



Do the right thing!



2020

## Annual Report and Accounts





# Do the right thing! For the Real Economy

We quickly took decisive actions to support the backbone of the real economy in Europe: small and medium sized enterprises.



## **AWARDED 'WORLD'S BEST BANK FOR SMES'**

In October, UniCredit was awarded 'Best Bank for SMEs' by Global Finance magazine in its World's Best Global Banks Awards. This was based on our performance over the past year, based on criteria including reputation and management excellence.

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## Notes

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;
- "n.a." indicates that the figure is not available.

Any discrepancies between data are solely due to the effect of rounding.

**UniCredit S.p.A.**

A joint stock company

**Registered Office and Head Office:** Piazza Gae Aulenti, 3 - Tower A - 20154 Milano

Share capital €21,059,536,950.48 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 12.21.2007

# Board of Directors, Board of Statutory Auditors and External Auditors as at 31 December 2020

	<b>Board of Directors</b>
Cesare Bioni	Chairman
Lamberto Andreotti	Deputy Vice Chairman
Jean Pierre Mustier	CEO
Mohamed Hamad Al Mehairi	Directors
Sergio Balbinot	
Vincenzo Cariello	
Elena Carletti	
Diego De Giorgi	
Beatriz Lara Bartolomé	
Stefano Micossi	
Pietro Carlo Padoan <sup>(*)</sup>	
Maria Pierdicchi	
Francesca Tondi	
Alexander Wolfgring	
Gianpaolo Alessandro	Company Secretary
	<b>Board of Statutory Auditors</b>
Marco Rigotti	Chairman
Antonella Bientinesi	Standing Auditors
Angelo Rocco Bonissoni	
Benedetta Navarra	
Guido Paolucci	
Stefano Porro	<b>Manager in charge of preparing the financial reports</b>
Deloitte & Touche S.p.A.	<b>External Auditors</b>

**Note:**

(\*) Prof. Pietro Carlo Padoan has been coopted starting from 13 October 2020 replacing Ms. Elena Zambon.

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A solid pan-European commercial bank with local roots



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A simple successful pan-European commercial bank



