. Oversight of the financial information process
For the purposes of overseeing the financial reporting processes, the Board of Statutory Auditors, in its capacity as Audit Committee, in addition to the above-mentioned in-depth analysis carried out with the External Audit Firm, which did not reveal significant critical issues of the internal control system concerning the financial reporting process, performed the planned and periodic meetings with the Manager in charge of preparing the financial statements and the competent Accounting and Group Risk Management structures.

The Board of Statutory Auditors, in compliance with the current regulations, examined the proposal for the appointment of the Manager in charge of drafting the company financial reports, and issued its positive opinion to the Board of Directors' meeting held on 30 March 2023.

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The Board of Statutory Auditors noted the Statement of compliance with IFRS issued by the International Accounting Standards Board (IASB) to prepare UniCredit's financial statement and the Consolidated financial statement.

The administrative and accounting procedures for drafting the half-yearly report and the separate and consolidated financial statements and all other financial information were set up under the responsibility of the Manager in charge of preparing the financial statements who, together with the Chief Executive Officer, certifies that they are adequate and actually applicable.
As stated in the financial statements, Directive 2004/109/EC (the "Transparency Directive") and Delegated Regulation (EU) 2019/815 introduced the obligation for issuers of securities listed on regulated markets in the European Union to draw up the annual financial report in the XHTML language, based on the European Single Electronic Format (ESEF) approved by ESMA. For the year 2023, the consolidated financial statements have been "marked" with the ESEF taxonomy, using an integrated computer language (iXBRL).

During the above-mentioned periodic meetings, the Manager in charge of drafting the company financial reports did not report any significant shortcomings in the operating and control processes that could undermine the overall adequacy and actual implementation of the administrative and accounting procedures, in order to correctly represent the economic, asset and financial aspects of the accounting events in compliance with international accounting standards.

The Board of Statutory Auditors noted the updates in the internal regulations concerning the internal control system applicable to Financial Reporting and the Manual on Group accounting Rules and Principles, and the methodology review for estimating the cost of equity, approved by the Board of Directors at its meeting held on 11 January 2024.

The Board of Statutory Auditors therefore examined the "**Report on the status of the Internal Control System on Financial Reporting - Management Report"** regarding the certification campaign pursuant to the Law 262/05 of the consolidated and individual financial statements as at 31 December 2023, submitted to the Board of Directors at its meeting held on 29 February 2024. Compared to total of 325 companies fully consolidated, based on the criteria defined in the internal regulations, the companies subject to the 262-certification campaign amounted to 35 covering 98,4% of the Group Total Aggregated Assets (GTAA).

The certification campaign pursuant to Law 262/05 as at 31 December 2023, which for UniCredit S.p.A. involved 503 processes that undergo 2,041 checks, and 1,865 processes relating to the other Group's companies on which there were total of 5,121 checks, ended with the issuance of all the so-called "internal certifications" to the Manager in charge of drafting the company financial reports of UniCredit S.p.A. by the corresponding Managers of the other Group's companies subject to the campaign.
The Board of Statutory Auditors noted: (i) The inclusion in the mapping of new processes, including the one relating to the qualitative-quantitative reconciliation of ESG reporting between non-financial reporting and financial statements, (ii) The launch of an initiative dedicated to the mandatory adoption, starting from the financial year 2024, of the CSRD (Corporate Sustainability Reporting Directive), (iii) The introduction of an "additional program", with the involvement of the Group's legal entities outside the 262/05 perimeter, selected according to specific qualitative/quantitative criteria (including the presence of at least one significant element in their financial statements).
The Board of Statutory Auditors also welcomed the focus on key controls, in relation to "Financial Assertions" included in the context of quality review activities, with a view to standardizing and strengthening the 262/05 control system.
The Board of Statutory Auditors positively noted that (i) The Group Remediation Plan, as at 31 December 2023, included only two corrective measures (for which appropriate mitigations have been implemented and remedial actions are in progress) and that (ii) The IT General Controls campaign made it possible to verify the closure of 2 out of 4 pre-existing gaps as at 4Q23, without identifying any new remedial actions needed or the presence of expired actions.

The Board of Statutory Auditors examined the procedures' outcomes performed by the External Audit Firm required by the Bank ("Agreed upon procedures") about the UniCredit group's disclosure (Pillar 3) as at December 2023.

With regard to activities related to the strengthening of the governance of data and information **(Data Quality)**, as well as the strongest safeguards serving the decision-making and risk-control processes, a topic on which the Board of Statutory Auditors has long paid significant attention over time, during 2023, the BoSA kept monitoring the **Data Roadmap** and the related multi-year strategic initiative called **Umbrella Program**. The program is led by the Group Risk Management, Group Finance and Group Digital & Information structures and concerns initiatives aimed at improving and strengthening the Data Aggregation Capabilities, Data Architecture & Infrastructure and Data Governance within the Finance and Risk areas, in order to increase the accuracy of the Group's data and related flexibility in data aggregation, to meet new or ad hoc regulatory requirements also in the context of stress scenarios, also considering the Supervisor's recommendations. The Board noted the progress of the initiatives and actions foreseen by the Umbrella Program in the period 2020-2023 and welcomed it, hoping that the continuation of activities will be performed with the same commitment as hitherto, and that neither the determination for future investments nor the focus on constant monitoring of the activities would be lost.

The Board of Statutory Auditors periodically examined the "Regulatory Report 2023", prepared by the Group Regulatory Reporting function in line with the Internal Regulation (IR "Global Operational Regulation Data Reconciliation Framework"), which explains the quarterly activities executed in this regard and refers to a previous ECB's request.

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In view of the information received, and the analyses performed, as mentioned below, the Board of Statutory Auditors **considered the current administrative-accounting system, overall, adequate** to the provisions of the current reference regulations and suitable for correctly representing the management events.

Risks and uncertainty relating to the use of estimates
As stated in the financial statements report, the current market environment continues to be affected by important levels of uncertainty for both the short and the medium-term outlook. The impact of the ECB's monetary policy tightening, and adverse credit supply conditions continue to feed through to the economy, affecting the near-term growth outlook. These dampening effects are expected to fade later in the projection horizon, supporting growth; however, high uncertainty is also related to the evolution of the conflict in Middle East, as well as to development in commodity and energy prices.

With reference to interest rates, it is worth mentioning that, in December 2023, the ECB Governing Council decided to keep the three official interest rates unchanged (Deposit facility, Main refinancing operations, Marginal lending facility), pointing out that according to the latest ECB Macroeconomic projections for the euro area, inflation is expected to decline gradually before approaching the 2% target in 2025; nonetheless, domestic price pressures remain elevated, primarily owing to strong growth in unit labour costs.

In the context of persisting uncertainty explained above and considering the ESMA communication issued in October 2023 ("European common enforcement priorities for 2023 Annual Financial Reports"), which indicated the most relevant areas for the application of the reporting requirements for 2023 Year End financial statements, including the effects arising from the current macroeconomic environment and recommended the use of multiple scenarios for the impairment of assets, UniCredit group defined different macro-economic scenarios, to be used for the purposes of the evaluation processes related to the Consolidated financial statements as at 31 December 2023.
Specifically, besides to the "Base" scenario, which reflects the expectations considered most likely concerning macro-economic trends, a worsening scenario ("Alternative") was outlined, the latter reflecting a downward forecast of the macroeconomic parameters and consequently in the expected profitability of the business.

Considering the persistent level of uncertainty, no positive scenario was included in the approach (thus, the positive scenario was weighted at zero percent). These scenarios are used for the Deferred Tax Assets (DTA) sustainability test and for LLP calculation.
The Board of Statutory Auditors analysed in-depth, with the relevant structures, the assessments and the following different assumptions that led to the scenario review, by recommending the adoption of a prudential approach, in view of the most significant macroeconomic data.

Measurement of Credit Exposures
With reference to the credit exposures as at 31 December 2023, the macroeconomic scenarios used for calculation of credit risk parameters (Probability of Default, Loss Given Default, Exposure at Default) were updated according to the Group policies, based on the scenarios referred to above. In this regard, the Alternative scenario includes adjustments to neutralise those assumptions which would favorably affect the calculation of credit risk parameters; namely, the evolution of short-term interest rates and House Prices Index were set in line with the Base, assuming no anticipation in the rate cutting and no upwards on real estate market.

Considering the persistent level of uncertainty, and in continuity with evaluations applied in the previous periods, the positive scenario was not considered (weighting model kept at zero percent), while the Base and Alternative scenarios were respectively weighed at 60% and 40% as in the previous year.
In this regard, it shall be noted that the amount of loan loss provisions is determined by considering: (i) The classification (current and expected) of credit exposures as non-performing; (ii) The sale prices, for those non-performing exposure whose recovery is expected through sale to external counterparties; and (iii) Credit parameters (Probability of Default, Loss Given Default and Exposure at Default) which, in accordance with the IFRS9, incorporate forward-looking information and the expected evolution of the macro-economic scenario.

Measurement of real estate portfolio
As noted in previous Reports, starting from 31 December 2019, with reference to the valuation of non-financial assets, the Group changed its accounting policy for the measurement of real estate properties moving from a cost model to a fair value model for properties held for investment and revaluation model for properties used in business. For these assets, on 31 December 2023, the fair value was determined by making recourse to external appraisals, following the Group guidelines.
In this context, as also indicated in the financial statements report, the Board of Statutory Auditors pointed out that in the upcoming financial years, the fair value of these assets might be different from the fair value observed as at 31 December 2023, because of the possible evolution of real estate market.

With regard to **other measurements**, as stated in the financial statements, the Board of Statutory Auditors highlighted that the following additional balance sheet items might be significantly affected in their evaluation by risks and uncertainties, even if not directly connected with the slow-down of the economic activity and the associated uncertainty level of the economic recovery:
- Fair value of financial instruments not listed in active markets;

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- Severance pay (in Italy) and other employee's benefits (including defined benefit obligation);
- Provisions for risks and charges.

The Board of Statutory Auditors observed that although evaluations have been made based on information deemed to be reasonable and supportable as at 31 December 2023, they might be subject to changes not foreseeable at the moment, as a result of the evolution in the parameters used for the evaluation.

Furthermore, the following factors, in addition to those illustrated above, might influence the Group's future results and cause outcomes materially different from those deriving from the valuations: (i) General economic and industrial conditions of the regions in which the Group operates or holds significant investments; (ii) Exposure to various market risks (e.g. foreign exchange risk); (iii) Political instability in the areas in which the Group operates or holds significant investments; (iv) Legislative, regulatory and tax changes, including regulatory capital and liquidity requirements; (v) Adverse changes in climate which may affect the value of the assets held and/or the ability of customers to serve their debts. Other unknown and unforeseeable factors could determine material deviations between actual and expected results.
In addition, risks related to the geopolitical context even in countries other than those in which the Group operates or has significant investments could affect the Group's future results and cause outcomes materially different from those resulting from the valuations.

Windfall tax Italy
The article 26 of the Law Decree 10 August 2023, No.104, converted, with amendments, into the Law 9 October 2023, No.136, containing «Urgent provisions to protect users, regarding economic and financial activities and strategic investments», introduced an extraordinary tax calculated on the increase in the interest margin; in particular, the paragraph 1 establishes for the year 2023 an extraordinary tax for banks, as per the article 1 of the Legislative Decree of 1 September 1993, No.385 (TUB).
Pursuant to paragraph 2, such tax is determined by applying a rate equal to 40 percent on the amount of the interest margin recognised under the item 30 of the Income Statement, according to the schemes approved by the Banca d'Italia, relating to the financial year prior to the one in progress as at 1 January 2024, which exceeds by at least 10 percent the same margin referring to the financial year prior to the one in progress as at 1 January 2022. The paragraph 3 sets a cap to the amount of the extraordinary tax equal to 0.26 percent of the overall amount of risk weighted assets on individual basis, determined according to the paragraphs 3 and 4 of article 92 of the Regulation (EU) 575/2013 of the European Parliament and of the Council of 26 June 2013 (Capital Requirements Regulation, "CRR"), with reference to the closing date of the financial year preceding the one in progress as at 1 January 2023.

Regarding UniCredit S.p.A., the aggregates that contribute to determine the amount of the extraordinary tax are the following:
a) net interest margin (Income Statement - Item 30) of UniCredit S.p.A. (on individual basis) as at 31 December 2023: €5,922,273,331;
b) net interest margin (Income Statement - Item 30) of UniCredit S.p.A. (on individual basis) as at 31 December 2021: €3,162,503,953;
c) 40 per cent on the difference between a) and b), the latter increased by 10 per cent: €977,407,593;
d) risk weighted assets of UniCredit S.p.A. (on individual basis) as at 31 December 2022: €173,028,975,687;
e) cap to the tax amount equal to 0.26 per cent of the amount under item d): €449,875,337;
f) tax amount equal to the lower between c) and e): €449,875,337.

Moreover, upon conversion of the decree, it was introduced the paragraph 5-bis which allows banks, instead of paying the tax, to allocate an amount not lower than two and a half times the tax to a non-distributable reserve identified for this purpose, when approving the financial statements relating to the financial year prior to the one in progress as at 1 January 2024. Hence, when approving the financial statements relating to the financial year prior to the one in progress as at 1 January 2024, the Shareholders' meeting, as an alternative to the payment of the extraordinary tax, can decide on the allocation of an amount to a non-distributable reserve of an amount equal to at least two and a half times the tax calculated pursuant to the same article 26.

Regarding UniCredit S.p.A., the Board of Directors:
- In October 2023, resolved to submit to the 2024 Shareholders' meeting the request for the approval of the constitution of the mentioned non-distributable reserve, equal to two and a half times of the extraordinary tax;
- On 29 February 2024, approved the resolution for the "Allocation of the net profit of the year 2023" to be submitted to the 2024 Shareholders' meeting which, in priority over any other provision, proposes the establishment of the reserve for an amount equal to €1,124,688,342 (i.e., 2.5 times of the tax maximum amount as per the letter f) above).

The establishment of the reserve will take place in April 2024, following approval by the Shareholders' meeting, which will be held on 12 April. Therefore, subject to approval by the Shareholders' meeting, the evidence of the establishment of the reserve and, from time to time, of the related movements will be provided through the Explanatory notes, starting from the First Half Financial Report as at 30 June 2024.

Implications of geopolitical tensions between Russia and Ukraine on Consolidated financial statements
As stated in the financial statements, UniCredit group holds assets and liabilities potentially exposed to the consequences of geopolitical tensions arising from the military invasion of Ukraine, and specifically: (i)The Russian subsidiaries included in the accounting scope of consolidation; (ii) The financial assets held by UniCredit S.p.A. and its non-Russian subsidiaries towards Russian counterparties.

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The Group has invested in Russia through AO UniCredit Bank, its subsidiaries OOO UniCredit Garant, OOO UniCredit Leasing and its associate Barn BV.
The line-by-line consolidation determined the recognition of total assets for €8,668 million vis a vis €10,162 million as at 31 December 2022. The difference in total assets is attributable to (i) A further depreciation of the RUB during the period and (ii) A reduction in loans to customer occurred in 2023 following resizing and de-risking activities.
The IFRS9 macroeconomic scenarios for the Russian subsidiaries was updated as at 31 December 2023 consistently with other geographies of the Group, leading to the recognition of €26 million provisions for the full year 2023. More detailed information on the classification and re-rating of AO UniCredit Bank's loan exposures and Russian government bonds are reported in the financial statements.

The Notes to the consolidated accounts details information about the credit exposures subject to Russian risk held by UniCredit S.p.A. and its non-Russian subsidiaries.

Overlay
The Board of Statutory Auditors closely monitored the development of overlays, when calculating the impairment, which is subject to various in-depth analyses with the structures in charge and with the External Audit Firm.

As at 31 December 2023, further adjustments with impact on loan loss provisions' recognition were taken, in addition to those adopted following the Russian invasion of Ukraine, taking into account specific risks detected with reference to the real estate sector, whose decline in the activity in the last periods, according to ECB data (Economic Bulletin published on 9 November 2023) amplified a cumulative loss in housing investment, confirmed by both hard and soft indicators. Moreover, the ECB reported that the geopolitical uncertainty persists, even worsened by the Middle East conflicts, with the risk to increase instability in the whole area. The combination of such risks is expected to lead to an economic growth which remain tilted to the downside; by the way, growth could be even lower in case the effects of monetary policy turn out stronger than expected.

As stated in the previous Board of Statutory Auditors' Report, a geopolitical overlay for €1.8 billion was recognised as at 31 December 2022 in order to consider the sharp rise in energy costs, inflation, and interest rates for both Corporate and private individuals.
As at 31 December 2023 the stock of Geopolitical overlay was reduced as a result of:
- Release in December 2023 of overlay component related to former Italian Corporate moratoria portfolio, introduced in 2021 and conveyed in end-2022 into geopolitical overlay. In light of portfolio performance, showing limited observed defaults and early warning indicators not reporting significant signs of deterioration, as well as being passed ca. 2 years from moratoria expiration, such overlay component is released not being anymore in place the related underlying risk determinants, thus also implying the switch-off of the Stage 2 classification;
- Default in-flows and portfolio dynamic, explained in particular by German perimeter, resulting the geography with more pronounced negative evolution of the scenario compared to other Group perimeters, representing the remaining part of geopolitical overlay stock reduction.

In addition, given the real estate risk, which might impact the ability of Commercial Real Estate clients to repay their credit exposures giving the persistent high interest rates and lower price of real estate assets, an overlay was recognised to cover refinancing risk and collateral value reduction; such overlay is applied to clients having Commercial Real Estate Financing business or belonging to Real Estate Industry.
Therefore, as at 31 December 2023, as a result of the approach here outlined the total amount of overlays is equal to €1,818 million (€1,314 million Geopolitical overlay and €505 million Commercial Real estate Overlay), of which UniCredit S.p.A. €961 million (€758 million related to Geopolitical Overlay and €203 million Commercial Real Estate overlay).

The Board of Statutory Auditors, together with the relevant functions of the Bank, examined in detail the methodology and process adopted in the analysis of litigation, and in the analysis and assessment of **provisions for risks and charges**, and required to be periodically and promptly updated on the evolution of the main situations.
To provide for possible liabilities and costs that may result from pending legal proceedings (excluding labour law and tax cases), as at 31 December 2023, UniCredit Group set aside a provision for risks and charges equal to €576,46 million, of which €252,6 million for the parent company UniCredit S.p.A.

Detailed information on **risks arising from legal disputes** is provided in the financial statements report. In particular, with regard to disputes involving UniCredit S.p.A., the Notes to the consolidated accounts report updates on:
- Madoff;
- Proceedings arising out of the purchase of UniCredit Bank GmbH (formerly UniCredit Bank AG, "UCB") by the parent company UniCredit S.p.A. and the related Group reorganization (Squeeze-out of UCB and UCB Austria's minority shareholders);
- Fino Arbitrations;
- Euro-denominated bonds issued by EU countries;
- Lawsuit brought by "Paolo Bolici";
- Giovanni Lombardi Stronati;
- Mazza.

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In the financial statements report, the Directors inform about the **proceedings relating to certain forms of banking operations**, which are not specific to UniCredit group but the banking system as a whole.
The proceedings pertaining to **compound interest** mainly involve damages requests from clients arising from the alleged unlawfulness of the calculation methods of the amount of interest payable in connection with certain banking contracts.
As at 31 December 2023, the total claimed amount against the parent company UniCredit S.p.A. was equal to €924million, mediations included.
At present, the parent company UniCredit S.p.A. has made provisions that it deems appropriate for the risks associated with these claims.

With regard to the litigation connected to **derivative products**, for which, as at 31 December 2023, the claimed amount against the parent company UniCredit S.p.A. was €340 million, mediations included, the Directors reported that several financial institutions, including UniCredit group companies, entered into a number of derivative contracts, both with institutional and non-institutional investors. In Germany and in Italy there are a number of pending proceedings against certain Group companies that relate to derivative contracts concluded by both institutional and non-institutional investors. The filing of such litigations affects the financial sector generally and is not specific to the parent company UniCredit S.p.A. and its Group companies. At present, the parent company UniCredit S.p.A. and the involved Group companies have made provisions deemed appropriate, based on the best estimate of the impact which might derive from such proceedings.

With respect to proceedings relating **to foreign currency loans**, it should be noted, as set out in the previous Reports, that in recent years, a significant number of customers in the Central and Eastern Europe area took out loans and mortgages denominated in a foreign currency ("FX"). In a number of instances customers, or consumer associations acting on their behalf, have sought to renegotiate the terms of such FX loans and mortgages, including having the loan principal and associated interest payments redenominated in the local currency at the time that the loan was taken out, and floating rates retrospectively changed to fixed rates. In addition, in a number of countries legislation that impacts FX loans was proposed or implemented. These developments resulted in litigation against subsidiaries of the parent company UniCredit S.p.A. in a number of CEE countries including Croatia, Slovenia, and Serbia.
With specific reference to Croatia, as of 2019, developments relating to court decisions, recent court practices related to FX matters, along with the expiration of the statute of limitation for filing individual lawsuits in respect of the invalidity of the interest rate clause (term expired in June 2023) led to a significant increase in the number of new lawsuits against Zagrebacka banka d.d. ("Zaba"). In light of the above, the Directors stated that the provisions which have been booked, are deemed appropriate.

Among other proceedings, which are explained in the financial statements, the Board of Statutory Auditors examined in-depth the **Bitminer litigation** in the Republic of Srpska, Bosnia and Herzegovina**,** for which a significant update is in place to date compared to the previous Report to the Shareholders' Meeting.
In 2019, a local customer, Bitminer Factory d.o.o. Gradiška ("Bitminer"), filed a lawsuit before the District Commercial Court in Banja Luka claiming damages for unjustified termination of its current bank accounts by UniCredit Bank a.d. Banja Luka ("UCBL"), a subsidiary of the parent company UniCredit S.p.A. in Bosnia and Herzegovina, Republic of Srpska. Bitminer alleged that termination of the accounts obstructed its initial coin offering (ICO) relating to a start-up renewable-energy-powered cryptocurrency mining project in Bosnia and Herzegovina.
On 30 December 2021, the first instance court adopted most of Bitminer's claims and ordered UCBL to pay damages in the amount of BAM 256,326,152 (approx. €131.2 million). The appeal was filed in January 2022. On 18 April 2023, the High Commercial Court reversed the Judgment in its entirety, and issued a final, binding, and enforceable second instance judgement (the "Second-Instance Judgment"). The second instance court established that Bitminer's claim is unfounded and that UCBL is not liable for any damages. Bitminer duly filed a revision, an extraordinary legal remedy, to the Supreme Court of the Republic of Srpska. The revision proceedings do not suspend or otherwise affect the finality and enforceability of the Second-Instance Judgement.

Among the other proceedings explained in the financial statements, the Board of Statutory Auditors highlights **a claim in relation to guarantee payments and sanctions.** In August 2023, UCB Gmbh was named as a defendant in a lawsuit pertaining to guarantee claims totaling approx. €444 million commenced by a Russian energy company before a court in Saint Petersburg, Russia. UCB Gmbh had issued part of a guarantee package in favour of the Russian company on behalf of a German guarantee client. The Russian company had drawn down the guarantees by making payment claims to UCB Gmbh, which UCB Gmbh could not fulfil under the applicable EU sanctions. The guarantees are governed by English law and contain an arbitration agreement providing for arbitration seated in Paris. On 29 January 2024, the English Court of Appeal reversed an earlier decision denying a permanent anti-suit injunction (ASI) and granted a final ASI requiring the Russian company to immediately take all steps necessary to withdraw the Russian proceedings. On 12 February 2024, the UK Supreme Court granted the Russian company permission to appeal staying the effects of the permanent ASI but continuing the prohibitory injunction preventing the Russian company from taking any steps to progress the Russian proceedings. hearing before the Supreme Court is expected to take place in April. The Russian court has rejected UCB's jurisdictional defenses and scheduled the next hearing for the second quarter of 2024. The Board of Statutory Auditors notes that this proceeding, as well as some others, derives from the complex situation that arose following the issuance of multiple sanctions by the European Union, which prevented the completion of certain services in favour of Russian counterparties by persons domiciled in the European Union, so that those Russian counterparties seek to make use of bank guarantees issued in their favour before the Russian invasion of Ukraine.

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Within the diversification of investments to which the available assets are addressed and also considering in this context those investments with the characteristics of the so-called “safe haven” with a long-term horizon, several UniCredit S.p.A. customers have historically invested in **diamonds** through a specialised intermediary company, with which the Bank has stipulated, since 1998, a collaboration agreement as “Introducer”, in order to regulate the "reporting" methods of the offer of diamonds by the same company to UniCredit S.p.A. customers.
As reported in the financial statements report, since the end of 2016, the liquidity available on the market to meet the requests of customers who intended to divest their diamond assets has contracted to a certain extent until it became nil, with the suspension of the service by the brokerage company.
Already starting from 2017 UniCredit S.p.A. started a “customer care” initiative which envisaged the availability of the Bank to intervene for the acknowledgement towards the customer of the original cost incurred for the purchase of precious items and the consequent withdrawal of the stones, upon certain conditions.
The initiative has been adopted by the Bank assessing the absence of responsibility for its role as “Introducer”; nevertheless, the AGCM ascertained the responsibility of UniCredit S.p.A. for unfair commercial practice (confirmed in appeal by the Administrative Regional Court in the second half of 2018), imposing, in 2017, a fine of €4 million paid in the same year. UniCredit has filed an appeal to the Council of State and with a sentence dated 11 March 2021, the Council of State partially accepted the appeal brought by UniCredit S.p.A. against the fine imposed, by reducing the amount of the fine to €2.8 million and sentenced AGCM to return €1.2 million, amount which was reimbursed in June 2021.
As at 31 December 2023, UniCredit S.p.A. received reimbursement requests for a total amount of about €416 million (cost originally incurred by the Clients) from No.12,465 Customers; according to a preliminary analysis, such requests fulfill the requirements envisaged by the “customer care” initiative; the finalization of the reimbursement requests is currently carried out, aimed at assessing their effective compliance with the “customer care” initiative, and then proceed with the settlement where conditions recur; with reference to the scope outlined above (€416 million), UniCredit S.p.A. has already reimbursed No.12,048 customers for about €408 million (equivalent value of original purchases), equal to about 98% of the reimbursement requests said above.

In order to cope with the probable risks of loss related to the repurchases of diamonds, a dedicated Provision for risks and charges was set up; its quantification was also based on the outcome of an independent study (commissioned to a primary third company) aiming at evaluating the diamonds' value.
Finally, in line with a strategy that envisages its disposal in the short term, the gems purchased are recognised for about €49 million in item “120. Other assets” of the balance sheet.

On 19 February 2019, the judge in charge of the preliminary investigation at the Court of Milan had issued an interim seizure directed to UniCredit and other financial institutions aimed at: (i) Direct confiscation of the amount of €33 million against UniCredit for the offence of aggravated fraud and (ii) Indirect as well as direct confiscation of the amount of €72 thousand for the offence of self-laundering against UniCredit S.p.A., assuming the administrative offence of UniCredit S.p.A. pursuant to Article 25-octies of Legislative Decree 231/2001 for the crime of self-laundering.
On 2 October 2019, the Bank and certain individuals had received the notice of conclusion of the investigations pursuant to article 415-bis of the Italian Code of criminal procedure. The notice had confirmed the involvement of certain current and former employees for the offence of aggravated fraud and self-laundering. In particular, with regard to the latter, self-laundering serves as a predicate crime for the administrative liability of the Bank under Legislative Decree No.231/2001.
In September 2020, a new notice pursuant to article 415-bis of the Italian code of criminal procedure was served on certain individuals already involved in the proceedings. The allegations against the UniCredit S.p.A. individuals only pertain to the offence of fraud. Such new allegations did not modify the overall investigative framework as per the notice served in the autumn of 2019. In June 2021, the public prosecutor had issued the formal request of indictment against certain current and former employees. The case was transferred to the Prosecution Office of Trieste following jurisdiction challenges made by the suspected individuals. The case, which had reached the preliminary hearing phase, is back at the investigations stage. The interim seizures of €33 million and €72 thousand ordered in February 2019 have been lifted.
In February 2023, the Public Prosecutor’s Office at the Court of Trieste made the request to dismiss natural persons with reference to the charge of self-laundering and issued the decree of dismissal against the Bank. The measure has already been submitted for approval of the Prosecutor General at the Court of Appeal of Trieste, who ratified the Prosecutor's action, thus decreeing the definitive conclusion of the case for the Bank. With regard to the charge of self-laundering, the case is closed, as the Judge for the Preliminary Investigations issued the corresponding decree of dismissal, accepting the Public Prosecutor's request: as stated therefore in the previous Report to the Shareholders’ Meeting, the Board of Statutory Auditors acting as Supervisory Body 231/2001 has followed the event development up to its conclusion.
The file was sent back to Prosecution Office of Milan in relation to the charges of fraud against the individuals. The decisions by the new prosecutor assigned to the file are awaited.

With regard to **other claims by customers**, the Compliance function, supporting the business structures, oversees the regulatory environment evolution relating to banking services and products in areas like transparency, financial and investment services, and anti-usury. Compliance, as control function, develops rules, checks processes and procedures and monitors complaints trends. The Compliance function, along with the Legal

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one, also supports analysis and evaluation stages of adequacy of potential “customer care” actions or other initiatives designed to compose particular situations in which UniCredit S.p.A. might be involved in order to define them.
Considering the regulatory complexity and interpretations not always homogeneous, UniCredit S.p.A. time-to-time assesses the accounting of provisions for risk and charges, aimed at facing costs, deemed probable, in a contest that has increased the litigiousness at banking system level.

Concerning the **financing of consumer credit**, the EU Directive 2008/48 establishes that “the consumer shall be entitled at any time to discharge fully or partially his obligations under a credit agreement. In such cases, he shall be entitled to a reduction in the total cost of credit, such reduction consisting of the interest and the costs for the remaining duration of the contract”. Following the decision of the European Court of Justice in September 2019 (judgment C-383/18 referring to the “Lexitor” case) and the communication of the Banca d’Italia issued in December 2020, UniCredit S.p.A. proceeded to adapt to the most recent interpretation of this legislation. Therefore, in the event of a request for early repayment of the loan, the consumer is entitled to pay off his debt net of costs not yet accrued on the repayment date.
In consideration of the above, as well as the interpretations prior to the above-mentioned communication of Banca d’Italia, the Bank noted the guidelines issued by the Authority and by decision of Constitutional Court of 22 December 2022 adapting to the framework outlined, and has carried out the appropriate assessments, also to preserve the quality of the customers relationship.

The Notes to the consolidated accounts also include information on the provision for tax risks for risks arising from tax disputes and risks arising from labor lawsuits.

8. Oversight of the adequacy of the internal control and risk management system
The internal control system in the UniCredit Group is based on:
- Control bodies and functions which involve, each for their respective remits, the Board of Directors, the Internal Controls & Risks Committee (IC&RC), the Chief Executive Officer, the Board of Statutory Auditors, as well as the company functions with specific duties in this regard;
- Information flows and methods of coordination between the parties involved in the internal control and risk management system;
- Group Governance mechanism.

As stated in the **Report on Corporate Governance and Ownership Structures**, the types of control at UniCredit, in compliance with current law and drawing inspiration from international best practices, are structured on three levels:
- Line controls (so-called first-level controls), in charge of the corporate functions responsible for business/operating activities, devoted to ensure the proper operations’ functioning;
- Risk and compliance controls (so-called second-level controls), in charge of the Group Compliance and Group Risk Management functions, each regarding the matters in their sphere of competence;
- Internal audit (so-called third-level controls), in charge of the Internal Audit function.

The Group Compliance, Group Risk Management and Internal Audit functions are separated and hierarchically independent from the corporate functions that carry out the activities subject to their control. The Board of Directors has exclusive competence - based on a proposal made by the Internal Controls & Risks Committee, as well as after hearing the Board of Statutory Auditors - over the appointment and removal of the Heads of said Corporate Control functions.

As per Banca d’Italia Circular No.285/2013, Corporate Control functions also include the anti-money laundering and validation functions set up via Group Compliance and Group Risk Management, respectively.
In addition to the corporate control functions, in line with the regulatory provisions, also the functions having control duties as per regulatory provisions or self-regulations are part of the Control functions (e.g. the Manager in charge of drafting the company financial reports).
The Board of Statutory Auditors stated having performed a regular and constant exchange of relevant information with the above-mentioned control functions during the reference period. It also stated that the above-mentioned Control functions have fulfilled their information obligations towards the Board of Statutory Auditors.
Furthermore, in order to ensure a constant and prompt information flow with Internal Audit, the Head of the function is permanently invited to attend the Board of Statutory Auditors’ meetings.

Based on the information acquired and included in the 2023 Internal Audit function Report (**Integrated Audit Report**), **the internal control system** was rated overall as **“Mostly Adequate”** by the same function.
During the reference period, the Board of Statutory Auditors received and discussed, with the Internal Audit function, several Audit Reports, and some special investigations. With regard to all audit reports rated “Inadequate” or “Partially Adequate” and other audit reports of greater significance, the Board of Statutory Auditors required to be kept informed about the implementation of the relevant Remediation Plan by the Management.

In general, in 2023, the risks and the related monitoring analysed by Internal Audit as part of the internal control system at Group level are: (i) Credit risk (rated as “Mostly Adequate”, see also the following section “Credit risk”); (ii) NFR (Non-Financial Risk) - Compliance (rated as “Mostly Adequate”); (iii) Market/Liquidity (rated as “Mostly Adequate”); (iv) NFR ICT-Security (rated as “Partially Adequate”);

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(v) *NFR Operational/Reputational* (rated as “Mostly Adequate”); (vi) *Other cross/ESG* (rated “Mostly Adequate”) for which the Bank and the Group keep working on further increasing their levels of risk management application standards.

The Board of Statutory Auditors examined in detail the root causes underlying the issues highlighted by the audit reports, also calling on the Parent Company’s central structures to maintain a strong focus on steering and control at all Group companies and asking for thematic in-depth analysis.

With reference to the overall internal control system the Board of Statutory Auditors, while acknowledging the numerous undertaken actions, highlighted, on several occasions, the importance of strengthening in every significant area the operating control points already in place with particular reference to the first level controls pertaining the areas not covered by the *Compliance Next Program (*which covered, with decisive interventions, in particular AML, MiFID and Banking Transparency areas).

The Board of Statutory Auditors examined regularly during the year the reporting **LoDs Combined Dashboard,** drawn up jointly by the three Control functions and aimed at highlighting the major points of attention at cross level and the relevant mitigating/remedial actions.

Credit Risk
With regard to the credit risk, the Group Internal Audit assessment is confirmed “Mostly Adequate” in the main LEs, considering the outcomes of the audit activities carried out in 2023, which highlighted mainly positive evaluations for the examined credit processes and the implementation of Group Wide models. The Internal Audit function also positively evaluated: The examined credit strategies; The Empowerment Project completion in Italy perimeter and the project set-up for the overall Group’s second-level controls framework.

The Board of Statutory Auditors kept monitoring the credit risk by examining the specific periodic reports “Group Risk Appetite Framework (RAF) and Integrated Risk Report (IRR)” prepared by Group Risk Management.

As a whole, the Board of Statutory Auditors noted the actions implemented by the Group Risk Management function resulting in: (i) The sound asset quality and the good quality of the origination process, supported by a relatively low default rate; (ii) The credit portfolio widely covered and robust, with low net inflows of impaired exposures: (ii) The further decrease of the NPE stock; (iii) The decrease of the Risk Weighted Assets (RWA) as a result of active portfolio management and securitization operations, as well as impacts deriving from the regulation; (iv) The significant decrease of cross-border exposure to Russia as a result of refunds and disposals; (v) The cost of risk in further reduction compared to the previous year.

The Board of Statutory Auditors continued monitoring the actions implemented by the Bank in relation to the exposure to the so-called “leveraged finance” (which ECB stated as one of the Supervisory Priorities for the 2022-2024 period), and noted the strengthening implemented for the steering and the control framework. The Board of Statutory Auditors noted the assessment outcomes on the subject carried out by ECB, which acknowledged the improvements obtained by UniCredit and suggested further refinements. The Board of Statutory Auditors recommends to the incoming Control Body to keep on monitoring on such portfolio development.

During the meetings with the GRM Function the Board of Statutory Auditors paid specific attention to:
- The extension of the Project Empowerment, aimed at strengthening the control framework and accountability of the first line of defense (Business) with delegated powers for credit decisions (with regard to clear credit strategies and rules), and at strengthening the oversight of the second line of defense (Risk Management) already implemented - as stated above - with regards to Italy perimeter, also to the Financial Institutions and Corporate CE&EE scope;
- The completion of the preliminary activities and go-live of the framework defined in the field of the project “Credit Risk Control Framework”, started at the end of 2021 aimed at strengthening the risk management of credit processes, harmonizing the control framework among the different LEs, strengthening the Parent Company’s steering role and providing a comprehensive view of credit processes and controls to the Management and Governance Bodies. The Board of Statutory Auditors noted the activation of the target processes, the prosecution of the IT implementations and the missing controls in the new catalogue, as well as the formalization of the related internal regulation at the Group’s LEs.

In 2023, as part of its control functions, the Board of Statutory Auditors visited the **North-East Region of UniCredit S.p.A.’s Italian Network**. During the meeting, which was organised with the support of the Internal Audit function, the Board of Statutory Auditors, inter alia, interviewed with the Network’s Management and with the local representatives of the Risk Italy function about the implementation of the Empowerment project. The BoSA noted the positive feedback regarding: (i) Fluid functioning of the new framework; (ii) Effectiveness in reinforcing awareness and discipline in credit activities in the first line; (iii) Regular interaction and sharing with the second level control function that the new process allows maintaining throughout the entire assessment process; (iv) Reinforcement of the risk culture in the Business area due to the major involvement in the credit process. On this occasion, the Board of Statutory Auditors also examined, during a dedicated workshop, a specific case of credit granting developed according to the new decision-making framework.
In 2023 the Board of Statutory Auditors, in view of the conclusion of the Empowerment process and of the implementation of the new origination framework, kept monitoring the evolution of the asset quality in the field of periodic updates of the Group Risk Management function.

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The Board of Statutory Auditors examined the update of the Global Policy *"Group Risk Appetite Framework"* with which the RAF streamlining approved by the Board of Directors in January 2023 was adopted within the regulatory framework. The Board of Statutory Auditors noted that the update introduced the concept of Tiering of the KPIs within the Risk Appetite Dashboard which foresees for such indicators, different levels with specific rules of approval and reporting. The Board of Statutory Auditors noted the positive evaluation from Internal Audit function with regards to the definition and implementation of the RAF streamlining within the scope of the "Multi Location Audit on Credit Risk Strategies".

The Board of Statutory Auditors continued to pay attention to the Group approach towards the Climate and Environmental (C&E) risk which affects various risk categories and in particular the credit risk. With regards to the significant topic of such risks' integration within the credit risk evaluation processes, the BoSA noted that for the specific quantitative KPIs, included in the Risk Appetite Dashboard for C&E risks since 2022, addressing both transitional and physical risks, during 2023, these KPIs were also equipped with risk tolerance thresholds. Regarding this point, the BoSA welcomed that a specific process, which integrates the transition risk and physical risk evaluation (together with reputational risk and Net Zero objectives whenever relevant), has been designed and cascaded to the Group's Legal Entities in order to address the inclusion of Climate and Environmental considerations into the overall client's evaluation. The BoSA encouraged the continuation of the integration of Climate & Environmental elements within the framework risk also in view of the importance of such topic from a reputational perspective.

With reference to Internal Models, the Board of Statutory Auditors, during its supervisory activities has received regular updates from the relevant functions, with regards to the activities of Model Risk Management and Group Internal Validation (GIV).

The Board of Statutory Auditors also examined the annual Group Internal Validation (GIV) audit, which focused on: (i) The Credit Risk Validation activities; (ii) The planning of the validation processes; (iii) The tracking of the GIV findings and (iv) The reporting of the tracking activities in the quarterly GIV reports. The Board of Statutory Auditors noted that the Internal Audit function assessed the analysis as "Mostly Adequate". Such assessment was supported specifically by:
- Appropriate execution of the validation activities for the rating systems "Group Wide" in terms of formalization, controls development and recommendations;
- Accuracy of the planning activities and the completeness of the provided data;
- Efficient management of the tracking activities in the different phases;
- Adequacy of the tracking activities reporting which provides a full representation of the progress status.

In addition to the above, the Board of Statutory Auditors examined, inter alia, the following audit reports with a "Mostly Adequate" rating: "Multi Location Audit on FIBS Underwriting and Monitoring"; "Multi Location Audit on the NPE Strategy and Recovery Management"; "Multi Location Audit on ESG strategies implementation with a focus on CE&EE perimeter"; "Multi Location Audit on Residential Mortgage Loans"; "Multi location Audit on GW MNC - implementation, rating assignment, and IFRS9".

Financial Risks
As part of its control activities, the Board of Statutory Auditors regularly monitored the evolution of the Group's Financial Risk situation (liquidity, interest rate, market, and counterparty risk) by periodically receiving information from the Group Financial Risk structure as part of its quarterly analysis of the "Group Risk Appetite Framework (RAF) and Integrated Risk Report (IRR)".

In view of the complex macroeconomic environment and the increased market volatility over the period considered, the Board of Statutory Auditors paid specific attention to:
- Trend of the Group's liquidity indicators;
- Trend of the customer deposits;
- Trend of Economic Value Sensitivity for IRRBB;
- Evolution of the Sovereign portfolio;
- Progress of synthetic securitization on performing asset;
- Evaluation of the impacts of the crisis scenarios in the Middle-East;
- Funding Plan and its execution;
- Structural FX Risk management strategy;
- Results of second level control activities;
- Outcomes of supervisory exercise and stress tests.