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## For our Communities

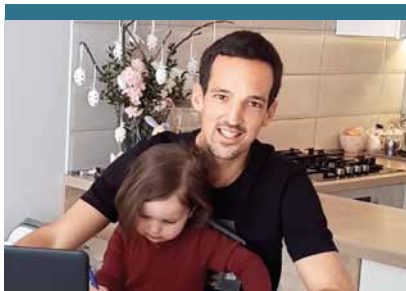


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## Diversity & Inclusion



# At a glance

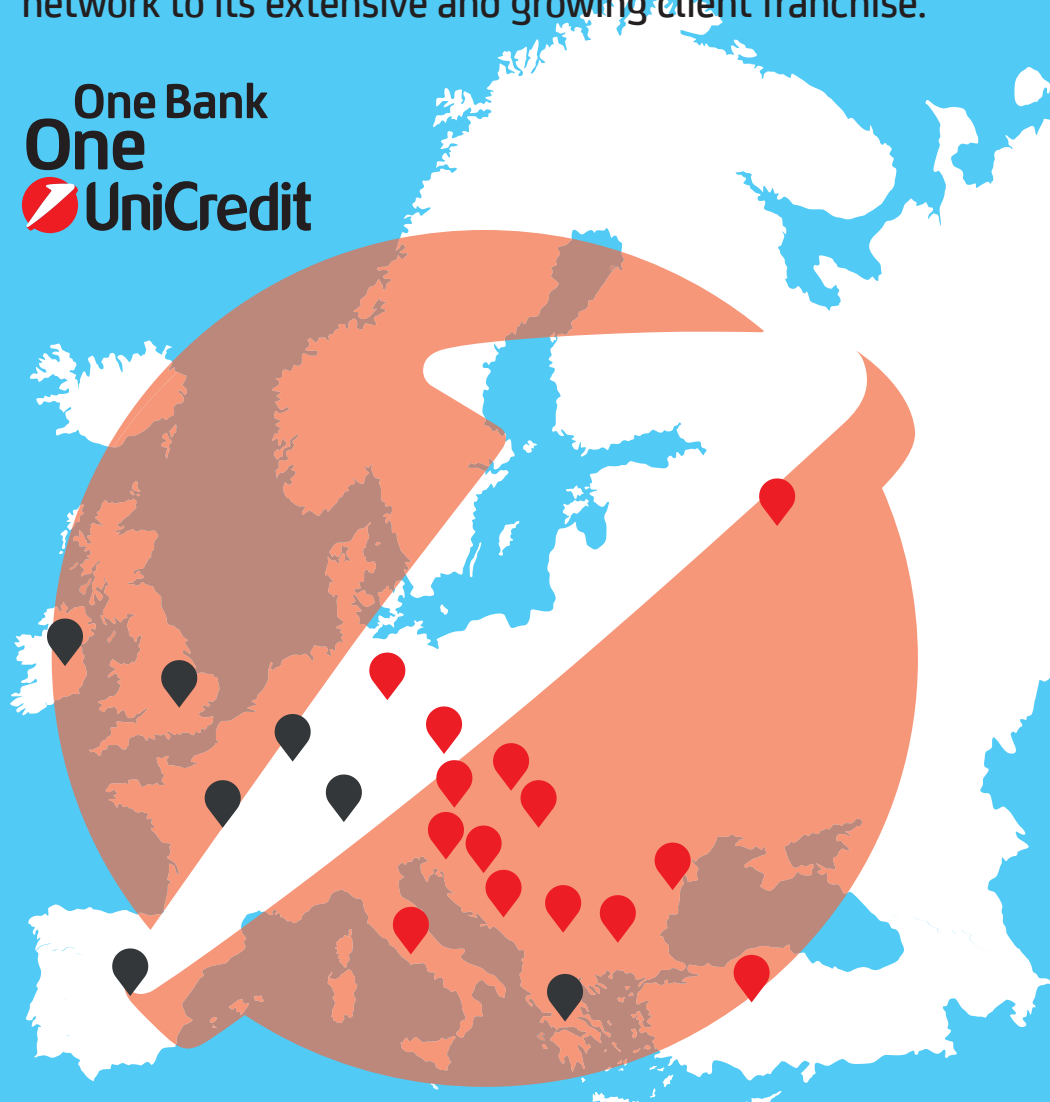
UniCredit is a simple successful Pan-European Commercial Bank, with a fully plugged in CIB, delivering a unique Western, Central and Eastern European network to its extensive and growing client franchise.



-  Commercial banks
-  International branches and Representative Offices

**LARGE INTERNATIONAL NETWORK: PRESENCE WITH 13 CORE MARKETS AND 16 COUNTRIES WORLDWIDE**

- Austria
- Bosnia and Herzegovina
- Bulgaria
- Croatia
- Czech Republic
- Germany
- Hungary
- Italy
- Romania
- Russia
- Serbia
- Slovakia
- Slovenia



## What we do

We meet real client needs with real solutions which harness synergies between our businesses: CIB, Commercial Banking and Wealth Management.

## How we do it

By focusing on banking that matters, we offer local and international expertise providing unparalleled access to market leading products and services in our core markets.

## Our values

**Ethics & Respect**

**Do the right thing!**

Ethics and respect: these two values unite us and define our Group culture, how we make decisions and how we act on them. Do the right thing! is a simple, guiding principle to help us live these values every day, everywhere.