As a whole, the Board of Statutory Auditors noted no detection of significant critical issues. With regard to liquidity, the BoSA observed that, in 2023, the main structural liquidity ratios (Liquidity Coverage Ratio and Net Stable Funding Ratio) remained above the limits imposed in the Risk Appetite Framework and that the liquidity stress tests executed in the Group showed positive outcomes in all cases.

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The Board of Statutory Auditors noted that the Internal Audit function with regard to the Financial Risk area:
- Confirmed the "Mostly Adequate" evaluation at Group level;
- No criticalities detected as a result of the recurring audit activities on the second level controls, confirming the effectiveness of the monitoring and reporting processes in the area;
- No significant delays highlighted in the implementation of the Internal Audit and ECB findings.

The Board of Statutory Auditors examined, inter alia, the following audit reports rated "Mostly Adequate": "Multi-location Audit on Liquidity Stress Testing"; "FX Settlement Risk"; "FX Settlement - Self Assessment".

In the period under examination, the Board of Statutory Auditors met with the relevant functions and examined, inter alia:
- The Single Resolution Board's (SRB) final decision on MREL, Resolution Plan and Resolvability Assessment for the UniCredit group;
- The "2024 UniCredit Group Financial Plan and Contingency Funding Plan";
- The "2024 Asset and Liability Management (ALM) Strategy";
- The "FX Structural Risk Strategy and hedging solutions for 2024";
- The Group Financial Risk Strategy for 2024;
- The review of the Global Policy Foreign Exchange (FX) Management & Control.

The Board of Statutory Auditors also examined the amendments to the Second Guaranteed Bank Bonds Programme (OBG) following the transposition of EU directive 2019/2162 in the Banca d'Italia Circular 285/2013 and gave its positive opinion on the changes performed.

Non-Financial Risks
As part of its control activities, the Board of Statutory Auditors regularly monitored the situation development related to the Group's Non-Financial Risks (**operational and reputational risks, ICT/Cyber risks, and compliance risks**) by periodically receiving information from the Group Non-Financial Risks (GNFR) structure as part of the quarterly "Group Risk Appetite Framework (RAF) and Integrated Risk Report (IRR)" review.

During 2023 the BoSA examined the "Risk and Control Self-Assessment", part of the Non-Financial Risk Framework. The Board of Statutory Auditors noted such best practice in the banking sector, which foresees a wide involvement of the first line of control structures, under the supervision of the Risk Management function, in evaluating the operational risks probability and potential impacts in the relevant area.

The BoSA examined the trend of operational losses and Operational Risk Weighted Assets, the outcomes of the periodic risk assessments and second-level controls on ICT and Cyber Risk and positively noted that the decreasing trend of the gross operational losses went on also in 2023, reaching a record low level.

ICT/Cyber Risks
With regard to ICT and Cyber Risk, during the periodic meetings with Group Digital & Information Function, the Board of Statutory Auditors examined, inter alia:
- The Banca d'Italia Report on operational and security risks on payments services, according to the Banca d'Italia Circular No.285/2013;
- The Summary Report on the Adequacy and Cost of ICT, according to the Banca d'Italia Circular No.285/2013;
- The periodic half-yearly reports "Integrated Digital IT and IT Security Report";
- An update on the Project Identity and Access Management.

The BoSA was updated on the initiatives included in the Group Digital IT Strategy 2022-2024 and was informed about no particular deviations compared to the planning. The BoSA verified how, in the Digital Transformation area, the implementation of the planned initiatives related to all the strategic areas, keep on including the infrastructural renewal, the resources' upskilling, *reskilling,* and hiring, the iCloud solutions implementation, the strengthening of digital culture and the use of AI solutions.

The Board of Statutory Auditors examined the most relevant topics in the Digital IT and Digital Security area and welcomed the continuation of the IT incidents decreasing trend and of the positive IT availability trend in 2023.
The BoSA analysed the positive trend of the Digital Strategy KPIs and the results of the Digital Security Posture which confirmed an overall appropriate Group's maturity level and with improvements compared to the previous year. As part of the wider Group Digital Security Strategy, the BoSA observed the improvements obtained in 2023 referred to the Security Roadmap for all the investments areas.

The Board of Statutory Auditors continued monitoring the evolution of ICT and Cyber risks and the results of the second level controls during periodic meetings with the Group Non-Financial Risks function. The BoSA welcomed the significant decreasing trend of "major" IT incidents and focused specifically on the points of attention concerning: (i) The definition of actions to face the obsolescence of software applications; (ii) The

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reinforcement of controls and indicators for Disaster Recovery and Business Continuity; (iii) The necessary improvements for the second level controls on access management for specific users.

With regard to Business Continuity, Disaster Recovery and Crisis Management, the BoSA discussed with the Internal Audit function the results of the “2023 BCM Group Annual Overview”. The outcome of the report highlighted both positive ratings in terms of evaluation of the individual audit activities regarding the execution of the BCM framework, and some deficiencies in terms of the framework design, as observed also by the Supervisor, in light of the Digital Operational Resilience Act (DORA) EU regulation, binding starting from January 2025, for which UniCredit already started a dedicated project aimed at assuring the conformity of the internal framework. The Board of Statutory Auditors recommends to the incoming Control Body to keep on monitoring on such project.

With regard to the most relevant organizational changes, the Board of Statutory Auditors, as indicated in chapter 9 below, noted the integration of the activities of “Group Corporate Security” in “Group Digital Security”.

The Board of Statutory Auditors noted that, considering the outcomes of the audit activities carried out in 2023, the Internal Audit rating on Group’s ICT and Security Risk was downgraded from “Mostly Adequate” to “Partially Adequate” due to the combination of long-standing issues, rising supervisory expectations, controls lagging behind certain evolutions, in a context where governance changes aimed at relaunching this area weighed on the speed of addressing the settlement of the identified issues.

In addition to the above, the Board of Statutory Auditors examined, inter alia, the following audit reports with a “Mostly Adequate” rating: “Digital risk function: focus on risk indicators”; “Global audit on data center management”; “Global audit on security of internet-exposed applications - UniCredit S.p.A.”; “PSD2 RTS requirements for strong customer authentication (SCA) and open banking interface”; “Mobile banking: app functionalities and ICT controls”; “Review of 2023 algorithmic trading systems validation report”; “Secure management of cloud services”; “ICT and Security NY Branches”.

Given the importance of the Digital Strategy for the Group and the increasing threats and the complexities typical of ICT/Cyber area, the Board of Statutory Auditors, while recognizing the achieved improvements, noted that important activities and reinforcements are still to be completed within a continuously changing context. In addition to this, the complex need to implement new digital solutions while assuring in parallel the operational continuity must be taken into consideration.
Therefore, when reporting to the Board of Directors about its activities performed in 2023, the BoSA invited the BoD to devote, in the next three-year period, regular strategic discussions to the Digital/ICT and ICT Security issues, also in terms of efficiency and implementation rapidity of the initiatives related to the digital transformation process and its internal control system.

Lastly, the Board of Statutory Auditors received updates from the External Auditors’ experts on the audit activities related to the Bank’s and the Group’s information systems (ISAE 3402 Report KPMG), their design and operational effectiveness.

Operational and Reputational Risks
With regard to the Operational and Reputational Risks, during the periodic meetings with Group Operations Function, the Board of Statutory Auditors examined inter alia:
- The document “Amendments to the Business Continuity Plan of UniCredit S.p.A.”, according to the Banca d’Italia Circular No.285/2013;
- An update on “Operations Control Program”, which is aimed at the risk mitigation and/or the severity of the operational events that may occur within the Group Operations procedures; an overview on Group Operations organization and ongoing initiative;
- An in-depth analysis on “Procurement and Third parties Risk Management” activities, which were subject to a reorganization of the structures and the processes in the second half of 2023 with the aim of decreasing the risks and increasing the discipline of the supervised processes.
  The BoSA, also based on a recent audit activity on the procurement process in place prior to the above-mentioned reorganization, recommended to the responsible structures to strictly comply with the foreseen internal operational procedures.

The Board of Statutory Auditors examined the Group Operations organizational structure and noted that, with regard to the industrial monitoring framework of Group Operations, the KPIs were within the targets. The BoSA analysed the pillars of the reorganization and procurement simplification process with a particular focus on the waiver processes and on the formalization of appropriate audit clauses within the third parties contracts.
The BoSA also recommended keeping close attention to the achievement of the first level controls initiatives.

The Board of Statutory Auditors continuously monitored the evolution of operational and reputational risks and the outcomes of the second level controls during periodic meetings with Group Non-Financial Risks. The BoSA welcomed the positive outcomes obtained as a result of the controls on internal frauds, external frauds and business practices and the decreasing of the residual risk in the contracts with the outsourcers. The BoSA focused specifically on the points of attention related to: (i) The action on the residual contracts with third parties which showed criticalities in terms of cyber risk; (ii) The risks mitigation resulting from the use of AI tools or other utilities in cloud.

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With regard to the Third-Party Risk Management, the Board of Statutory Auditors discussed the audit “Outsourcing of activities - 2023 Group Internal Audit Annual Report”, as per Banca d’Italia Circular No.285/2013. The report summarised the criticalities for cyber-risk evaluation highlighted in the audit report “Outsourcing Framework Execution”, likewise examined by the BoSA. Such criticalities were also confirmed by the deficiencies of cyber security requirements resulting from some audit analyses carried out at relevant IT outsourcers. The BoSA recommended the conclusion of the reinforcement measures of the process started in response to the identified gaps.

The Board of Statutory Auditors noted the confirmation of the Internal Audit rating “Mostly Adequate”, at Group level, for Operational and Reputational Risks, based on the “Mostly Adequate” rating for all the main Legal Entities.

In addition to the above, the Board of Statutory Auditors examined, inter alia, the following audit reports with a “Mostly Adequate” rating: “Automatic processing of SEPA credit transfer and SEPA direct debit”; “Multi location audit on Space optimization and buildings management"; “Operations Control Program”.

Non-Compliance Risk

During the year, the BoSA discussed on a quarterly base the ICR **(Integrated Compliance Report**) as well as the Annual Compliance Report (**“UniCredit Group Annual Compliance Report - 2023”**), including the evaluations regarding the potential risks connected to the conformity, at UniCredit S.p.A. and Group level.
The above-mentioned Report also fulfilled the requirements of CONSOB Regulation No.20307/2018 and Article 89 of CONSOB Regulation No.20197/2017. 2023 was a challenging year for Group Compliance Function, particularly in light of the geopolitical tensions, the continuous change of the regulatory framework and of the international sanction system.
Considering the outcomes of the compliance risk assessment and second-level controls performed, the activities completed in accordance with the 2023 Compliance Plan, the Compliance function issued an overall “Mostly Adequate” assessment on the non-compliance risk management for UniCredit S.p.A. and most part of the Group’s Companies.

The Board of Statutory Auditors positively noted the strengthening points within Group Compliance governance, with specific reference both to the adopted advisory model (among which, the proper formalization of preventive opinion required and the identification of the key topics for which the opinion is mandatory), and to the review and strengthening of the Compliance role in managerial committees also to harmonise the role of the second-level control functions within such committees.

The Board of Statutory Auditors discussed regular updates, during the year, on the progress of the **Compliance Next Program**, the development plan to reorganise the Compliance function model and its operating procedures, approved by the Board of Directors in September 2021, which was also drawn up based on an external assessment carried out on the compliance risk framework.

Among the activities detected with the Compliance Next project, the BoSA examined in detail the activities put in place to improve the efficiency of the Compliance Program through the first and the second level of defense. Such resolutions were defined in the global policy “Cooperation Model between First Line of Defense and Compliance”, also through the principles and the key elements to define and maintain the first level control catalogue.
In this context, in the Italy perimeter, the Internal Controls Function referring to Operations Italy was assigned, during 2023, the responsibility to act as first line of defense for risk management in the AML, MiFID, Transparency and operational risks area, assuring the efficiency of the first-level control system. The Board of Statutory Auditors also examined, in this regard, a specific audit analysis with a “Mostly Adequate” outcome related to the first-level controls carried out in the AML framework area.

The Compliance Next Program’s progress - whose planned initiatives will develop in the 2021-2025 period - was in line with the planning, with more than 80% of scheduled activities completed; however, considering the longer timing foreseen for the replacement of a transaction monitoring tool for decommissioning on behalf of the provider, the master plan is being redefined. In this regard, the BoSA examined the outcomes of a specific project assurance issued by the Internal Audit Function and recommended the competent Structures to firmly continue the implementation of the related activities.

With regard to **complaints**, the Board of Statutory Auditors analysed the contents of the “UniCredit Group Annual Compliance Report – 2023” (in its preliminary version), which showed a number of written complaints received in 2023 amounting to 39,574 (down by 8% compared to 2022). The main reasons for the complaints received related the issues: CQS-Salary-backed loans, General Complaints (Branch Service/Contact Center), E-money and Loans. With regard to disbursements, the complaints accepted with refund in 2023 amounted to €10 million (increasing compared to 2022), with the main disbursement term connected to E-Money-POS and E-Money Cards.

During the year, the Board of Statutory Auditors kept examining the issues related to the **AML/FC** (Anti-money laundering/Financial Crime) area, requiring specific updates from the competent functions, also with specific reference to the more general issue of the tightening of Financial Sanctions following the Russia-Ukraine conflict. The activities performed by the Compliance function for the assessment of money laundering and terrorist financing risks have identified for UniCredit S.p.A., as at 31 December 2023, a “Medium-Low” residual risk level, unchanged compared to the previous year.

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The **Global Data Protection Regulation** (GDPR) area was closely monitored by the Compliance function. The BoSA examined the 2023 **Data Protection Officer (DPO) Report** (in its preliminary version), which summarised the actions put in place to protect personal data and to manage the data breaches risks as well as to guarantee proper training activities and which identified a residual "medium-low" risk according to the current internal methodology.
In this regard the Board of Statutory Auditors welcomed that the risk evaluation was increased managerially to "medium-high" mainly due to some gaps emerged in the process responding to the requests of access to personal data of the interested parties (in light of the new EDPB - European Data Protection Board in guidelines), and to some issues related to the release and monitoring of access rights to ICT systems, which were also highlighted from the Internal Audit Function (audit report "GDPR related security measures - focus on access rights management" with a "Partially Adequate" rating issued in December 2023 and implementation of the corrective measures within 2024).
Regarding data breach (the so-called GDPR relevant data breaches) the BoSA noted that the DPO detected 68 cases in 2023, all of them considered data breaches but only 4 of them requiring the notification to the competent Authority and 2 of them were also notified to the interested parties. Lastly the Board of Statutory Auditors reported that on 21 February 2024 the Italian Data Protection Authority notified UniCredit S.p.A. of a sanction amounting to €2.8 million, equal to 0.03% of UniCredit S.p.A.'s Italian turnover in 2022, due to a data breach occurred in October 2018 relating to an IT attack on the Bank's platform. At the date of this Report, the Bank is considering whether to challenge the decision by filing an appeal.

The Board of Statutory Auditors has periodically examined the so-called "whistleblowing" ("wb") reports received in its function as 231 Supervisory Body of UniCredit S.p.A., analyzing, with the support of the competent Compliance and People & Culture structures, the whistleblowing reports that may involve issues of misconduct/unlawful conduct, regardless of their significance pursuant to Legislative Decree No. 231/2001; the BoSA required and obtained several in-depth analysis on the matter.
The BoSA then noted the information on the misconduct reporting included in the "*Report on the whistleblowing process in 2023* - UniCredit S.p.A." in its preliminary draft.
In detail, in 2023 UniCredit S.p.A. received 115 reports, of which 100 were considered Real WB (reports containing sufficient elements to start the relevant investigation), an increase compared to 2022 data (89 Real WB). The increase in the number of nominative reports should be noted as a positive sign in terms of increased confidence of the reporting person in the wb process, particularly in terms of protection from possible retaliatory acts.
The Board of Statutory Auditors observed that the wb process appears to be robust and appropriate to its purposes and that, with the updates that took place in 2023, it was aligned with the provisions of Legislative Decree No.24 of 10 March 2023, in force as at 30 March 2023, issued in implementation of EU Directive 2019/1937.
The Board of Statutory Auditors examined the various initiatives, including training, and campaigns implemented in 2023 aimed at strengthening awareness of all employees and stakeholders about the process itself as part of the promotion of a wider speak-up culture.

Other risks - Top and emerging risks
In the context of a rapidly changing regulatory framework and external scenario, the Board of Statutory Auditors had the opportunity to analyse some of the main changes in terms of top and emerging risks, with the relevant functions, noting that the related uncertainties, including those conditioned by the context, are however addressed through the existing risk management framework.

Among such risks, the following were considered relevant during 2023: (i) Russia-Ukraine conflict; (ii) Macroeconomic and (geo-)political challenges; (iii) Cyber security risks; (iv) Risks stemming from the current Regulatory developments.

With regard to cyber security risk, as also mentioned in the financial statements report, it is noted that while the pervasive nature of cyber risks remained the primary threat, with significant potential impact to overall financial stability, regulatory compliance, and reputation, UniCredit group successfully mitigated cyber-attacks from impacting our operations.
The BoSA discussed several times the continuous strengthening of the protection measures adopted by the Group.

The Board of Statutory Auditors also noted that, in the financial statements report, an extensive information on climate risk management is in place, a subject for which the Board of Statutory Auditors has maintained an important level of attention throughout its mandate. In particular, the financial statement provides details on the approach adopted by the Group to integrate climate and environmental factors into its risk management processes and procedures; this framework includes:
- Risk Identification;
- Integration of climate risk into risk framework - short/medium/long term impacts;
- Integration of climate risk into Risk Appetite Framework;
- Integration of transition risk into credit portfolio - Credit Risk Strategy and Counterparty level;
- Investments on enablers for implementation;
- Data strategy;
- Monitoring of the transition risk at collateral level;
- Monitoring of the Physical risk in the credit portfolio;
- Integration of C&E risk into the financial risk management framework;

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- Non-financial risk mitigation processes;
- Evaluation of sources, methodologies, and frameworks to effectively address the key challenges related to biodiversity and nature.

Other matters

With reference to the additional reporting containing information on the internal control and risk management system, the Board of Statutory Auditors noted that, at the date of the present Report, the relevant structures are assessing the internal capital adequacy assessment process (ICAAP), and the overall functionality of the internal liquidity adequacy assessment process (ILAAP), for 2023, whose reports will be prepared within the deadlines set by the regulations in force.

During 2023, the Board of Statutory Auditors, in the review of the 2022 ICAAP and ILAAP assessments, observed for both ICAAP and ILAAP processes that the main indications previously received from ECB or Internal Audit function were considered and/or included in appropriate action plans and that the relevant regulatory provisions were duly considered by the Bank.

The Board of Auditors also examined the “Annual Report on Investment Services” drawn up by Group Internal Audit (with “Mostly Adequate” rating) and the “Report on the conduct of investment services and activities and ancillary services and the distribution of financial products issued by insurance companies or banks” drawn up by Group Compliance, pursuant to CONSOB Resolution No.17297 of 28 April 2010.

Lastly, the Board of Statutory Auditors, also by means of periodic meetings with the Group Regulatory Affairs function, examined the outcomes of the inspections performed by the Supervisory Authorities, together with the relevant action plans where already available, recommending regular attention to the implementation of the remedial actions identified.

In conclusion, the Board of Statutory Auditors did not identify any critical situations or facts which would lead to the conclusion that **the overall internal control and risk management system** is deemed not adequate, even if situations have risen, which required the planning and targeting of specific remedial actions, promptly addressed, and activated by the Management, in some cases still ongoing.

9. Oversight of the adequacy of the organizational structure

The Board of Statutory Auditors examined the **Annual Report** prepared by the competent Group Organizational Excellence structure which deems the UniCredit S.p.A.’s organizational structure to be adequate, due to the robustness of the overall regulatory framework that ensures the uniqueness of the system of responsibility and powers with reference to the Bodies/Committees and the corporate structures.

Organizational structure

UniCredit adopts an organizational and business model that, while guaranteeing the autonomy of countries/local banks on specific activities in order to ensure greater proximity to customers and efficient decision-making processes, maintains a divisional structure for the governance of business/products, as well as global control over Digital & Information and Operation functions.

More specifically, the current organizational structure of the Parent Company can be broken down into:

- Group Finance, Group Risk Management, Group Legal, Group Compliance, Group People and Culture, the Functions, identified as Competence Lines (CL), together with Internal Audit, aimed at guiding, coordinating, and controlling, for their area of competence, the management of activities and related risks of the Group as a whole and of the single Legal Entities;
- Italy, Germany, Central & Eastern Europe - CE&EE and Business functions, responsible for proposing and implementing the business strategies and to maximise the risk adjusted value creation for the relevant perimeter, concentrating the responsibility for marketing, service model definition and product development activities referred to customers in their respective segments/geographies;
- Group Digital & Information division responsible for defining and executing the “Group Technology, Digital and Data” related management and transformation, driving value through the capability of technology and data, embedded into digital solutions that optimise execution and improve customer experience;
- Group Operations, responsible for the oversight of the operating machine with a specific focus on costs, procurement, real estate, operations performance management, in coherence with the defined Group strategies, by ensuring at the same time synergies, savings and operational excellence;
- Group Stakeholder Engagement governs the Group’s reputation and oversees all communication activities to ensure the delivery of coordinated and consistent messages across multiple stakeholder group (investor relations, identity and communication, relationships with institutional counterparties and with the European Banking Supervisory Authorities and Banca d’Italia);
- Group Strategy & ESG, responsible for supporting strategic initiatives, including the integration of ESG into the Group’s strategy.

The Group Strategy and ESG and Group Stakeholder Engagement and Group CEO Staff functions represent the “CEO Office” aimed at supporting the Chief Executive Officer in the definition and steering of strategic initiatives.

The Board of Statutory Auditors continued its examination of the organizational structure’s development, whose overall review had begun with the appointment of the new Top Management in April 2021, noting that the 2023 financial year showed a continuity and stabilization of the organizational model itself, in coherence with the aim to simplify and strengthen the business and operating model, although in the presence of novelties and updates, specifically in the following areas:

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- Group Client Solutions, to better improve the steering and the overseeing of strategies, the development and management of related products and services;
- Central Europe & Eastern Europe, to maintain the divisional team's focus on business steering and governance while more operative activities were shifted to the relevant functions within Group Digital or Group Operations;
- GRM CE&EE, continuing the roll-out of the "Empowerment" framework for the Financial Institutions and Corporate segments;
- Group Corporate Security, with the incorporation of its activities into Group Digital Security (renamed Group Security) to strengthen the Security framework that, leveraging the maturity achieved by the digital security area, allows a single structure to oversee the Bank's security from a synergic perspective, having a complete view of all types of threats.

During the period examined, the Board of Statutory Auditors welcomed the continuation of the initiatives implemented by Management regarding the Parent Company's **steering activities**, with particular focus on the coordination, management, and control of the Group's Companies, noting, in particular, a concrete progress of the "mirroring" of homogeneous organizational structures to be implemented at local level. In this regard, it is emphasised that fine-tuning activities are going on, also in view of the emergence of ever more harmonization opportunities, particularly at the more granular and operational level, for example in the development context of the industrial model, products management, growing role (as global factory) of Client Solutions function and digital transformation.

The Board of Statutory Auditors positively observed the outcome (rated "Mostly Adequate") of a recent specific audit on "governance and organizational related simplification initiatives" focusing the Group's organization and governance and noted that appropriate managerial remedial actions have already been put in place or are in progress, in relation to the focus points resulted.

In conclusion, the Board of Statutory Auditors recognised that the main organizational changes made in 2023 did not affect the organizational and business model, which remain focused on a central governance of business, products and global control over the Digital & Information and Operations functions, in addition to the Functions in charge of steering, coordinating and controlling, for their own competence areas, the management of activities and related risks of the Group as a whole and of the single Legal Entities.

The Board of Statutory Auditors deemed the overall **UniCredit S.p.A.'s organizational structure adequate** in its design and implementation to date, as well as consistent with the Company's size and complexity, the nature and manner of pursuing the corporate purpose as well as other Company's characteristics and the context in which it works.
The Board of Statutory Auditors exhorts the incoming Control Body to keep on monitoring the progressive maturation of the entire organizational structure itself and its suitability and operational effectiveness.

Suitability of Control Functions and Activity Plans
Internal Audit Function
The Board of Statutory Auditors examined the 2023 Group Audit Plan Mid-Year review, which considered, from a dynamic perspective, the adjustments that became necessary during the year.

The Board of Statutory Auditors discussed for UniCredit S.p.A. the 2024 Annual Audit Plan and the Long-Term Audit Plan, the latter defined, following a detailed risk assessment process, definition of risk drivers and identification of Group Audit Guidelines, to cover the UniCredit Audit Universe in the 2024-2028 period, as approved by the Board of Directors in January 2024
The 2024 Audit Plan is part of the Long-Term Audit Plan which, on an ongoing basis, is defined in order to determine the audit priorities of UniCredit S.p.A. over a 5-year period, ensuring a proper coverage of the Bank's processes mapped in the Audit Universe.
The BoSA was update on capacity developments and on ongoing actions to strengthen the number of human resources among the on-site auditors. Based on the information acquired and considering that the planned recruitment will be fully performed, the BoSA considered the function's capacity as adequate to fulfil its tasks.

Group Risk Management
The Board of Statutory Auditors examined the GRM and Internal Validation Plan for 2024, approved by the Board of Directors in January 2024, which is divided into 4 pillars of the GRM's organizational framework: Credit Risk, Financial Risk, Non-Financial Risks, Cross Risk. With regard to each risk pillar, the plan examined the main risk trends expected for 2024 (in accordance with the RAF and ICAAP processes) and listed the related planned actions in terms of control activities and dedicated project initiatives.

The Board of Statutory Auditors also examined the Group Internal Validation (GIV) activities plan, which covers all the main validation activities planned, and noted the confirmation of the "Mostly Adequate" assessment performed by the Internal Audit function, in UniCredit S.p.A. and in the main Group Companies, regarding the Risk Management functions, based on the overall adequacy in the identification, measurement and management of Group risks.

The Board of Statutory Auditors noted that, for all pillar risks, a simplification process is underway, that allows greater efficiency with the same number of people. With regard to the ESG Risk area, there has been a shift from a centralised team-based approach to an approach that includes people trained on matters, specifically on climate matter, within the different structures of Credit Risk, Financial Risks and Non-Financial Risks

Report of the Board of Statutory Auditors

areas; ESG is certainly an area that presents, similarly to the Digital area, an incremental need for human resources and therefore constitutes a focus for the entire sector.
Based on the information acquired, the Board of Statutory Auditors deems the size and capacity of the GRM function appropriate to fulfill its tasks.

Compliance Function
The Board of Statutory Auditors examined the Group Compliance Plan 2024 (approved by the Board of Directors in January 2024).
The Plan is based on the identification of the top risks (financial crime, risk conduct, data protection, market transparency) in the Compliance area and following some drivers, consisting of regulatory developments and changes in the context of risks related to the banking system, including geopolitical ones (Middle East conflict that has increased the money laundering risk in the sector, Russia-Ukraine conflict that has increased the risk of sanctions in the sector), as well as the most significant projects underway within the Group.

The Board of Statutory Auditors noted that the Compliance Plan, which includes both the function's current activities and the initiatives of the Next Plan, is consistent with the 2024 budget and that the same has been shared, according to the harmonised approach envisaged, with the Group's Legal Entities.

The BoSA deemed adequate the function's capacity to fulfil its tasks, based on the information acquired and having also considered the "Mostly Adequate" assessment of the Compliance function as stated by the Internal Audit function, acting as the third-level control function.
Given what above, the Board of Statutory Auditors exhorts the incoming Control Body to keep on monitoring closely the evolution of the **organizational structure, the capacity of the Control functions, as well as their independence**.

10. Remuneration policies
The Board of Statutory Auditors previously examined the document "**2024 Group Incentive System**", issuing a positive opinion at the Board of Directors' meeting held on 7 March 2024.

The Board of Statutory Auditors also examined the outcomes of the Group Internal Audit Function's Report - currently being issued - "2023 Remuneration Policies and Practices", with a "Mostly Adequate" rating, aimed at verifying the design and implementation of the remuneration process as well as its compliance with the regulatory requirements of the Group's internal rules.

Lastly, in compliance with the current regulations, the Board of Statutory Auditors examined specifically the proposals of:
- 2023 Performance appraisal and bonus proposals for the Chief Executive Officer (positive opinion given to the Board of Directors at its meeting held on 29 February 2024);
- 2023 Performance appraisal and bonus proposals and 2024 compensation review for the Manager in charge of drafting the company financial reports (positive opinion given to the Board of Directors at its meeting held on 29 February 2024);
- 2024 Compensation review for the Chief Executive Officer (positive opinion given to the Board of Directors at its meeting held on 7 March 2024);
- 2024 Goal setting for the Chief Executive Officer and the Manager in charge of drafting the company financial reports (positive opinion given to the Board of Directors at its meeting held on 7 March 2024).

11. Sustainability and Integrated Report (Non-Financial Declaration)
The Bank draws up the yearly Integrated Report, which constitute a non-financial statement to comply with the obligations laid down in Articles 3 and 4 of Legislative Decree No. 254/2016, which transposed in Italy Directive 2014/95/EU of the European Parliament and of the Council, dated 22 October 2014, as well as the Task Force on Climate-related Financial Disclosures (TCFD) Report.

Within the scope of UniCredit S.p.A.'s governance, the ESG (Environmental, Social, Governance) Board Committee oversees the following:
- ESG and sustainability-related developments also considering international guidelines and principles and market developments, monitoring the positioning of the Group with respect to national and international best practices in the ESG field;
- The preparation of the yearly Integrated Report, which constitutes a non-financial declaration.

As reported in other sections of this Report, the Board of Statutory Auditors, through its Chairman and another Auditor appointed on a rotation basis, regularly attended the ESG Committee's meetings, drawing information and contributions useful for the understanding of **sustainability** issues and noting the Bank's focus on sustainability, environmental, social and governance issues.

The Board of Statutory Auditors notes that **the ESG strategy** is embodied into the Group's overall strategy and is based on four key pillars/actions:
- Partnering with our Clients for a just and fair transition:
- Supporting communities and society;
- Steering our behaviour with clear commitments;
- Enriching our risk&lending approach.

Report of the Board of Statutory Auditors

The Board of Statutory Auditors recognised that the complex path undertaken as early as 2019, aimed at a greater integration of various sustainability-related issues into the Group's business strategies, has been significantly strengthened, although not finished.
By way of example, the Board of Statutory Auditors noted that - also at its own stimulus - the Risk Appetite Framework (RAF, which establishes the desired risk profile vis-à-vis its short and long-term strategic objectives and business plan) has been supplemented with specific Climate Risk KPIs, enabling the Group to oversee the evolution of the physical and transitional risks it is exposed to.
The role of ESG profiles in the incentive system was also strengthened.

Initiatives and activities are currently underway and will not naturally end in the short term, also considering the relevant regulatory developments, market opportunities and the complexity of fully integrating ESG factors into all the Bank's processes. The Board of Statutory Auditors also noted, by examining a report performed by the Internal Audit Function, the ESG Roadmap's progress, a managerial tool used to implement the ESG strategy within the Group with the involvement of the Business and Governance Functions and to facilitate the coordination of all related initiatives underway.
As part of the Bank's commitment signed in October 2021 by joining the "Net Zero Banking Alliance", the UN network of banks, and by signing the Sustainable STEEL Principles (SSPs), which provide a framework for the assessment and reporting on the alignment of emissions associated with the loan portfolio of banks financing the steel sector, with the climate-related decarbonisation targets, UniCredit announced in January 2024 its intermediate 2030 target for the steel sector, which is part of its commitment to achieve Net Zero by 2050 for its loan and investment portfolio.

The BoSA noted that the regulatory framework is constantly evolving. With the entry into force in January 2023 of the new Corporate Sustainability Reporting Directive (CSRD), which, together with the related EFRAG (European Financial Reporting Advisory) sustainability standards, will be applicable to both large companies (financial and non-financial companies), as well as listed companies, as of the 2024 financial statements.
In this regard, the Bank has launched a project **("One Report")** aimed at achieving compliance with the new regulatory framework; with the implementation of the CSRD in the Group, whose reference framework is not yet complete (e.g. with regard to the definition of the application scope and dual materiality), it has been decided to converge financial reporting and the DNF into a single document, the One Report, for which the possible incorporation of Pillar 3 disclosure elements is currently being assessed. The convergence in One Report will also ensure greater consistency in dealing with the same characteristics from different perspectives.
The Board of Statutory Auditors, emphasizing the importance of the internal control system reaching adequate standards with regard to the information required by the CSRD, exhorts the incoming Control Body to carefully follow the various implementation phases of the project in question, also given the complexity and number of issues involved. Account should also be taken of the possible issuing of the Corporate Sustainability Due Diligence Directive - CSDD, relating to the companies' due diligence for the sustainability, which would introduce the obligation for large companies (financial and non-financial ones) to identify, prevent and mitigate adverse impacts of their business on human rights and the environment.

The Board of Statutory Auditors, taking note of Legislative Decree 254/2016 on the disclosure of non-financial information and the implementing Regulation issued by CONSOB with resolution No.20267 of 18 January 2018, exercised its functions by supervising the compliance with the provisions contained therein with regard to the preparation of UniCredit's 2023 Integrated Report, which constitutes a Non-Financial Declaration (hereinafter referred to as "DNF"), in accordance with Articles 3 and 4 of the Legislative Decree 254/2016, approved by the Board of Directors on 29 February 2024.

The Board of Statutory Auditors held several meetings with the function responsible for the Integrated Report's drafting and the representatives of the appointed External Auditor Firm (KPMG), by examining the available documentation; the BoSA considered the Assonime Circular No.13 dated 12 June 2017, a commentary on Italian Legislative Decree No.254/2016 and Legislative Decree No.4 dated 11 February 2019, ("News on non-financial reporting").

The BoSA also examined the report issued by the External Auditors on 11 March 2024, which states that no evidence has come its attention that would suggest that the UniCredit Group's consolidated non-financial statement for the year ended on 31 December 2023, had not been drafted, in all significant aspects in compliance with the requirements of Articles 3 and 4 of Legislative Decree No.254/2016 and the "Global Reporting Initiative Sustainability Reporting Standards" defined by the GRI - Global Reporting Initiative ("GRI Standards").
Based on the information acquired, the Board of Statutory Auditors certified that, during its examination of the Integrated Report, non-compliance elements and/or breach of the relevant regulatory provisions have not come to its attention.

12. Additional activity by the Board of Statutory Auditors and information requested by CONSOB
In the performance of its duties, the Board of Statutory Auditors, as required by Article 2403 of the Italian Civil Code and Article 149 of Legislative Decree 58/1998 (TUF):
- Exercised oversight on the implementation of the corporate governance rules contained in the codes of conduct that the Company declares to abide by. UniCredit S.p.A. complies with the Corporate Governance Code approved by the Corporate Governance Committee promoted by ABI, ANIA, Assogestioni, Assonime, Confindustria and Borsa Italiana, and has prepared, pursuant to Article 123-bis of Italian Legislative Decree No.58/1998 (TUF), the annual "Report on Corporate Governance and Ownership Structure";
- Exercised oversight on the adequacy of the instructions given to subsidiaries pursuant to Art.114, par.2 of Italian Legislative Decree 58/1998 (TUF);
- Exchanged half-year information and on request with the Boards of Statutory Auditors of the directly controlled companies as required by Art.151, paragraph 2, of Italian Legislative Decree No.58/1998 (TUF) and by the Supervisory Instructions of Banca d'Italia. Furthermore, in January 2023, the Board of Statutory Auditors met the Chairmen of the Boards of Statutory Auditors of the main Italian companies of the Group, in order to receive reports

Report of the Board of Statutory Auditors

on any critical issues affecting the administration and control systems and the general trend of corporate activity;
- In compliance with the regulations and customary practices, the BoSA met with ECB, acting as Supervisory Authority of the Parent company, for the purpose of a fruitful exchange of information on subjects of mutual interest, including specific issues illustrated in this Report.

In January 2024, the Board of Statutory Auditors met (via virtual roundtable) with the Management of **UniCredit S.p.A. London branch** in order to perform its supervisory activities pursuant to the Supervisory Provisions issued by the Banca d'Italia (Circular 285, Title IV, Chapter 3, Appendix A); in addition, as part of the performance of its duties as Board of Statutory Auditors of the Parent Company, the Control Body also carried out an examination of some profiles relating to the UniCredit Gmbh branch. The overall outcomes of the visit and the analyses carried out were deemed satisfactory, in the context of current and future business and development outlook. With a view to constantly refining its functions, in compliance with the current regulatory framework and, also in line with what discussed during the meetings held with the ECB in the previous financial year, the Board of Statutory Auditors followed up its program of meeting the Group's main Legal Entities, as part of its supervisory and steering activity carried out by the Parent Company. To this end, **the BoSA met (**via virtual round table) **the main Governance Bodies' members and the Top Management of the subsidiary UniCredit Bank Russia (AO Bank)** in December 2023. The meeting, which resulted in an exchange of information with the aim of an integrated governance, with particular reference to specific issues of the Bank itself as well as cross-party discussions within the Group itself, took place in an open and constructive atmosphere, considering their working environment.

Complaints
In the period between the date of the previous Report of the Board of Statutory Auditors (6 March 2023) and the date of this Report (11 March 2024), the following communications were received, qualified by the Shareholders as complaints pursuant to Article 2408 paragraph 1 of the Italian Civil Code:
- Mr. Francesco Santoro: communication dated 31 March 2023, delivered by hand and subsequently supplemented by certified e-mail dated 2 April 2023, with which he reported his own complaint against UniCredit Directors and Statutory Auditors, allegedly filed in June 2022 with the Public Prosecutor's Office of Rome, concerning certain transactions involving the disposal of non-performing loans carried out in recent years by the Bank, highlighting possible criminal-law implications in relation, in particular, to the crimes of false corporate communications, obstruction of supervision and self-laundering.
- Mr. Marco Bava: (i) E-mail dated 11 September 2023 in which he reported his communication exchanges with the Bank in relation to a complaint (for which he also submitted a complaint to the Banca d'Italia) concerning payment services; (ii) Certified e-mail dated 3 December 2023 in which he raised questions about the Bank's controls in relation to a settlement agreement for a credit exposure with a client company.

With regard to the communications of Mr. Santoro and Mr. Bava, the Board of Statutory Auditors promptly performed appropriate in-depth analysis, obtaining the information necessary to examine and assess the case submitted with the support of the Bank's competent structures. The Board of Statutory Auditors, having verified the possible grounds for the facts reported, agreed with the reasonable conclusions proposed by these structures. Therefore, because of the checks performed, no irregularities were identified to be reported to the Shareholders' Meeting.
With reference to the communication already mentioned in the Report dated 6 March 2023, received on 27 February 2023 from the Shareholder Mr. Marino, who reported some press articles relating to alleged "leaks" by Corporate Bodies' Members, the Board of Statutory Auditors concluded its analysis on the above-mentioned matters, with no irregularities detected to be reported to the Shareholders' Meeting.

In the above-mentioned period, the following communication was received from Fondazione CRT, qualified by the Shareholder as a complaint pursuant to Article 2408 paragraph 2 of the Civil Code:
- Fondazione CRT: E-mail dated 12 February 2024, also addressed to the Banca d'Italia and Consob, in which, mentioning Consob warning notice No.1/2022 dated 21 January 2022, reported that the procedure for selecting candidates for the office of Chairman, Chief Executive Officer and Member of the Board of Directors, provided by the UniCredit Regulation of Corporate Bodies and Committees, does not include consultation phases with the shareholders and relevant stakeholders and asked the Board of Statutory Auditors to intervene, in view of the risks of opacity and self-referentiality of this procedure, by soliciting an amendment of the same and by continuously monitoring the compliance with the law and best practices of the activities functional to the presentation of the Board List.

With reference to Fondazione CRT's communication, the Board of Statutory Auditors promptly proceeded to perform the necessary in-depth analysis meeting with the competent functions and availing itself of the assistance of an independent external expert - also considering the Consob warning notice No.1/2022 dated 21 January 2022 - whose outcomes led to the conclusion that no profiles of non-legality/non-legitimacy can be identified in the above-mentioned procedure.

Lastly, it should be noted that, in the same period, the Board of Statutory Auditors received two communications which could be qualified as complaints to the Supervisory Authorities. These communications were analysed in depth by the Board of Statutory Auditors, which obtained from the competent structures the information needed to examine and assess the cases submitted. The analyses performed did not highlight any cases worthy of mention and, to date, no follow-up has been received from the Authorities concerned.
During the year, the Board of Statutory Auditors, in addition to what has already been specifically stated in this Report, issued its opinions, and expressed the observations that the current regulations and supervisory provisions for banks assign to its responsibility.
Furthermore, the Board of Statutory Auditors reported that:
- It performed, on 26 September 2023, the assessment of: (i) The professional experience requirements and competence criteria; (ii) The integrity requirements and fairness criteria; (iii) The independence requirements, as well as the independence of mind pursuant to Ministerial Decree

Report of the Board of Statutory Auditors

No.169 of 23 November 2020 for each of its Members;
- It performed, periodically and on an event-driven basis, the assessment of the independence requirements of the individual members of the Board of Statutory Auditors with regard to the communications received from the individual members concerning the number of roles held/ceased and the related time commitment;
- It took note of the self-assessment required by the Supervisory Provisions, performed by the Board of Directors at its meeting held on 16 February 2024;
- It found that the criteria and procedures establishing the independence requirements adopted by the Board of Directors (at the Board meeting held on 18 July 2023) to assess the independence of its Members and the possible interlocking situations pursuant to Article 36 of Legislative Decree 201/2011, were correctly applied;
- It attended, in addition to Board meetings, to specific meetings with the Directors, extended also to the Statutory Auditors. Such meetings are dedicated to the prospects and key elements of the Group's strategy and that of the entire European banking sector;
- It oversaw that the transactions undertaken with persons with administrative, managerial or control functions were always conducted in compliance with Art.136 TUB and Supervisory Instructions.