# Financial highlights

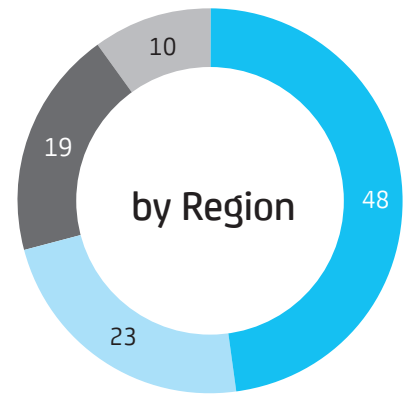
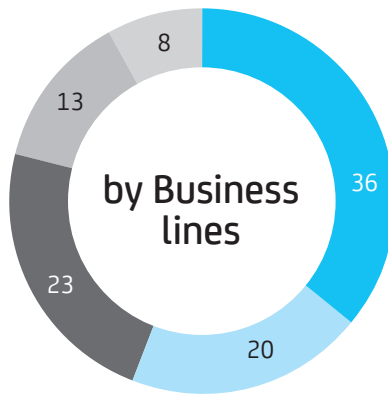
GROUP SHAREHOLDERS' EQUITY

GROUP NET RESULT

€59,507m €(2,785)m

Strong global products and local excellence: well-diversified revenues

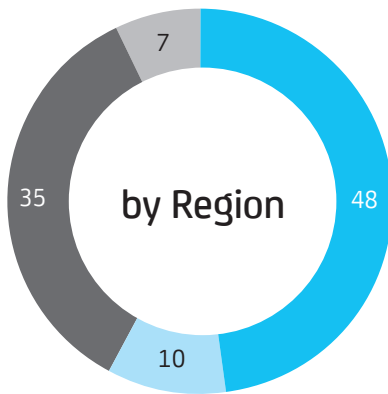
## Revenues<sup>1</sup> (%)



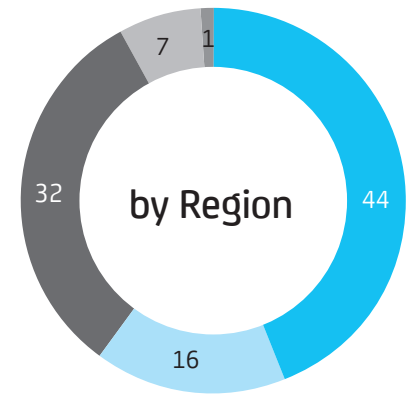
- Commercial Banking Italy
- CEE Division
- CIB
- Commercial Banking Germany
- Commercial Banking Austria

- Italy
- Germany
- CEE
- Austria

## Customers<sup>1</sup> (%)



## Employees<sup>1</sup> (%)\*



- Italy
- Germany
- CEE
- Austria

- Italy
- Germany
- CEE
- Austria
- Other

1. Data as at 31 December 2020.  
\* FTE "Full Time Equivalent" = number of employees counted for the rate of presence.

.....  
“UniCredit will remain  
a solid pan-European  
commercial bank  
with local roots,  
supporting families  
and companies in their  
international growth  
and development”.

## Chairman's message



**Cesare Bioni**  
CHAIRMAN  
UNICREDIT S.P.A.

## Dear Shareholders,

On behalf of the UniCredit Board of Directors, I start by sharing our heartfelt gratitude to Jean Pierre Mustier for all of his achievements. Jean Pierre took the lead of UniCredit almost five years ago, at a delicate historical moment. He leaves our Group in a position of strength. He led through years of an extraordinary turnaround, achieved with the unwavering support of all those working at UniCredit, to whom I am also grateful. Thanks to the successful implementation of Transform 2019, despite the crisis triggered by the Covid-19 pandemic, our Group is and remains in a solid position. We have high capital levels and are a true pan-European bank, with a well-diversified presence. We will continue to turn challenges into opportunities.

The year 2020, marked by Covid-19, was difficult for everyone. I am proud of how the Group swiftly responded to the crisis, to support all of our stakeholders. First and foremost, we prioritised the personal safety of our employees and clients, by taking immediate and decisive actions to protect them. We also rolled out numerous initiatives to support the real economy, rapidly implementing moratoriums and providing governments-backed loans. At the same time, we provided significant support for hospitals and the civil protection service.