The Board of Statutory Auditors does not deem it necessary to exercise the option of making proposals to the Shareholders' Meeting pursuant to Art.153, second paragraph of Italian Legislative Decree 58/1998 (TUF).

Corporate Governance - Implementation of the corporate governance rules
The Board of Statutory Auditors of UniCredit S.p.A. acted within the framework of an integrated governance and of adequate and structured internal corporate information flows, and supervised the practical implementation of the codes of conduct to which the Company has declared to adhere.

The Corporate Governance Committee promoted by ABI, ANIA, Assogestioni, Assonime, Borsa Italiana and Confindustria, which periodically updates the Corporate Governance Code to which UniCredit has adhered since 2001, proceeds on an annual basis to send specific recommendations to all listed companies aimed at strengthening the credibility of adherence to the Code as a as a quality signal of corporate governance practices actually implemented.
In particular, the above-mentioned Committee, in the letter of the Committee Chairman dated 14 December 2023, later examined by the Board of Statutory Auditors at its meeting held on 19 December 2023, invited the Board of Directors of listed companies to provide a description of the choices relating to the following main aspects, identified as improvement areas, with the aim of strengthening the implementation of the "comply or explain" principle:
- Business plan
- Pre-meeting information;
- Guideline on the optimal composition of the Board of Directors;
- increased voting rights (so-called "voto maggiorato").

The Board of Statutory Auditors noted the responses provided by the Bank on the individual aspects mentioned above, in the Report on the Corporate Governance and Ownership Structure, approved by the Board of Directors at its meeting held on 29 February 2024.
With specific regard to Board of Directors' pre-meeting information, the Board of Statutory Auditors noted, as provided for in the Regulation of Corporate Bodies and Committees, that documentation concerning the topics submitted to the Board for approval must be made available at least three days before the meetings, with the possibility of waiving from this provision only in exceptional cases: moreover, in such situations, the Chairman ensures that the topics are adequately explained by the Chief Executive Officer during board meetings. With regard to cases of non-compliance with the deadline, the Board of Statutory Auditors recommends the greatest possible compliance with the deadline for providing documentation and recommends the incoming Control Body keeping its focus on this area.

The BoSA reviewed the process undertaken in order to prepare the list for the appointment of the Board of Directors, verifying its traceability, process documentability, information provided within the framework of the Shareholders' Meeting documentation, as well as the consistency with the provisions of the relevant Policy. The Board of Statutory Auditors also decided to provide the Board of Directors with some suggestions for optimising the Policy.

On 22 February 2024, the Board of Statutory Auditors concluded the self-assessment process on the suitability composition and the proper and effective functioning of the BoSA itself. The self-assessment process was performed in accordance with the provisions of the Corporate Bodies and Committees Regulation, adopted in compliance with the Supervisory Provisions on Corporate Governance for Banks and in line with the indications included in the document "The Self-Assessment of the Board of Statutory Auditors" issued by the Italian National Board of Certified Public Accountants and Accounting Experts (Consiglio Nazionale dei Dottori Commercialisti ed Esperti Contabili) in May 2019 and without turning to the external consultants.

The Board of Statutory Auditors assessed its composition as adequate, also due to its evolution over time and the diversity of skills, competencies, and experience, as well as gender, which ensured the effective functioning of the BoSA over time.

The Board of Statutory Auditors reported every six months to the Board of Directors and the Internal Controls & Risks Committee about the main activities carried out and the recommendations made. In addition to what has already been stated in paragraph 1. "Appointment and activities of the

Report of the Board of Statutory Auditors

Board of Statutory Auditors" regarding attendance at meetings of the Bodies, the Board of Statutory Auditors received the usual information flows, during the period (provided for in the "Corporate Bodies and Committees Regulation" and in the policies) on the activities of the Remuneration Committee and Related-Party transactions.
Starting from May 2020, the attendance of the Board of Statutory Auditors' Members at the Board Committees' meetings has increased according to the modalities reported in the above-mentioned paragraph 1. Starting from the mandate received from the Shareholders' Meeting of 8 April 2022, the above-mentioned attendance has taken place with 9 months rotation, instead of the previous 6 months rotation, in order to further optimise its participation and effectiveness and also to ensure better continuity of action and information to each Member over time.
The Board of Statutory Auditors confirmed that the strengthening of its attendance to the Board Committees in question has strongly contributed to its effectiveness as Control Body.

The BoSA executed the usual periodic checks, together with the competent functions, examining a selected sample of reports within the forms pursuant to Article 23 of the Articles of Association, detecting no exceptions.

With specific reference to the assignment to the **Board of Statutory Auditors** also of the functions of the **Supervisory Body pursuant to Italian Legislative Decree No.231/2001 ("OdV 231")**, the Board of Statutory Auditors has adopted, over time and on an ongoing basis, specific operational practices in order to make its ordinary role synergic with its role as 231 Supervisory Body, also with the aim to rationalise and systematise appropriate information flows from the structures.
The Board of Statutory Auditors, charged with functions of 231 Supervisory Body, reported to the Board of Directors every six months on the activities carried out on the implementation of the Organizational and Management Model adopted by UniCredit S.p.A. pursuant to the above-mentioned Legislative Decree ("the Model") at the meetings held on 21 September 2023 and 29 February 2024, respectively.
During the reporting period, the Board of Statutory Auditors, acting as 231 Supervisory Body, oversaw the functioning and compliance with the Model. The verification and control activity, based on the information made available to it, was functional in pursuing the objectives of its effective implementation. The Supervisory Body 231/2001 pursued these objectives with the collaboration of Internal Audit and Compliance functions without substituting, replacing, or duplicating the control tasks institutionally assigned to these functions.

Governance evolution
As it is known, since its incorporation, UniCredit had adopted the so-called traditional governance model, which is the default option envisaged by the current Italian law for companies. Although this model had been efficient over time, there were a number of factors which grounded the need for reassessing the Company's governance model. For instance, the developments in the economic and regulatory context, the challenges that banks face today, and the demands from market players and regulators for an effective corporate governance.

Following the assessments performed, the Board of Directors resolved on the adoption of the one-tier corporate governance system in lieu of the traditional one; the one-tier governance model features the presence of a Board of Directors, which performs the strategic supervision and management functions, and an Audit Committee - established within the Board - which performs control functions.

The Board of Directors deemed the one-tier model as suitable to enhance the quality of the governance, ensuring a greater effectiveness of controls through the integration of the control body within the Board, and to fully enhance the role of the Control Body's Members through their direct participation in the Board's decision-making processes.

With reference to the above, the Board of Statutory Auditors issued its positive opinion to the Board of Directors, at its meeting held on 31 July 2023, about the "Corporate Governance Project" (provided for by Circular No.285 of the Banca d'Italia), which explains characteristics and reasons for appropriateness of adopting the one-tier governance model instead of the traditional one and the consequent changes to the organizational structure of the Company and UniCredit Group. In order to issue the aforesaid opinion, the Board of Statutory Auditors performed various and detailed in-depth analysis, and also relied on the support of an independent external expert. The opinion was expressed in relation to: (i) Legality assessment, i.e. a Project's compliance check with the current regulatory requirements, (ii) "Adequacy" assessment, i.e. an adequacy check of the reasons underlying the Project and the new statutory and organizational structures.

The Board of Directors therefore resolved to submit the adoption of the one-tier administration and control system and the related amendments to the Articles of Association to the Extraordinary Shareholders' Meeting of UniCredit, which approved them on 27 October 2023, effective upon the renewal date of the corporate bodies in office at the approval date of this Report.
Thus, in the run-up of the Board of Directors' renewal for the 2024-2026 financial years, the outgoing Board of Directors made available to Shareholders a new theoretical profile for the Directors and the Audit Committee's Members in order to allow the best choice of directors' candidates to be presented to the April 12, 2024, Shareholders' Meeting called for their appointment.

Conclusions
The oversight activity of the Board of Statutory Auditors revealed no censurable actions, omissions or irregularities requiring to be noted in this Report**.**

Report of the Board of Statutory Auditors

During the meetings of the Board of Directors, during which the most significant economic, financial and equity transactions of UniCredit S.p.A. and its subsidiaries were examined, the Board of Statutory Auditors received the information pursuant to Art.150, paragraph 1, of Italian Legislative Decree. 58/1998 (TUF).

Based on the information acquired through its oversight activity, the Board of Statutory Auditors did not become aware of any transactions performed during the financial year to which this report refers to, not in compliance with the principles of proper management, resolved and carried out not in compliance with the law and the Company Bylaws, not in the Company's interest, not in accordance with Shareholders' resolutions, manifestly imprudent or risky, lacking the necessary information where Directors' interests were involved, or prejudicial to the Company's assets.

Having regard to the foregoing, the Board of Statutory Auditors, having examined the reports drawn up by the External Auditors, having noted the joint attestations issued by the Chief Executive Officer and the Manager in charge of preparing the Company's financial statements, does not find in the areas under its remit any impediment to the approval of the proposal for financial statements as at 31 December 2023 and of the remuneration proposal to Shareholders, submitted by the Board of Directors, as reported in the next paragraph.

Statement of going concern
The Board of Statutory Auditors highlights that UniCredit Directors observed that during 2023 the geopolitical tensions between Russian Federation and Ukraine persisted while further conflicts started in the Middle East. Such events determined a relevant uncertainty in the macroeconomic outlook, in terms of GDP, inflation rates and interest rates.

The Directors assessed such circumstances, also evaluating the operations directly held in the Russian market through its subsidiary AO UniCredit Bank, and concluded, with reasonable certainty, that the Group will be able to operate profitably in the foreseeable future; as a result, in accordance with the provisions of IAS1, the Consolidated financial statements of UniCredit Group as at 31 December 2023, were prepared on a going concern basis.

The measurement criteria adopted are therefore consistent with this assumption and with the principles of accrual-based accounting, the relevance and materiality of accounting information, and the prevalence of economic substance over legal form.
These criteria have not changed with respect to the previous year.

As stated also in the press release issued on 29 February 2024, the Directors will submit the Board of Director's Reports to the Shareholders' Meeting - to be held on 12 April 2024 - related to the proposals of approval of the 2023 Company Financial Statement of UniCredit S.p.A., and the allocation of the 2023 net profit of UniCredit S.p.A.

With reference to the allocation of the 2023 net profit of UniCredit S.p.A. equal to €11,264,207,182.84, the Directors will propose the following allocation:
- An amount equal to €1,124,688,342.00 for the establishment of a specific non-distributable reserve pursuant to the art.26, paragraph 5-bis, of the Law n.136 of 9 October 2023 (tax on banks extra-profits, please refer also to paragraph 7 of this Report);
- To the Shareholders, a dividend of €1.8029 for each share outstanding and entitled to dividend at payment date, for a maximum amount of €3,014,750,000.00 equivalent to approximately 35% of the so-called "Group Net Profit";
- In favor of UniCredit Foundation an amount of €30,000,000.00 for social, charity and cultural initiatives;
- To the "Reserve for social, charity and cultural initiatives" aimed at the social and labour inclusion of young people, the promotion of education and to support communities most impacted by the energy transition, an amount equal to €5,000,000.00;
- To the Reserve related to the medium-term incentive program for Group Staff for an amount of €100,000,000.00;
- To the Statutory Reserve the remaining amount.

With the approval of the financial statements as at 31 December 2023 and by virtue of the transition to the one-tier system as indicated in the "Governance evolution" paragraph, the mandate of the Board of Statutory Auditors appointed by the Shareholders' Meeting of 8 April 2022 expires.

On this occasion, we would like to thank for the trust given to the outgoing Board of Auditors during these years of office and for the effective collaboration of the Management and the competent Functions.

* * * * *

Milan, 11 March 2024

For the Board of Statutory Auditors

The Chairman
Marco Rigotti

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(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

To the shareholders of
UniCredit S.p.A.

Report on the audit of the separate financial statements

Opinion

We have audited the separate financial statements of UniCredit S.p.A. (the "bank"), which comprise the balance sheet as at 31 December 2023, the income statement and the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include material information the accounting policies.

In our opinion, the separate financial statements give a true and fair view of the financial position of UniCredit S.p.A. as at 31 December 2023 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and article 43 of Legislative decree no. 136/15.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the financial statements*" section of our report. We are independent of the company in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the separate financial statements of the current year. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Measurement of loans and receivables with customers recognised under financial assets at amortised cost

Notes to the accounts "Part A - Accounting policies": paragraph A.2.3 "Financial assets at amortised cost"

Notes to the accounts "Part B - Balance sheet - Assets": section 4 "Financial assets at amortised cost"

Notes to the accounts "Part C - Income statement": Section 8 "Net losses/recoveries on credit impairment"

Notes to the accounts "Part E - Information on risks and related hedging policies": Section 1 "Credit risk"

Key audit matter	Audit procedures addressing the key audit matter
Lending to customers is one of the bank's core activities. Loans and receivables with customers recognised under financial assets at amortised cost totalled €207,576 million at 31 December 2023, accounting for 54% of total assets. Net impairment losses on loans and receivables with customers recognised in profit or loss during the year totalled €213 million. For classification purposes, the directors make analyses that are sometimes complex in order to identify those positions that show evidence of both a significant increase in credit risk and impairment after disbursement. To this end, they consider both internal information about the performance of exposures and external information about the reference sector or the borrowers' overall exposure to banks. Measuring loans and receivables with customers is a complex activity, with a high degree of uncertainty and subjectivity, with respect to which the directors apply internal valuation models that consider many quantitative and qualitative factors, including historical collection flows, expected cash flows and related estimated collection dates, the existence of any indicators of impairment, an assessment of any guarantees, the impact of macroeconomic variables, future scenarios and risks of the sectors in which the bank's customers operate. The complexity of the directors' estimation process is affected by the heightened geopolitical uncertainties, which have worsened current economic conditions and the outlook for future macroeconomic scenarios and have had a strong impact on the energy market, supply chains, inflationary pressure and its effect on monetary policies, leading central banks to raise interest rates in the main economies, and the property market's trends and indicators. This required the directors to revisit the valuation processes and methods.	Our audit procedures included: • gaining an understanding of the bank's processes and IT environment in relation to the disbursement, monitoring, classification and measurement of loans and receivables with customers; • assessing the design and implementation of controls and performing procedures to assess the operating effectiveness of material controls, especially in relation to the identification of exposures with indicators of impairment and the calculation of impairment losses; • analysing the classification criteria used for allocating loans and receivables with customers to the IFRS 9 categories (staging); • analysing the individual and collective impairment assessment policies and models used and checking the reasonableness of the main assumptions and variables included therein, as well as the adjustments made as a result of the financial effects of the geopolitical situation. We carried out these procedures with the assistance of experts of the KPMG network; • selecting a sample of exposures tested collectively, checking the application of the measurement models applied and checking that the impairment rates applied complied with those provided for in such models; • selecting a sample of exposures tested individually and checking the reasonableness of the indicators of impairment identified and of the assumptions about their recoverability, including considering the guarantees received; • analysing the significant changes in the loan and receivable categories and in the related impairment

Key audit matter	Audit procedures addressing the key audit matter
For the above reasons, we believe that the measurement of loans and receivables with customers recognised under financial assets at amortised cost is a key audit matter.	rates compared to the previous years' figures and discussing the results with the relevant internal departments; • assessing the appropriateness of the disclosures about loans and receivables with customers recognised under financial assets measured at amortised cost.

Measurement of financial assets and liabilities at fair value levels 2 and 3

Notes to the accounts "Part A – Accounting policies": paragraphs A.2.1 "Financial assets at fair value through profit or loss", A.2.2 "Financial assets at fair value through other comprehensive income", A.2.4 "Hedge accounting", A.2.12 "Financial liabilities held for trading", A.2.13 "Financial liabilities designated at fair value" and A.4 "Information on fair value"

Notes to the accounts "Part B - Balance sheet - Assets": Sections 2 "Financial assets at fair value through profit or loss", 3 "Financial assets at fair value through other comprehensive income" and 5 "Hedging derivatives"

Notes to the accounts "Part B - Balance sheet - Liabilities": Sections 2 "Financial liabilities held for trading", 3 "Financial liabilities designated at fair value" and 4 "Hedging derivatives"

Notes to the accounts "Part C - Income statement": Sections 4 "Gains (losses) on financial assets and liabilities held for trading", 5 "Fair value adjustments in hedge accounting" and 7 "Net gains (losses) on financial assets/liabilities at fair value through profit or loss"

Notes to the accounts "Part E - Information on risks and related hedging policies": Sections 2 "Market risks" and 3 "Derivative instruments and hedging policies"

Key audit matter	Audit procedures addressing the key audit matter
Trading in and holding financial instruments are two of the bank's core activities. The separate financial statements at 31 December 2023 include financial assets and financial liabilities at fair value totalling €63,747 million and €33,522 million, respectively. These financial assets and liabilities comprise assets and liabilities measured at fair value of €30.067 million and €28.817 million, respectively, for which there is no quoted price on an active market and which the bank's directors have classified at levels 2 and 3 of the fair value hierarchy. Measuring fair value levels 2 and 3 financial instruments requires a high level of judgement given the complexity of the models and parameters used. Such complexity is affected by the heightened geopolitical uncertainties and their impact on the on the main economic and financial variables.	Our audit procedures included: • gaining an understanding of the bank's processes and IT environment in relation to the trading, classification and measurement of financial instruments; • assessing the design and implementation of controls and performing procedures to assess the operating effectiveness of material controls, especially in relation to the classification and measurement of financial instruments with fair value levels 2 and 3, also in the light of the financial effects of geopolitical situation; • checking, on a sample basis, that the financial instruments had been correctly classified on the basis of their fair value level;

Key audit matter	Audit procedures addressing the key audit matter
For the above reasons, we believe that the measurement of financial assets and liabilities at fair value levels 2 and 3 is a key audit matter.	• for a sample of financial instruments with fair value levels 2 and 3, assessing the reasonableness of the parameters used by the directors for their measurement, also in the light of the financial effects of the geopolitical situation; we carried out these procedures with the assistance of experts of the KPMG network; • analysing the changes in the composition of the financial instrument portfolios compared to the previous year end and discussing the results with the relevant internal departments; • assessing the appropriateness of the disclosures about financial instruments and related fair value levels.

Responsibilities of the bank's directors and board of statutory auditors ("Collegio Sindacale") for the separate financial statements

The directors are responsible for the preparation of separate financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and article 43 of Legislative decree no. 136/15 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the bank's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the separate financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the bank or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the bank's financial reporting process.

Auditors' responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the bank's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the bank to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the measures taken to eliminate those threats or the safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

Other information required by article 10 of Regulation (EU) no. 537/14

On 9 April 2020, the bank's shareholders appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2022 to 31 December 2030.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the bank in conducting the statutory audit.

We confirm that the opinion on the separate financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

Opinion on the compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The bank's directors are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF) to the separate financial statements at 31 December 2023 to be included in the annual financial report.

We have performed the procedures required by Standard on Auditing (SA Italia) 700B in order to express an opinion on the compliance of the separate financial statements with Commission Delegated Regulation (EU) 2019/815.

In our opinion, the separate financial statements at 31 December 2023 have been prepared in XHTML format in compliance with the provisions of Commission Delegated Regulation (EU) 2019/815.

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The bank's directors are responsible for the preparation of the reports on operations and on corporate governance and ownership structure at 31 December 2023 and for the consistency of such reports with the related financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the report on operations and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the bank's separate financial statements at 31 December 2023 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the report on operations and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the bank's separate financial statements at 31 December 2023 and have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Milan, 11 March 2024

KPMG S.p.A.

(signed on the original)

Mario Corti
Director

Annex 1 - Reconciliation between reclassified balance sheet and income statement accounts and mandatory reporting schedules

A reconciliation of the reclassified Balance sheet and profit and loss account to the mandatory reporting schedules, is provided below.
An explanation for the restatement of comparative figures is provided in the previous sections.

Balance sheet

(€ million)

	AMOUNTS AS AT	
	31.12.2023	31.12.2022
ASSETS		
Cash and cash balances	12,301	54,713
Item 10. Cash and cash balances	*12,301*	*54,713*
Financial assets held for trading	15,384	18,785
Item 20. Financial assets at fair value through profit and loss: a) Financial assets held for trading	*15,384*	*18,785*
Loans to banks	17,908	17,008
Item 40. Financial assets at amortised cost: a) Loans and receivables with banks	*34,249*	*31,256*
less: Reclassification of leasing assets IFRS16 in Other financial assets	*(17)*	*(17)*
less: Reclassification of debt securities in Other financial assets	*(16,324)*	*(14,231)*
Loans to customers	172,661	191,959
Item 40. Financial assets at amortised cost: b) Loans and receivables with customers	*207,576*	*228,421*
less: Reclassification of debt securities in Other financial assets	*(35,051)*	*(36,650)*
less: Reclassification of leasing assets IFRS16 in Other financial assets	*(68)*	*(26)*
+ Reclassification of loans from Other financial assets - Item 20 c)	*204*	*213*
Other financial assets	131,294	120,940
Item 20. Financial assets at fair value through profit and loss: b) Financial assets designated at fair value	*132*	*204*
Item 20. Financial assets at fair value through profit and loss: c) Other financial assets mandatorily at fair value	*5,753*	*4,536*
less: Reclassification of loans in Loans to customers	*(204)*	*(213)*
Item 30. Financial assets at fair value through other comprehensive income	*31,636*	*26,921*
Item 70. Equity investments	*42,517*	*38,569*
+ Reclassification of debt securities from Loans to banks - Item 40 a)	*16,324*	*14,231*
+ Reclassification of debt securities from Loans to customers - Item 40 b)	*35,051*	*36,650*
+ Reclassification of leasing assets IFRS16 from Loans to banks - Item 40 b)	*17*	*17*
+ Reclassification of leasing assets IFRS16 from Loans to customers - Item 40 b)	*68*	*26*
Hedging instruments	8,887	9,780
Item 50. Hedging derivatives	*10,843*	*13,741*
Item 60. Changes in fair value of portfolio hedged items (+/-)	*(1,956)*	*(3,961)*
Property, plant and equipment	3,730	3,911
Item 80. Property, plant and equipment	*3,730*	*3,911*
Goodwill	-	-
Item 90. Intangible assets of which: goodwill	*-*	*-*
Other intangible assets	1,580	1,641
Item 90. Intangible assets net of goodwill	*1,580*	*1,641*
Tax assets	9,714	10,597
Item 100. Tax assets	*9,714*	*10,598*
Non-current assets and disposal groups classified as held for sale	299	233
Item 110. Non-current assets and disposal groups classified as held for sale	*299*	*233*
Other assets	8,352	6,631
Item 120. Other assets	*8,352*	*6,632*
Total assets	**382,110**	**436,198**

Annex 1 - Reconciliation between reclassified balance sheet and income statement accounts and mandatory reporting schedules

continued: Balance sheet

(€ million)

	AMOUNTS AS AT	
	31.12.2023	31.12.2022
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits from banks	32,584	74,606
Item 10. Financial liabilities at amortised cost: a) Deposits from banks	*32,608*	*74,613*
less: Reclassification of leasing liabilities IFRS16 in Other financial liabilities	*(24)*	*(7)*
Deposits from customers	206,660	217,322
Item 10. Financial liabilities at amortised cost: b) Deposits from customers	*207,558*	*218,320*
less: Reclassification of leasing liabilities IFRS16 in Other financial liabilities	*(898)*	*(998)*
Debt securities issued	46,557	47,063
Item 10. Financial liabilities at amortised cost: c) Debt securities in issue	*46,557*	*47,063*
Financial liabilities held for trading	14,311	20,719
Item 20. Financial liabilities held for trading	*14,311*	*20,719*
Other financial liabilities	8,182	6,367
Item 30. Financial liabilities designated at fair value	*7,260*	*5,363*
+ Reclassification of leasing liabilities IFRS16 from Deposits from customers - Item 10 b)	*898*	*998*
+ Reclassification of leasing liabilities IFRS16 from Deposits from banks	*24*	*7*
Hedging instruments	4,547	3,489
Item 40. Hedging derivatives	*11,950*	*16,227*
Item 50. Value adjustment of hedged financial liabilities (+/-)	*(7,403)*	*(12,739)*
Tax liabilities	2	19
Item 60. Tax liabilities	*2*	*19*
Liabilities included in disposal group classified as held for sale	-	-
Item 70. Liabilities referrable to disposal groups classified as held for sale	*-*	*-*
Other liabilities	8,964	9,251
Item 80. Other liabilities	*6,950*	*6,938*
Item 90. Provision for employee severance pay	*330*	*361*
Item 100. Provisions for risks and charges	*1,681*	*1,952*
Shareholders' equity:	60,303	57,362
- Capital and reserves	49,039	54,255
Item 110. Valuation reserves	*658*	*712*
Item 120. Redeemable shares	*-*	*-*
Item 130. Equity instruments	*4,863*	*6,100*
Item 140. Reserves	*23,945*	*23,707*
Item 150. Share premium	*23*	*2,516*
Item 160. Share capital	*21,278*	*21,220*
Item 170. Treasury shares (-)	*(1,727)*	*-*
- Stated Net profit (loss)	11,264	3,107
Item 180. Profit (Loss) of the period (+/-)	*11,264*	*3,107*
Total liabilities and shareholders' equity	**382,110**	**436,198**

Annex 1 - Reconciliation between reclassified balance sheet and income statement accounts and mandatory reporting schedules

Income statement

(€ million)

	YEAR	
	2023	2022
Net interest	5,822	3,782
Item 30. Net interest margin	*5,922*	*3,800*
less: Net interest from trading book instruments	*(87)*	*(1)*
+ Interest on DBO/TFR/Jubilee (from Item 160)	*(16)*	*(5)*
+ Derivatives instruments - Economic Hedges - Others - Interest component	*3*	*(6)*
+ Remodulation by ECB of contractual terms of TLTRO III facilities	*-*	*41*
+ Interest on cash collaterals (from Item 200)	*-*	*(47)*
Dividends	3,069	1,404
Item 70. Dividend income and similar revenue	*3,086*	*1,459*
less: Dividends on equity investments, shares and equity instruments mandatorily at fair value	*(17)*	*(54)*
Fees	4,042	4,269
Item 60. Net fees and commissions	*3,934*	*4,103*
+ Structuring and mandate fees on issued or placed certificates by the Group and connected derivatives (from Item 80)	*(5)*	*(11)*
+ Structuring and mandate fees on issued or placed certificates by the Group (from Item 110)	*52*	*66*
+ Mark-up fees on client hedging activities (from Item 80)	*61*	*112*
Trading income	651	(58)
Item 80. Net gains (losses) on trading	*502*	*(286)*
less: Derivatives instruments - Economic Hedges - Others - Interest component	*(3)*	*6*
less: Structuring and mandate fees on issued or placed certificates by the Group	*5*	*11*
less: Mark-up fees on client hedging activities	*(61)*	*(112)*
Item 90. Net gains (losses) on hedge accounting	*5*	*(18)*
Item 100. Gains (Losses) on disposal and repurchase of: b) financial assets at fair value through other comprehensive income	*147*	*203*
Item 100. Gains (Losses) on disposal and repurchase of: c) financial liabilities	*65*	*74*
less: Remodulation by ECB of contractual terms of TLTRO III facilities	*-*	*(41)*
Item 110. Net gains (losses) on other financial assets/liabilities at fair value through profit or loss	*(112)*	*(79)*
less: Structuring and mandate fees on issued or placed certificates by the Group	*(52)*	*(66)*
+ Gains (Losses) on disposal and repurchase of financial assets at amortised cost - debt securities (from Item 100 a)	*50*	*194*
+ Dividends on equity investments, shares and equity instruments mandatorily at fair value (from Item 70)	*17*	*54*
+ Net interest from trading book instruments	*87*	*1*
Other expenses/income	910	518
Item 200. Other operating expenses/income	*1,230*	*1,111*
less: Recovery of expenses	*(486)*	*(458)*
less: Leasehold improvements	*27*	*28*
less: Interest on cash collaterals	*-*	*47*
less: Other operating expenses/income - Integration costs	*3*	*1*
less: Net results from trading of physical gold, precious stones and metals	*6*	*-*
less: Other operating income other - reversal of invoices to be received related to tangible assets	*(7)*	*-*
+ Gains (Losses) on disposal and repurchase of financial assets at amortised cost - performing loans (from Item 100 a)	*138*	*(211)*
Revenue	**14,494**	**9,915**
HR costs	(3,052)	(3,048)
Item 160. Administrative expenses: a) staff costs	*(3,519)*	*(3,263)*
less: Administrative expenses - staff costs - integration costs	*451*	*210*
less: Interest on DBO/TFR/Jubilee	*16*	*5*
Non HR costs	(1,945)	(1,844)
Item 160. Administrative expenses: b) Other administrative expenses	*(2,385)*	*(2,351)*
less: Other administrative expenses contributions to the Resolution Funds, Deposit Guarantee Schemes (DGS), Bank Levy and Guarantee fees for DTA	*457*	*526*
less: Other administrative expenses - integration costs	*10*	*8*
+ Other operating expenses/income - leasehold improvements (from Item 200)	*(27)*	*(28)*
Recovery of expenses	486	458
+ Other operating expenses/income - recovery of expenses (from Item 200)	*486*	*458*
Amortisation and depreciation	(685)	(734)
Item 180. Net value adjustments/write-backs on property, plant and equipment	*(369)*	*(389)*
less: Impairment/write backs of right of use of land and buildings used in the business	*36*	*7*
less: Net value adjustments/write-backs on property, plant and equipment - integration costs	*2*	*33*
Item 190. Net value adjustments/write-backs on intangible assets	*(436)*	*(386)*
less: Net value adjustments/write-backs on intangible assets - integration costs	*75*	
+ Other operating income other - reversal of invoices to be received related to tangible assets (from Item 200)	*7*	*-*
Operating costs	**(5,196)**	**(5,168)**
GROSS OPERATING PROFIT (LOSS)	**9,298**	**4,747**

Annex 1 - Reconciliation between reclassified balance sheet and income statement accounts and mandatory reporting schedules

continued: Income statement

(€ million)

	YEAR	
	2023	2022
GROSS OPERATING PROFIT (LOSS)	**9,298**	**4,747**
Loan Loss Provisions	(177)	(1,055)
Item 100. Gains (Losses) on disposal and repurchase of: a) financial assets at amortised cost	201	13
less: Gains (Losses) on disposal and repurchase of financial assets at amortised cost - performing loans	(138)	211
less: Gains (Losses) on disposal and repurchase of financial assets at amortised cost - debt securities	(50)	(194)
Item 130. Net losses/recoveries on credit impairment relating to: a) financial assets at amortised cost	(199)	(1,040)
less: Net losses/recoveries on impairment relating to: a) financial assets at amortised cost - debt securities	2	(6)
Item 130. Net losses/recoveries on credit impairment relating to: b) financial assets at fair value through other comprehensive income	(11)	(9)
less: Net losses/recoveries on impairment relating to: b) financial assets at fair value through other comprehensive income - debt securities	11	9
Item 140. Gains/Losses from contractual changes with no cancellations	7	9
Item 170. Net provisions for risks and charges: a) commitments and financial guarantees given	1	(48)
NET OPERATING PROFIT (LOSS)	**9,121**	**3,692**
Other charges and provisions	(495)	(440)
Item 170. Net provisions for risks and charges: b) other net provisions	*(38)*	*89*
less: Net provisions for risks and charges: b) other net provisions - integration costs	-	*(2)*
+ Administrative expenses - other administrative expenses contributions to the Resolution Funds, Deposit Guarantee Schemes (DGS), Bank Levy and Guarantee fees for DTA (from Item 160 b)	*(457)*	*(526)*
Integration costs	(541)	(249)
+ Administrative expenses - staff costs - integration costs (from Item 160 a)	*(451)*	*(210)*
+ Administrative expenses - other administrative expenses - integration costs (from Item 160 b)	*(10)*	*(8)*
+ Other operating income/expenses - integration costs (from Item 200)	*(3)*	*(1)*
'+ Amortisation, depreciation and impairment losses on intangible and tangible assets - Net value adjustments/write-backs on property, plant and equipment - integration costs (from Item 180)	*(2)*	2
+ Amortisation, depreciation and impairment losses on intangible and tangible assets - Net value adjustments/write-backs on property, plant and equipment - integration costs (from Item 190)	*(75)*	*(33)*
Net income from investments	3,815	135
Item 220. Profit (Loss) of equity investments	*3,889*	*138*
Item 230. Net gains (losses) on tangible and intangible assets measured at fair value	*(20)*	*8*
+ Net losses/recoveries on impairment relating to financial assets at amortised cost - debt securities (from Item 130 a)	*(2)*	*6*
+ Net losses/recoveries on impairment relating to financial assets at fair value through other comprehensive income - debt securities (from Item 130 b)	*(11)*	*(9)*
+ Impairment/write backs of right of use of land and buildings used in the business (from Item 180)	*(36)*	*(7)*
+ Net results from trading of physical gold, precious stones and metals (from Item 200)	*(6)*	-
PROFIT (LOSS) BEFORE TAX	**11,900**	**3,138**
Income taxes	(636)	(31)
Item 270. Tax expenses (income) from continuing operations	*(636)*	*(31)*
Profit (Loss) of discontinued operations	-	-
Item 290. Profit (Loss) after tax from discontinued operations	-	-
NET PROFIT (LOSS) FOR THE PERIOD	**11,264**	**3,107**
Goodwill impairment	-	-
Item 240. Goodwill impairment	-	-
STATED NET PROFIT (LOSS)	**11,264**	**3,107**
Item 300. Net profit (loss) for the period	*11,264*	*3,107*

Annex 2 - Audit fees and other non-audit services

(pursuant to article 149-duodecies, CONSOB Regulation No.11971/99, as supplemented)

(€ million)

DISCLOSURE OF EXTERNAL AUDITORS' FEES - UNICREDIT S.p.A. - FINANCIAL YEAR 2023 - KPMG NETWORK					
As prescribed by Art.149-duodecies of the Consob Issuers Regulation, the following table gives fees paid in 2023 for audit services rendered by the Auditor and firms in its network.					
	SERVICE PROVIDER	SUBSIDIARY ASSIGNING THE SERVICE			
EXTERNAL AUDITING	**NAME OF AUDITING FIRM**	**COMPANY NAME**	**DESCRIPTION OF SERVICE**		**FEES(*)**
Auditing Firm	KPMG S.p.A.	UniCredit S.p.A.	Audit of Company and Consolidated accounts and First Half Report, accounting checks and foreign branches		3.8
Auditing Firm Total					**3.8**
External Auditing Total					**3.8**
	SERVICE PROVIDER	SUBSIDIARY ASSIGNING THE SERVICE			
CHECKING FOR THE PURPOSES OF OTHER OPINIONS	**NAME OF AUDITING FIRM**	**COMPANY NAME**	**DESCRIPTION OF SERVICE**		**FEES(*)**
Auditing Firm	KPMG S.p.A.	UniCredit S.p.A.	Limited review on 2023 non financial information, Limited review on Q1 2023 and Q3 2023 Company and Consolidated Reports, Comfort Letter for the inclusion of year-end net profit in Common Equity Tier 1 Capital, Assurance Engagement ISAE 3402, Issuing Comfort Letters concerning bond issues, Supervisory Fees ECB ISA 805, Limited review PRB Reporting, ISAE 3000R Reasonable Assurance on Mifid II		1.7
Auditing Firm Total					**1.7**
Network Auditing Firm(s)	KPMG Huazhen LLP, KPMG Autitores SL, KPMG Audit SRL, KPMG Česká republika Audit, s.r.o, KPMG Audyt Sp. z o.o.	UniCredit S.p.A.	Statutory audit of foreign branches Shanghai, Madrid, Bucharest, Prague and Szczecin financial statements according to local regulations		0.1
Network Auditing Firm(s) Total					**0.1**
Data Checking Total					**1.8**
	SERVICE PROVIDER	SUBSIDIARY ASSIGNING THE SERVICE			
OTHER NON-AUDITING SERVICES	**NAME OF THE AUDITING FIRM**	**COMPANY NAME**	**DESCRIPTION OF SERVICE**	**TYPE**	**FEES(*)**
Auditing Firm	KPMG S.p.A.	UniCredit S.p.A.	Agreed Upon Procedure (AUP) on Own Funds, AUP on quarterly calculation foreign exchange risk of CIUs, AUP on contributions to the Single Resolution Fund, AUP on Servicing Report Capital Mortgages and OBG I	Other services	0.2
Auditing Firm Total					**0.2**
Network Auditing Firm(s)				Other services	0,0(**)
Network Auditing Firm(s)					**0.0**
Other Non-Auditing Services Total					**0.2**
Grand Total					**5.8**

Notes:
(*) Excluding VAT and expenses.
(**) Does not include a success fee of €0.7 million paid in 2023 to KPMG Advisory S.p.A. for an assignment of 21 December 2020.

Annex 3 - Internal pension funds: statement of changes in the year and final accounts

Internal Pension Funds

As at 31 December 2023 with regard to internal pension funds UniCredit S.p.A. does not maintain commitments to the funds set up for the employees.

Annex 4 - Securitisation - qualitative tables

With specific regard to UniCredit S.p.A. as Originator, reference is made to the Annexes, Annex 3 - Securitisations, qualitative tables of Consolidated financial statements of UniCredit group, which is herewith quoted entirely.

Annex 5 - Sales of financial assets to investment funds, receiving as consideration units issued by the same funds - qualitative tables

With specific regard to UniCredit S.p.A. as Originator, reference is made to the Annexes, Annex 4 - Sales of financial assets to investment funds, receiving as consideration units issued by the same Funds, qualitative tables of Consolidated financial statements of UniCredit group, which is herewith quoted entirely.

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- Financial progress
- Clients
- People & Culture
- ESG
- Digital & Data
- UniCredit Foundation

Incorporations of qualitative information by reference

The following is the list of the incorporations of qualitative information by reference made by the Consolidated financial statements to the Company financial statements:

PART OF THE CONSOLIDATED FINANCIAL STATEMENTS WHERE A REFERENCE IS PRESENT	DESCRIPTION OF THE PART OF THE COMPANY FINANCIAL STATEMENTS WHERE IS DETECTABLE THE QUALITATIVE INFORMATION INCORPORATED BY REFERENCE
Notes to the consolidated accounts, Part B - Information on consolidated balance sheet - Assets, Section 2 - Financial assets at fair value through profit or loss - Item 20	The paragraphs “Information about the units of Atlante Fund and Italian Recovery Fund” and “Schema Volontario” (Voluntary Scheme) are incorporated by reference to Part B - Balance sheet - Assets, Section 2 - Financial assets at fair value through profit or loss - Item 20 of the Notes to the accounts.
Notes to the consolidated accounts, Part B - Information on consolidated balance sheet - Assets, Section 3 - Financial assets at fair value through other comprehensive income - Item 30	The paragraph “Information about the shareholding in Banca d'Italia” is incorporated by reference to Part B - Balance sheet - Assets, Section 3 - Financial assets at fair value through other comprehensive income - Item 30 of the Notes to the accounts.
Notes to the consolidated accounts, Part B - Information on consolidated balance sheet - Assets, Section 11 - Tax assets and tax liabilities - Item 110 (Assets) and Item 60 (Liabilities)	The qualitative disclosure of deferred tax assets and liabilities of the Parent Company is incorporated by reference to Part B - Information on Balance sheet - Assets, Section 10 - Tax assets and tax liabilities - Item 100 (Assets) and Item 60 (Liabilities) of the Notes to the accounts.
Notes to the consolidated accounts, Part B - Information on consolidated balance sheet - Liabilities, Section 13 - Group shareholders’ equity - Items 120, 130, 140, 150, 160, 170 and 180	The paragraphs “12.1 Share capital and treasury shares": breakdown”, “12.2 Share capital - Number of shares: annual changes”, “12.3 Capital: other information” and “12.5 Equity instruments; composition and annual changes” are incorporated by reference to Part B - Information on Balance sheet - Liabilities, Section 12 - Shareholders’ equity - Item 110, 130, 140, 150, 160, 170 and 180 of the Notes to the accounts.
Notes to the consolidated accounts, Part C - Information on consolidated income statement, Section 21 - Tax expenses (income) for the period from continuing operations - Item 300	The qualitative disclosure of tax expenses (income) for the period of the Parent Company is incorporated by reference to Part C - Income statement, Section 19 -Tax expenses (income) for the period from continuing operations - Item 270 of the Notes to the accounts.
Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Qualitative information	The qualitative disclosure with reference to the perimeter of UniCredit S.p.A., reporting specific credit risks committees, is incorporated by reference to Part E - Information on risks and related hedging policies, Section 1 - Credit Risk, Qualitative information, 2. Credit risk management policies, 2.1 Organisational aspects of the Notes to the accounts.
Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Quantitative information, E. Prudential perimeter - Credit risk measurement models	The quantitative information of UniCredit S.p.A. on Credit risk measurement model is incorporated by reference to the paragraph in Part E - Information on risks and related hedging policies, Section 1 - Credit Risk, Quantitative information, F. Credit risk measurement models of the Notes to the accounts.
Notes to the consolidated accounts, Part E - Information on risks and related hedging policies, Section 2 - Risks of prudential consolidated perimeter, Section 2.5 - Operational risks	The paragraph “E. Other claims by customers” and the sub-paragraph “Diamond offer” are incorporated by reference to Part E - Information on risks and related hedging policies, Section 5 - Operational risks of the Notes to the accounts.