As a response to the pandemic, the Supervisory Authority requested in relation to 2019 financial year, a freeze of all dividend payments, to protect capital levels in the banking system and ensure continued support for the real economy. More recently, the ECB announced the resumption of bank profit distribution. UniCredit is also planning an extraordinary capital distribution in the last quarter of the year, should the conditions recur and subject to the Supervisory Authority authorization. It is important that European banks are perceived as a good investment, to encourage international shareholders to commit capital that the financial sector can put to good use across Europe. As such, the Group has recently confirmed its dividend policy, to create solid value for our shareholders.

The way the Group has achieved its turnaround and served our clients and communities leaves me very optimistic about the future. In October, we co-opted in our Board of Directors Piercarlo Padoan who is the best candidate for the position of UniCredit Chairman for the next term. The Group will benefit from his extraordinary experience and extensive knowledge of European institutional and financial framework. His co-optation well in advance of the end of my mandate has ensured a smooth hand-over and has played a key role in the Board renewal process. Together, we have identified the new Chief Executive Officer, Andrea Orcel, an outstanding banker with a broad experience in the international banking sector combined with proven track record in business transformation and risk management focus. We strongly believe his contribution to UniCredit will be distinctive. Over the coming years, Piercarlo

and Andrea will have the opportunity to work closely with the wonderful people at UniCredit, benefitting from their extraordinary skills and dedication.

In a challenging economic context, with rapidly evolving client needs, digital transformation plays a critical role. On the one hand, it responds to the growing demand for simplicity and speed. On the other hand, it allows the optimisation of company processes. UniCredit will continue to invest in innovation.

This is my final message to you as Chairman. My mandate, together with that of the current Board, is coming to an end. We leave a transformed Group, fully dedicated to supporting the real economy: clients and communities. UniCredit is inspired by two core values, ethics and respect, which form the basis of our long-term vision, and it will continue to provide finance and drive positive change in society. Furthermore, at UniCredit, the ways in which results are achieved are as important as the results themselves. We are proud that the attention to sustainability has been acknowledged externally, through numerous awards.

The Group will continue to grow and strengthen the client franchise, transform its service model and optimise productivity, with disciplined risk management and controls as well as rigorous capital and balance sheet management. UniCredit will remain a solid "pan-European commercial bank with local roots" supporting the real economy: families and companies, in their international growth and development.

Your faithfully,



**Cesare Bioni**

Chairman UniCredit S.p.A.



**UniCredit Tower**  
UniCredit Headquarter in the urban context

.....  
“I am very proud of everything that we have achieved at UniCredit, over the past few years, especially in 2020”.

## Chief Executive Officer's message

A portrait of Jean Pierre Mustier, the Chief Executive Officer of UniCredit S.P.A. He is a middle-aged man with short, dark hair, wearing a dark grey suit jacket, a white dress shirt, and a red tie. He is standing with his arms crossed, looking directly at the camera with a slight smile. The background is a solid blue color.

**Jean Pierre Mustier**  
CHIEF EXECUTIVE OFFICER  
UNICREDIT S.P.A.



## Dear Shareholders,

the year 2020 was a big shock for all of us. We faced new challenges with the benefit of a strong balance sheet, thanks to all the great work done by our teams. We were able to assist and support our clients and team members, while protecting them.

The needs of our clients changed even faster, so we accelerated the transformation of the Group already planned for in Team 23. All transformation requires courage and 2020 has been a year where our team members have shown extraordinary commitment. In UniCredit, we celebrated our branch heroes, who supported our customers throughout the lockdowns. We continue to collect their stories and those of other teams, across the Group, to discover how we have been, and are still, facing these unprecedented times. The health and safety of our team members and clients has always been and will remain our top priority.

Outside the Group, we also supported heroes in the medical sectors by supporting medical innovation, such as the CURA pod prototype, as well as offering zero interest rate loans and donating millions to hospitals and the healthcare services in several of our countries.