Incorporations of qualitative information by reference

The following is the list of the incorporations of qualitative information made by reference by the Company financial statements to the Consolidated financial statements:

PART OF THE COMPANY FINANCIAL STATEMENTS WHERE A REFERENCE IS PRESENT	DESCRIPTION OF THE PART OF THE CONSOLIDATED FINANCIAL STATEMENTS WHERE IS DETECTABLE THE QUALITATIVE INFORMATION INCORPORATED BY REFERRENCE
Report on operations, Results of the year	The paragraph “Macroeconomic situation, banking and financial markets” is incorporated by reference to the Results of the group of the Consolidated report on operations,
Report on operations, Results of the year, Capital and value management	The qualitative disclosure of “Principles of value creation and disciplined capital allocation” and “Capital strengthening“ is incorporated by reference to Capital and value management, Group results of the Consolidated report on operations.
Report on operations, Other information	The paragraph “Share information” is incorporated by reference to the corresponding paragraph in the Group and UniCredit share historical data series of the Consolidated report on operations. The paragraphs “Non-financial information”, “Research and development projects”, “Group activities development operations and other corporate transactions”, “Organisational model” and “Certifications and other communications”, are incorporated by reference to the Other information of the Consolidated report on operations.
Report on operations, Subsequent events and Outlook	The paragraph “Subsequent events” and “Outlook” are incorporated by reference to Subsequent event and outlook of the Consolidated report on operations.
Notes to the accounts, Part A - Accounting policies, A.2 Main items of the accounts	The paragraphs relating to main items of the accounts, where applicable, are incorporated by reference to Part A - Accounting policies, A.2 - Main items of the accounts of the Notes to consolidated accounts.
Notes to the accounts, Part A - Accounting policies, A.4 Information on fair value	The paragraphs relating to information on fair value, where not otherwise specified, are incorporated by reference to Part A - Accounting policies, A.4 - Information on fair value of the Notes to the consolidated accounts.
Notes to the accounts, Part B - Balance sheet - Assets, Section 8 - Property, plant and equipment - Item 80	The description of the “effects produced by update of appraisals” conducted for fair value evaluation is incorporated by reference to the paragraph in Part B - Consolidated balance sheet - Assets, Section 9 - Property, plant and equipment - Item 90 of the Notes to the consolidated accounts.
Notes to the accounts, Part C - Income statement, Section 10 - Other administrative expenses - Item 160	The paragraphs “Contributions to Resolution and Guarantee Funds” and “Guarantee fees for DTA conversion” are incorporated by reference to Part C - Consolidated income statement, Section 12 Administrative expenses - Item 190 of the Notes to consolidated accounts.
Notes to the accounts, Part E - Information on risks and related hedging policies, Introduction	The paragraph “Introduction” is incorporated by reference to the Part E - Information on risks and related hedging policies of the Notes to consolidated accounts.
Notes to the accounts, Part E - Information on risks and related hedging policies, Section 1 - Credit risk, Qualitative information	Qualitative information relating to “1. General aspects”, “2. Credit risk management policies”, “3. Non-performing credit exposure”, “4. Commercial renegotiation of financial assets and forborne exposures” is partially incorporated by reference to the same paragraphs of Part E - Information on risks and related hedging policies, Section 2 - Risks of prudential perimeter, 2.1 Credit risk, Qualitative information of the Notes to consolidated accounts.
Notes to the accounts, Part E - Information on risks and related hedging policies - Section 1 - Credit risk, Quantitative information	Regarding the classification of credit exposure, of loan commitments and financial guarantees given based on internal and external ratings in force for the UniCredit group reference is made to the paragraph “A.2 Classification of credit exposure, of loan commitments and financial guarantees given based on internal and external ratings”, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter of the Notes to consolidated accounts. The paragraph “D. Covered bond transaction” is incorporated by reference to Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Qualitative information, D. Sales transactions of the Notes to consolidated accounts.

Incorporations of qualitative information by reference

Notes to the accounts, Part E - Information on risks and related hedging policies, Section 2 - Market risk	Qualitative information as introduction (“Risk management strategies and processes”, “Structure and organisation”, “Risk measurement and reporting systems”, “Hedging policies and risk mitigation”, “Internal model for price, interest rate and exchange rate risk of the Regulatory trading book”) is incorporated by reference to qualitative information of Part E - Information on risks and related hedging policies, Section 2 - Risk of the prudential consolidated perimeter, 2.2 Market risk of the Notes to consolidated accounts. Qualitative information of “2.1 Interest rate risk and price risk - Regulatory trading book”, “2.2 Interest rate and price risk - Banking book” and “2.3 Exchange rate risk” is incorporated by reference to qualitative information of paragraphs of Part E - Information on risks and related hedging policies, Section 2 - Risk of the prudential consolidated perimeter, 2.2 Market risk of the Notes to consolidated accounts. Quantitative information of paragraph “3. Regulatory trading portfolio: internal models and other methods for sensitivity analysis” of Interest rate risk and price risk - Regulatory trading book and of “2. Internal models and other methodologies for sensitivity analysis” of Exchange rate risk is incorporated by reference to Part E - Information on risks and related hedging policies, Section 2 - Risk of the prudential consolidated perimeter, 2.2 Market Risk of the Notes to consolidated accounts. Information on “Credit spread risk” and “Stress test” is incorporated by reference to Part E - Information on risks and related hedging policies, Section 2 - Risk of the prudential consolidated perimeter, 2.2 Market risk of the Notes to consolidated accounts.
Notes to the accounts, Part E - Information on risks and related hedging policies, Section 4 - Liquidity risks	Qualitative information is incorporated by reference to various paragraphs of Part E Information on risks and related hedging policies, Section 2 - Risk of the prudential consolidated perimeter, 2.4 Liquidity risk of the Notes to consolidated accounts.
Notes to the accounts, Part E - Information on risks and related hedging policies, Section 5 - Operational risk, Qualitative information	The paragraph “A. General aspects, operational processes and methods for measuring operational risk” is incorporated by reference to Part E - Information on risks and related hedging policies, Section 2 - Risk of the prudential consolidated perimeter, 2.5 Operational risks of the Notes to consolidated accounts. The paragraph “B. Risks arising from legal disputes” is incorporated by reference to Part E - Information on risks and related hedging policies, Section 2 - Risk of the prudential consolidated perimeter, 2.5 Operational risks of the Notes to consolidated accounts. The paragraph “C. Risks arising from employment law cases” is incorporated by reference to Part E - Information on risks and related hedging policies, Section 2 - Risk of the prudential consolidated perimeter, 2.5 Operational risks of the Notes to consolidated accounts. The paragraph “D. Risks arising from tax disputes is incorporated by reference to Part E - Information on risks and related hedging policies, Section 2 - Risk of the prudential consolidated perimeter, 2.5 Operational risks of the Notes to consolidated accounts.
Notes to the accounts, Part E - Information on risks and related hedging policies, Section 5 - Operational risk, Quantitative information	Quantitative information is incorporated by reference to the relevant paragraph in Part E - Information on risks and related hedging policies, Section 2 - Risk of the prudential consolidated perimeter, 2.5 Operational risks of the Notes to consolidated accounts.
Notes to the accounts, Part E - Information on risks and related hedging policies, Section 6 - Other risks	Qualitative information of paragraphs “Other risks included in Economic capital”, “Reputational risk”, “Top and emerging risks” and “The climate-related and environmental risks” is incorporated by reference to Part E - Information on risks and related hedging policies, Section 2 - Risk of the prudential consolidated perimeter, 2.6 Other risks of the Notes to consolidated accounts.
Notes to the accounts, Part F - Shareholders’ equity	The paragraph “A. Qualitative information” is incorporated by reference to Part F - Consolidated shareholders’ equity of the Notes to consolidated accounts.

Incorporations of qualitative information by reference

Notes to the accounts, Part H - Related-party transactions	The paragraph “Introduction” and the qualitative information of paragraph “2. Related-party transactions” are incorporated by reference to Part H - Related-party transactions of the Notes to consolidated accounts.
Notes to the accounts, Part I - Share-based payments	The paragraph “1. Description of payment agreements based on own equity instruments” is incorporated by reference to Part I - Shared base payments, A. Qualitative information of the Notes to consolidated accounts. The paragraph “1. Annual changes” is incorporated by reference to Part I - Shared base payments, B. Quantitative information of the Notes to consolidated accounts.
Annex 4 - Securitisations - qualitative tables	Information is incorporated by reference to information in Annex 3 - Securitisations - qualitative tables of the Consolidated financial statements.
Annex 5 - Sales of financial assets to investment funds, receiving as consideration units issued by the same funds - qualitative tables	Information is incorporated by reference to information in Annex 4 - Sales of financial assets to investment funds, receiving as consideration units issued by the same funds - qualitative tables of the Consolidated financial statements.

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Glossary

ITEM	DESCRIPTION
ABCP Conduits - Asset Backed Commercial Paper Conduits	Asset Backed Commercial Paper Conduits are a type of "SPV - Special Purpose Vehicle" (refer to item) set up to securitise various types of assets and financed by Commercial Paper. Commercial Paper generally matures in 270 days, with payment of principal and interest depending on the cash flow generated by the underlying assets. ABCP Conduits may be single-sellers or multi-sellers according to the number of issues they make. Conduits generally require several SPVs. The first-level vehicles issue the Commercial Paper and finance one or more second-level vehicles or Purchase Companies (see item) which purchase the assets to be securitised. An ABCP Conduit will have the following: • issues of short-term paper creating a maturity mismatch between the assets held and the paper issued; • liquidity lines covering the maturity mismatch; and • security covering default risk in respect of both specific assets and the entire programme.
ABS - Asset Backed Securities	Debt securities, generally issued by an "SPV - Special Purpose Vehicle" (refer to item) guaranteed by assets of various types such as mortgage loans, consumer credits, credit card receivables, etc. Principal and interest payments are subject to the performance of the securitised assets and the existence of any further security guaranteeing the bond. ABSs are divided into tranches (senior, mezzanine and junior) according to the priority with which principal and interest will be paid.
AC	Financial asset amortised at cost.
Acquisition finance	Finance for business acquisition operations. The most common form of Acquisition finance is the leveraged buy-out (refer to item "Leveraged finance").
Allocated capital	It represents the amount of capital absorbed by the Group and the Divisions to perform their business activities and to cover all the types of related risks. It is measured by Regulatory Capital obtained by multiplying (i) risk-weighted assets by (ii) target Common Equity tier 1 ratio, plus certain regulatory deductions (e.g. shortfall and securitisations).
ALM - Asset & Liability Management	Integrated management of assets and liabilities, designed to allocate resources in such a manner as to optimise the risk/return ratio.
AMA - Advanced Measurement Approach	Applying this methodology the operational risk requirement is obtained with calculation models based on operational loss data and other evaluation elements collected and processed by the bank. Admittance threshold and specific suitability requirements have been provided for the use of the standardised and advanced approaches. For the AMA approach the requirements concern, beside the management system, also the measurement system.
Asset management	Activities of management of the financial investments of third parties.
Audit	Process of controlling a company's activities and accounting, carried out either by an internal body (internal audit) or by an external firm of auditors (external audit).
Back-testing	Statistical technique which entails the comparison of model estimates of risk parameters with the ex-post empirical evidences.
Bad Loans	Exposures to borrowers in a state of insolvency (even when not recognised in a court of law) or in an essentially similar situation, regardless of any loss forecasts made by the bank (e.g. irrespective of the presence of any protection covering the exposures).
Bank Levy	Charges applied at national level specifically to financial institutions, mainly based on Balance sheet figures, or parts of it.
Banking Book	Portfolio that identifies the technical forms of lending and funding typical of the core business of the bank, including consumer and residential loans, investments in securities, deposits, etc.
Basel 2	New international capital agreement redefining the guidelines for determining the minimum capital requirements for banks. Such prudential regulation, which came into force in Italy in 2008, is based on three pillars. Pillar 1 While the objective of a level of capitalization equivalent to 8% of the risk-weighted exposures remains unchanged, a new set of rules has been defined for measuring the typical risks associated with banking and financial activities (credit risk, counterparty risk, market risk and operational risk) which provides for alternative calculation methods characterised by different levels of complexity, with the ability to use internally developed models subject to prior authorization by the Regulatory Authority; Pillar 2 This requires the banks to have processes and tools for determining the adequate level of total internal capital (Internal Capital Adequacy Assessment Process - ICAAP) for covering all types of risk, including risks other than those covered by the overall capital requirement (Pillar 1), within the framework of an evaluation of current and future exposure that takes account of strategies and of changes in the reference context. It is the Regulatory Authority's task to examine the ICAAP process, formulate an overall judgment and, where necessary, apply the appropriate corrective measures; Pillar 3 It refers to the obligations to publish information concerning capital adequacy, exposure to risks, and the general characteristics of the systems used for identifying, measuring and managing those risks.
Basel 3	As a consequence of the crisis that, since 2008 has hit the financial markets, the Basel Committee on Banking Supervision has approved the substantial enhancement of the minimum capital requirements and the changes to the rules on the liquidity of banks (Basel 3) by providing for the gradual introduction of the new prudential requirements as at 1 January 2014. These rules have been implemented at the European level through the CRD IV "Package".

Glossary

ITEM	DESCRIPTION
Best practice	Behaviour commensurated with the most significant experience and/or the best level of knowledge achieved in relation to a given technical or professional field.
BRRD -Bank Recovery and Resolution Directive	European Directive that introduced harmonised rules on the recovery and resolution of credit institutions and investment firms.
CDS - Credit Default Swap	A derivative in which a seller of protection engages, for a fee, to pay the buyer of protection a fixed amount should a certain event indicating a deterioration of the creditworthiness of a reference entity occur.
CGU - Cash Generating Unit	A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are clearly independent of the cash inflows from other assets or groups of assets.
CIU - Collective Investment Undertakings	Collective Investment Undertaking means an "UCITS - Undertakings for Collective Investment in Transferable Securities" (refer to item) that may be constituted in accordance with contract law as common funds (managed by management companies), trust law (as unit trusts), or statute as investment companies, AIF (Alternative Investments Fund) or non-EU AIF.
Commodity risk	The risk that the value of the instrument decreases due to commodity prices (e.g. gold, crude oil) changes.
Common Equity Tier 1 Capital	Refer to the content reported in the UniCredit Group Disclosure (Pillar III) in the Own Funds chapter.
Common Equity Tier 1 Capital Ratio	Refer to the content reported in the UniCredit Group Disclosure (Pillar III) in the Own Funds chapter.
Corporate	Customer segment consisting of medium to large businesses.
Cost of risk	Based on reclassified P&L and Balance sheet, it is calculated as the annualised ratio between loan loss provisions and average net volumes of loans and receivables with customers (including active repos, excluding debt securities and IFRS5 reclassified assets). It is one of the indicators of the bank assets' level of risk: the lower the ratio, the less risky the bank assets.
Cost/Income Ratio	The ratio between operating expenses and operating income. It is one of the main key performance indicators of the bank's efficiency: the lower the ratio, the more efficient the bank.
Counterparty Credit Risk	The risk that the counterparty to a transaction involving financial instruments might default prior to completing all agreed cash-flows exchanges.
Covered bond	A bond which, as well as being guaranteed by the issuing bank, is also covered by a portfolio of mortgages or other high-quality loans transferred, to this end, to a suitable SPV (refer to item).
CRD - Capital Requirement Directive	Directives (EU) 2006/48 and 2006/49, incorporated into Banca d'Italia Circular No.263/2006 of 27 December 2006 as amended. The CRD IV "Package" has replaced the two aforementioned Directives and consists of the Directive (EU) 2013/36 on the taking up of the business of credit institutions and prudential supervision and the Regulation (EU) 575/2013 on prudential requirements, incorporated into Banca d'Italia Circular No.285 of 17 December 2013 as amended.
CRD V	Directive (EU) 2019/878 of 20 May 2019 amending Directive 2013/36/EU (CRD IV).
Credit Quality Step (or creditworthiness)	Classification of counterparties used to assign risk weights under external rating based approaches for credit risk.
Credit risk	The risk that a change in the creditworthiness of a counterparty, the value of the guarantees provided by it or the margins used by it in the event of insolvency might produce an unexpected change in the value of the bank's credit position.
Creditworthiness (or Credit quality step)	Refer to item "Credit quality step".
CRM	Credit Risk Mitigation is a set of techniques, contracts accessories to the loan or other instruments (e.g. securities, guarantees), which allows a reduction of the credit risk capital requirements.
CRR - Capital Requirements Regulation	Regulation (EU) 575/2013 of the European Parliament and of the Council of 26 June 2013, and subsequently amendment in Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 ("CRR2"), on prudential requirements for credit institutions and investment firms and that amending Regulation (EU) 648/2012.
CRR2	Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 ("CRR2") amending Regulation (EU) 575/2013 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 Regulation (EU) 648/2012 (refer also to "CRR" definition).
Currency risk	The risk that the value of the instrument decreases due to foreign exchange rates changes.
CVA - Credit Valuation Adjustment	Adjustment to the valuation of a portfolio of transactions reflecting the market value of the counterparties' credit risk.
Cyber security risk	Cyber security risk is the probability of exposure or loss resulting from a cyber-attack or data breach on the organization.
Daily VaR	It reflects the Value at Risk risk measures calibrated to a 1-day holding period to compare with the 99% confidence level with its trading outcomes.
Default	A party's declared inability to honor its debts and/or the payment of the associated interest.

Glossary

ITEM	DESCRIPTION
Duration	This is generally calculated as the weighted average of the maturities for payment of the interest and capital associated with a bond, and represents an indicator of the interest rate risk to which a security or a bond portfolio is subject.
EAD - Exposure At Default	With reference to the on-Balance and off-Balance sheet positions, EAD is defined as the estimation of the future value of an exposure at the time of the debtor's default. Only banks that meet the requirements for adopting the "IRB - Internal Rating Based" (refer to item) advanced approach are allowed to estimate EAD. Other banks are required to refer to regulatory estimations.
Earnings at risk	The change in interest rates affects earnings by changing the net interest income and, depending on the accounting treatment of the individual Balance sheet items, it can be reflected directly in equity, following the change in their market value.
EBA - European Banking Authority	The European Banking Authority is an independent EU Authority which works to ensure effective and consistent prudential regulation and supervision across the European banking sector. Its overall objectives are to maintain financial stability in the EU and to safeguard the integrity, efficiency and orderly functioning of the banking sector.
ECB - European Central Bank	Central bank for Europe's single currency, the euro. The ECB's main task is to preserve the purchasing power of the single currency thus ensuring the maintenance of price stability in the Euro area.
Economic capital	Measure of risk representing the estimate of the capital necessary to cover the unexpected losses (i.e., losses in excess of the expected ones) that could occur with a certain confidence level and time horizon.
Economic value (interest rate risk)	In the interest rate risk the economic value can be viewed as the present value of expected cash flows stemming from interests bearing assets and liabilities. Changes in the interest rates can impact their present value and, in turn, can cause changes of the economic value.
EL - Expected Losses	Amount of credit risk exposures expected to be lost for a default event of the obligor in a time horizon of one year.
Eligible Collateral	Refers to collateral which allows a reduction of the credit risk capital requirements.
ELOR - Expected Losses on Revenues	ELOR is a ratio estimated, for the Group and for the main legal entities, with a statistical model, based on the historical losses time series, forward looking factors and the budget revenues.
EPS - Earnings Per Share	An indicator of a company's profitability calculated as: Net Profit divided by Average total outstanding shares (excluding treasury shares and shares held under a contract of usufruct).
Equity risk	The risk that the value of the instrument decreases due to stock or index prices changes.
ESG - Environmental, Social and Governance	Refers to criteria used to measure the environmental, social and governance impact of the company and highlight the sustainability of its initiatives.
EU Taxonomy	The EU Taxonomy is a classification system, establishing a list of environmentally sustainable economic activities. The Taxonomy Regulation was published in the Official Journal of the European Union on 22 June 2020 and entered into force on 12 July 2020.
EVA - Economic Value Added	EVA indicates the value created by a company. It expresses the ability to create value in monetary terms and it is equal to the difference between the Net Profit after AT1/Cashes (refer to item) and the cost of the Allocated Capital. A corrective factor is applied to divisional Net Profit after AT1/Cashes where capitalisation is higher than Group's target.
Expected Shortfall	Risk measure representing the expected loss of a portfolio or a counterparty calculated in the scenarios of loss exceeding the VaR.
Factoring	Contract for the sale without recourse (with credit risk borne by the buyer) or with recourse (with credit risk borne by the seller) of commercial credits to banks or specialist companies, for the purposes of management and collection. It may be associated with financing in favor of the seller.
Fair value	The sum for which, in a freely competitive market, an item can be exchanged or a liability extinguished between aware and independent parties.
FINREP	Reporting framework with statistical and financial data defined from the European Banking Authority, an independent EU Authority which works to ensure a consistent level of prudential regulation and supervision across the European banking sector.The aim of FINREP is to gather data used from Supervisory Authorities and the European Bank Central Banks for their supervisory activities.
FL - Forward looking	IFRS9 adjustment that allows to reflect in the credit parameters the expectations about the future evolution of the economic cycle.
Forbearance/Forborne exposures	According to EBA Implementing Technical Standards, forborne exposures consist of exposures to which forbearance measures have been extended, i.e. concessions towards a debtor who is facing or about to face difficulties in meeting its financial commitments ("financial difficulties").
Forwards	Forward contracts on interest rates, exchange rates or share indices, generally traded on "OTC - Over-the-Counter" (refer to item) markets, in which the conditions are fixed when the contract is agreed but execution will take place at a predetermined future date, by means of the collection or payment of differentials calculated with reference to various market parameters according to the subject of the contract.

Glossary

ITEM	DESCRIPTION
FTE - Full Time Equivalent	The number of a company's full-time employees. Employeesnot full-time (e.g. Part-time, maternity leave, etc.) are considered on a pro-rata temporis basis.
Full Revaluation Approach	A methodology behind the historical simulation approach for VaR calculation, when the value of a portfolio is estimated by the complete revaluation of its value according to the simulation results.
Funding	Provision, in various forms, of the funds necessary to finance business activities or particular financial transactions.
Futures	Standardised contracts whereby the parties undertake to exchange money, transferable securities or goods at a present price at a future date. These contracts are traded on regulated markets, where their execution is guaranteed.
FVtOCI	Financial asset at Fair Value through Other Comprehensive Income.
FVtPL	Financial Assets at Fair Value through Profit and Loss.
GAR - Green Asset Ratio	Green asset ratio (GAR), which shows the proportion of exposures related to Taxonomy-aligned activities (Reg. (EU) 2020/852 supplemented by Reg. (EU) 2021/2178) compared to the total assets of those credit institutions.
GDP - Gross Domestic Product	Total market value of the products and services produced by Country residents in a given time frame.
GERMAS - Group Ermas	Group platform used to compute Interest Rate Risk ("IRR") positions.
GHOS - Governors and Heads of Supervision	This is the oversight body of the Basel Committee on Banking Supervision.
Goodwill	The additional sum paid for the acquisition of an equity interest, equal to the difference between the cost and the corresponding share of net assets, for the portion not attributable to the identifiable assets of the acquired company.
GW BANKS	IRB calculation model - Group Wide model Financial Institution & Banks.
GW MNC	IRB calculation model - Group Wide Multinational Corporate.
Hedge Fund	Speculative mutual investment fund adopting hedging techniques which generally are not used by ordinary mutual funds, in order to deliver a constant performance, which is only hardly linked to reference markets. Hedge Funds are distinguished by a limited number of partners and require a high minimum level of investment.
HQLA - High Quality Liquid Assets	Assets that must: (i) be a property, right, entitlement or interest, held by a credit institution, that may provide cash within 30 days; (ii) not be issued by the credit institution itself or by other bodies such as investment firms, insurance undertakings or financial holding companies; (iii) be able to have their value determined on the basis of easily available market prices; (iv) be listed on a recognised exchange, or tradable by a direct sale or simple repurchase agreement.
IAS/IFRS	International accounting standards issued by the International Accounting Standard Board (IASB), a private international body established in April 2001, involving representatives of the accounting professions of the principal countries and, as observers, the European Union, IOSCO (International Organisation of Securities Commissions) and the Basel Committee. This body is the successor of the International Accounting Standards Committee (IASC), set up in 1973 to promote harmonisation of the rules for the preparation of company accounts. When the IASC became the IASB, it was decided, among other things, to name the new accounting principles "International Financial Reporting Standards" (IFRS). At international level, work is currently underway to harmonise the IAS/IFRS with the US GAAP - United States Generally Accepted Accounting Principles (Accounting principles issued by the Financial Accounting Statement Board-"FASB", generally accepted in the USA).
ICAAP - Internal Capital Adequacy Assessment Process	The discipline of the so called "Pillar 2" requires banks to implement processes and systems to determine the level of internal capital adequate to face any type of risk, also different from those provided by the capital requirements (Pillar 1) rules; in the scope of an assessment of the exposure, actual and future, that has to consider also the strategies and the evolution of the reference environment.
ILAAP - Internal Liquidity Adequacy Assessment Process	It requires the banks to have processes and tools for determining the adequate level of total internal liquidity (Internal Liquidity Adequacy Assessment Process - ILAAP) for covering liquidity risk, within the framework of an evaluation of current and future exposure that takes account of strategies and of changes in the reference context. It is the Regulatory Authority's task to examine the ILAAP process, formulate an overall judgment and, where necessary, apply the appropriate corrective measures.
ILC - Italian Large Corporate	IRB calculation model - Italian Large Corporate.
Impaired loans	Loans are subjected to periodic examination in order to identify those which, following events occurring after their entry in the accounts (at the market value, normally equal to the disbursed amount including the transaction costs and revenues directly attributable to the disbursement of the loan), show objective signs of a possible loss of value. This category includes loans that have been classed as bad, doubtful, restructured or overdue, in accordance with Banca d'Italia rules consistent with IAS/IFRS (refer to item).
Impairment	Within the framework of the IAS/IFRS (refer to item), this refers to the loss of value of a Balance sheet asset, recorded when the book value is greater than the recoverable value, i.e. the sum that can be obtained by selling or using the asset.
Interest rate risk - (IRR)	Interest rate risk expresses the exposure to unfavorable changes in interest rates on the economic value of the equity and on the net interest income.
Investor	Any entity other than the "Sponsor" (refer to item) or Originator (refer to item) with exposure to a securitisation.

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ITEM	DESCRIPTION
IRB - Internal Rating Based	Method for determining the capital needed to cover credit risk within the framework of Pillar 1 of "Basel 2" (refer to item). The rules are applied to the exposures of the banking portfolio. Furthermore, in the IRB methods the risk weightings of the assets are determined on the basis of the bank's own internal evaluations of the debtors (or, in some cases, of the transactions). Using systems based on internal ratings, the banks determine the weighted risk exposure. The IRB methods consist of a basic method and an advanced method, which differ in terms of the risk parameters that the bank must estimate: in the basic method, the banks use their own estimates for "PD - Probability of Default" and the regulatory values for the other risk parameters; in the advanced method, the banks use their own estimates for "PD - Probability of Default", "LGD - Loss Given Default", "CCF - Credit Conversion Factor" and, where provided for, "M - Maturity" (refer to item). The use of IRB methods for the calculation of capital requirements is subject to authorisation from Banca d'Italia.
IRC - Incremental Risk Charge	Incremental Risk Charge is a measure of potential losses arising from default and migration risks of unsecuritised credit products over a 1-year capital horizon at a 99.9% confidence level, taking into account the liquidity horizons of individual positions.
IRS - Interest Rate Swap	Refer to item "Swap".
Joint venture	Agreement between two or more companies for the conduct of a given economic activity, usually through the constitution of a joint stock company.
Junior, Mezzanine and Senior exposures	In a securitisation transaction, the exposures may be classified as follows: • junior exposures are the last to be repaid, and consequently absorb the first loss produced by the securitisation transaction; • mezzanine exposures are those with medium repayment priority, between senior and junior; • senior exposures are the first to be repaid.
Ke	The cost of equity is the minimum return on investment required by the shareholder. It is the sum of a risk-free rate and an additional spread remunerating the shareholder for the market risk and the volatility of the share price. The cost of capital is based on medium/long term averages of market parameters.
KPI - Key Performance Indicators	Set of indicators used to evaluate the performance of a business activity or process.
LCR - Liquidity Coverage Ratio	Ratio of a credit institution's liquidity buffer to its net liquidity outflows over a 30 calendar day stress period.
Leasing	Contract whereby one party (the lessor) grants to another party (the lessee) for a given period of time the enjoyment of an asset purchased or built by the lessor at the choice and on the instructions of the lessee, with the latter having the option of acquiring ownership of the asset under predetermined conditions at the end of the leasing contract.
Leverage ratio	Is a measure which allows for the assessment of institutions' exposure to the risk of excessive leverage.
Leveraged finance/Leveraged buy-out	Loans provided mainly to Private Equity funds in order to finance the acquisition of a company through a financial transaction based on the cash flow generation capacity of such target company. This can result in a higher level of debt and therefore a higher level of risk. Leveraged finance may be syndicated.
LGD - Loss Given Default	Expected value (which may be conditional upon adverse scenarios) of the ratio, expressed as a percentage, between the loss giving rise to the default and the amount of exposure at the time of the default "EAD - Exposure At Default", (refer to item).
Liquidity risk	The risk of the company being unable to meet its payment commitments due to the inability to mobilise assets or obtain adequate funding from the market (funding liquidity risk) or due to the difficulty/impossibility of easily liquidating positions in financial assets without significantly and unfavourably affecting the price because of insufficient depth or temporary malfunction of the financial market (market liquidity risk).
M - Maturity	The average, for a given exposure, of the residual contractual maturities, each weighted for the relevant amount.
Market risk	The effect that changes in market variables might have on the economic value of the Group's portfolio, where this includes both the assets held in the Trading Book and those entered in the Banking Book, or the operations connected with the characteristic management of the commercial bank and its strategic investment choices.
MDA - Maximum Distributable Amount	Maximum Distributable Amount, i.e. a limit to the distributable profits in order to preserve the Combined Buffer Requirement.
MREL - Minimum requirement for eligible liabilities	Minimum requirements for own funds and eligible liabilities, is designed to ensure that there are sufficient resources to write down or convert into equity relevant financial instruments if a bank or other financial institution is in crisis. This allows the competent Authorities to intervene quickly in order to maintain the critical operations of that institution, without using tax money.
Net Profit	Stated Net Profit adjusted for the impacts of the sustainability test on Deferred Tax Assets from tax loss carry forward.
Net Profit after AT1/Cashes	"Net Profit" (refer to item) adjusted for Additional Tier 1 (AT1) and Cashes charges. The result is used for cash dividend accrual/total distribution, as well as RoTE and RoAC calculation (refer to items).
NPE - Non-performing exposures	According to EBA Implementing Technical Standards, non-performing exposures are debt instruments and off-Balance sheet exposures which satisfy either or both of the following criteria: (i) material exposures which are more than 90 days past-due; (ii) the debtor is assessed as unlikely to pay its credit obligations in full without realisation of collateral, regardless of the existence of any past-due amount or of the number of days past due.

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ITEM	DESCRIPTION
Operational risk	The risk of losses due to errors, infringements, interruptions, damages caused by internal processes or personnel, systems, or caused by external events. This definition includes legal and compliance risks but excludes strategic and reputational risk. For example, losses arising from the following can be defined as operational: internal or external fraud, employment practices and workplace safety, client claims, products distribution, fines and penalties due to regulation breaches, damages to the company's physical assets, business disruption and system failures, process management.
Option	The right, but not the commitment, acquired by the payment of a premium, to buy (call option) or sell (put option) a financial instrument at a given price (strike price) by or at a determined future date (American option/European option).
Originator	The entity that originated or acquired from third parties the assets to be securitised.
OTC - Over The Counter	Over the counter (OTC) trading consists of the exchange of financial instruments such as shares, bonds, derivatives or goods directly between two counterparties. The OTC markets do not have standardised contracts or buying/selling procedures and are not associated with a set of rules (admissions, controls, obligations of information, etc.) like those that govern the official markets.
Past Due	Problematic exposures that, at the reporting date, are more than 90 days past due on any material obligation, as required by the relevant prudential regulation. Past due can be determined either at individual debtor or at single transaction level according to the relevant local prudential regulation.
Payout ratio	It indicates the percentage of "Net Profit" (refer to iem) distributed or to be distributed to shareholders and is determined on the basis of the company's self-financing needs and of the return expected by shareholders. Within the "UniCredit Unlocked" Strategic Plan, the Shareholders remuneration is defined as a combination of dividends and Share Buy-Backs and the pay-out is computed also as share of the Organic Capital generation
PD - Probability of Default	Probability of a counterparty entering into a situation of "default" (refer to item) within a time horizon of one year.
PEPP - Pandemic Emergency Purchase Programme	Massive stimulus package from the ECB to support the eurozone economy as a response to the Covid-19 (coronavirus) crisis.
PIT - Point in time	Calibration type of the credit parameters on a horizon that considers the current economic situation.
POCI - Purchased Originated Credit Impaired	Credit exposures that are already impaired on initial recognition.
Preference shares	Capital instruments that associate forms of remuneration tied to market rates with particularly pronounced subordination conditions, such as non-recovery in subsequent years of the interest not paid by the bank and bearing a share of its losses in the event that these produce a significant reduction in the capital requirements. The regulatory authorities set the conditions under which preference shares may be counted among the core capital of banks and banking groups.
Private equity	Investments in the risk capital of companies, generally unlisted but with high growth potential and the ability to generate constant cash flows. Investments in private equity include a wide range of operations that vary according to both the development phase of the company concerned and the investment techniques used. These techniques include closed-end private equity funds.
Purchase companies	"SPV - Special Purpose Vehicle" (refer to item) used by "ABCP Conduits - Asset Backed Commercial Paper Conduits" (refer to item) to purchase the assets to be securitised and which are in turn financed by the Conduit vehicle issuing the commercial papers.
RAF - Risk Appetite Framework	Within the ICAAP processes, RAF represents a managerial tool for ensuring the business evolution towards a sustainable healthy growth and steering the long- and short-term strategy.
Rating	Evaluation of the quality of a company or its issues of debt securities on the basis of the company's financial soundness and prospects. This evaluation is made either by specialist agencies or by the bank on the basis of internal models.
Reputational risk	Reputational risk is defined as the current or prospective risk to earnings and capital arising from the adverse perception of the image of the financial institution on the part of customers, counterparties (including also debt-holders, market analysts, other relevant parties), shareholders/investors, regulators or employees (stakeholders). Reputational risk is a secondary risk generated as a "knock-on effect" from risk categories, such as credit, market, operational and liquidity risks and all others risks types (e.g., business risk, strategy risk, ESG risk which considers the environmental, social and governance aspects of responsible investments). Reputational risk could also be generated from material events.
Retail	Customer segment consisting principally of private individuals, self-employed professionals, traders and artisans.
RIC	IRB calculation model - Integrated Corporate Rating.
RIP	IRB calculation model - Integrated Private Rating.
RISB	IRB calculation model - Rating Integrated Small Business (Small Business Integrate Rating).
RMBS	RMBS (Residential Mortgage-Backed Securities): Financial instruments created by bundling together residential mortgage loans and selling interests in the pool to investors. RMBS provide investors with exposure to the cash flows generated by mortgage payments made by homeowners.
RNIME - Risk Not in the Model Engines	Framework that provides an estimate on the completeness of the risk factors included in VaR, SVaR and IRC.

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ITEM	DESCRIPTION
ROA - Return On Assets	Annualised ratio between Stated Net Profit/(Loss) of the year and Total Assets as per IFRS Balance sheet.
ROAC - Return On Allocated Capital	Annualised ratio between the "Net Profit after AT1/Cashes" (refer to item) and the "average allocated capital" (refer to item). It shows in percentage terms the earning capacity for allocated capital units. A corrective factor is applied to divisional net profit where capitalisation is higher than Group's target.
RoTE - Return on Tangible Equity	Annualised ratio between the "Net Profit after AT1/Cashes" (refer to item) and the average "Tangible Equity" (refer to item).
RWEA - Risk Weighted Exposure Amount	Risk Weighted Exposure Amount of on-Balance sheet assets and off-Balance sheet items (credit derivatives and guarantees) is calculated applying to all exposures, unless deducted from own funds, the risk weights in accordance with the CRR and based on the exposure class to which the exposure is assigned and its credit quality in order to define the capital requirements.
Scope 1 - Greenhouse Gases (GHG) emissions	Emissions are direct emissions from owned or controlled sources.
Scope 2 - Greenhouse Gases (GHG) emissions	Emissions are indirect emissions from the generation of purchased energy.
Scope 3 - Greenhouse Gases (GHG) emissions	Emissions are all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company.
Securitisation	Transfer of a portfolio of assets to an "SPV - Special Purpose Vehicle" (refer to item) and the issue of securities with various levels of seniority to meet any default by the underlying assets. Securitisations can be: • traditional: method of securitisation whereby transfer of the assets is by means of sale of the portfolio to the "SPV - Special Purpose Vehicle" (refer to item); • synthetic: method of securitisation whereby the transfer of assets is by means of credit derivatives or similar security enabling the risk of the portfolio to be transferred.
Sensitivity	The greater or lesser degree of sensitivity with which certain assets or liabilities react to changes in rates or other reference parameters.
Sponsor	An entity other than the "Originator" (refer to item) and the "Investor" (refet to item) which sets up and manages an "ABCP Conduits - Asset Backed Commercial Paper Conduits" (refer to item) programme or other securitisation scheme where assets to be securitized are acquired from third parties.
SPV - Special Purpose Vehicle	An entity, partnership, limited company or trust, set up to carry out a set object, such as isolating financial risk or obtaining special regulatory or tax treatment for specific portfolios of financial assets. SPV's operations are accordingly limited by a set of rules designed for this purpose. In general SPVs' sponsors do not hold equity in them. The equity is held by other entities in order to ensure that there is no shareholder relationship with the "Sponsor" (refer to item). SPVs are usually bankruptcy-remote, in that their assets cannot be claimed by the creditors of the sponsor, even if the latter becomes insolvent.
Stated Net Profit	Net Profit as per Accounting statement
Stress Test	Assessment of bank' vulnerabilities either in terms of capital or liquidity position in case of possible adverse events, both of an idiosyncratic nature and related to macroeconomic scenarios.
Subprime (Residential Mortgages)	Although Subprime has no univocal definition, this category includes mortgages granted to borrowers who have had repayment difficulties in the past, e.g. delayed installments, insolvency or bankruptcy, or who are more likely to default than the average due to high loan-to-value and installment-to-income ratios.
SVaR - Stressed VaR	Stressed VaR is a quantification of exposures to particular extreme losses that can be inflicted to a Bank during market tensions, by modeling the portfolio response conditional on historical data from a (continuous 12-month) period of significant financial stress.
Swap	A transaction that generally consists of the exchange of financial streams between operators according to different contractual arrangements. In the case of an interest rate swap (IRS), the counterparties exchange payment streams that may or may not be linked to interest rates, calculated on a notional principal amount (for example, one counterparty pays a stream on the basis of a fixed rate, while the other does so on the basis of a variable rate). In the case of a currency swap, the counterparties exchange specific amounts in two different currencies, with these amounts being exchanged back in due course according to predefined arrangements that may concern both the capital (notional) and the streams of interest payments.
Tangible Equity	Shareholders' equity (including consolidated profit of the period) less intangible assets (goodwill and other intangibles, including the ones in Discontinued operations), less AT1 and Cashes components and DTA from tax loss carry forward. Dividend pay-out is accounted for on a cash basis.
Tier 1 Capital	Refer to the content reported in the UniCredit Group Disclosure (Pillar III) in the Own Funds chapter.
Tier 1 Capital Ratio	Refer to the content reported in the UniCredit Group Disclosure (Pillar III) in the Own Funds chapter.

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ITEM	DESCRIPTION
TLAC -Total Loss Absorbing Capacity	TLAC represents the indicator of the Total Loss Absorbing Capacity, a new Pillar I requirement established by the Regulation (EU) 2019/876 (CRR2), entered into force on 27 June 2019, for Global Systemically Important Banks (G-SIBs). The TLAC standard requires G-SIBs, to hold a sufficient amount of highly loss absorbing liabilities.
TLTRO - Target Long Term Refinancing operations	Target Long Term Refinancing operations. Non-regular open market operations conducted by the ECB. Operations that provide financing to credit institutions for periods of up to four years. They offer long-term funding at attractive conditions to credit institutions in order to further ease private sector credit conditions and stimulate bank lending to the real economy.
Total Capital Ratio	Refer to the content reported in the UniCredit Group Disclosure (Pillar III) in the Own Funds chapter.
Total own funds	Refer to the content reported in the UniCredit Group Disclosure (Pillar III) in the Own Funds chapter.
TSR - Total Shareholder Return	It is the full reward, in terms of capital gain and dividends, that a shareholder gets from holding one share.
TTC - Through the cycle	Calibration type of the credit parameters on a horizon that considers the entire economic cycle.
UCITS - Undertakings for Collective Investment in Transferable Securities	This term covers open-end real estate investment funds, both Italian and foreign, and investment companies with variable capital. The latter are joint stock companies that have the sole purpose of collective investment of the assets gathered through a public offer of their own shares.
UGRM - UniCredit global Risk Monitor	The pool of software applications, IT structure and database used by the Group for the financial risk analysis.
Unlikely to Pay	The classification in this category is the result of the judgment of the bank about the unlikeliness, without recourse to actions such as realising collaterals, that the obligor will pay in full (principal and/or interest) its credit obligations. This assessment should be carried out independently of the presence of any amount (or rate) past due and unpaid.
VaR - Value at Risk	A measure of the risk of potential loss, under a given level of confidence and time horizon, which could occur on a position or a portfolio.
Warehousing	A preparatory phase of a securitisation transaction during which a “SPV - Special Purpose Vehicle” (refer to item) acquires assets within a certain period of time until it reaches a sufficient amount to be able to issue an "ABS - Asset Backed Securities" (refer to item).

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For our clients, our people, and our communities.

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- Financial progress
- Clients
- People & Culture
- ESG
- Digital & Data
- UniCredit Foundation

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