### **UniCredit in 2020: Do the right thing!**

I am very proud of everything that we have achieved at UniCredit, over the past few years, especially in 2020. Thanks to our strong position, and our people, we were able to be part of the solution during a very challenging year.

Throughout the health emergency, we remained open for business and continued to serve customers in all our countries, while keeping them and our people safe. We did this by accelerating the switch to digital and remote banking. We made decisions quickly, based on data, to protect colleagues and clients. We rolled out new laptops and VPN access to give around 80,000 UniCredit employees the possibility of working remotely. We unlocked potential by giving our people the opportunity to work safely and effectively, while making sure they could continue to contribute.

While all this began as a response to the health crisis, the ongoing situation led to pronounced changes in our clients' mindset, behaviours and needs, as well as developments in our own. The Covid-19 pandemic created a need and an opportunity to accelerate our transformation.

We are now investing to make sure that these improvements are long-lasting. For example, we are rolling out training to help our people lead remote teams and manage hybrid working. We will also continue to support our employees with a new welfare and wellness offer: work-life balance will be increasingly important in the future.

## Ethics & Respect

Do the right thing!

At the same time, human interactions will remain key to our Group culture. Our strong working relationships are one of the reasons why UniCredit has been able to work remotely so effectively over the past few months. The workplace will continue to be an important element of our lives, and while things will certainly be different, the change may be less extreme than some might think.

In 2020, we made important contributions to our communities and the real economy. These include our Social Impact Banking, which started in Italy in 2017 and has since been extended to 10 other Group countries. As at the end of 2020, we had disbursed well over €225 million to support nearly 4,400 projects and microenterprises that make a social impact. We remain on track to meet our goal of providing €1 billion of social impact financing by 2023.

We also responded to the health and economic emergency with a wide range of volunteering initiatives and donations, including millions of euros donated by UniCredit employees and customers and the UniCredit Foundation. You can read about some of these activities later in this report and on our website.

All this was possible thanks to our corporate culture, which is based on two values, Ethics and Respect, and our commitment to always **Do the Right Thing!** This guiding principle governs our interactions with all our stakeholders.

In 2020, we continued to lead most international peers on governance, such as pay practices and board structure. We are the only bank in Italy with an EE+ rating from Standard Ethics, recognised as a European excellence in terms of sustainability.

This is all thanks to our concrete ESG actions, such as the launch of our new coal policy, that commits UniCredit to ending all coal financing by 2028. We also ranked number one globally for sustainability-linked loans by Bloomberg\* and were awarded Best Social Impact Bank in Europe by Capital Finance International. UniCredit will soon be launching other new initiatives, in line with our ESG strategy.

With our management leading by example, we will continue to build a sustainable future, where environmental, social and governance factors are essential for long-term growth. At UniCredit, sustainability is part of our DNA. We say what we do and do what we say, and we always favour long-term sustainable outcomes over short-term solutions. We will continue to support our clients, communities, partners and the industry at large, in becoming increasingly sustainable.

\*as at 3Q 2020.

## Team 23: focused on our customers

Our strategy remains “**One Bank, One UniCredit**” and our mission is unchanged: UniCredit is a simple successful pan-European commercial bank, with a fully plugged in CIB, delivering a unique Western, Central and Eastern European network to our extensive and growing client franchise. We will continue to build on our existing competitive advantages.

In 2020, we continued to focus on the four strategic pillars we introduced to investors at our Capital Markets Day in 2019.

Grow and strengthen client franchise



Transform and maximise productivity



Disciplined risk management & controls



Capital and balance sheet management



As mentioned earlier, the Covid-19 pandemic accelerated the change in our clients' behaviours. We responded to this by speeding up our own digital transformation, so that we can continue to support their evolving needs. UniCredit is a multi-channel bank and we have made good progress in the areas of mobile banking, call centres, internet banking and paperless branches. Our goal is to transition towards a true omni-channel approach that will provide all UniCredit clients with the same customer experience, whichever channels they prefer to use.

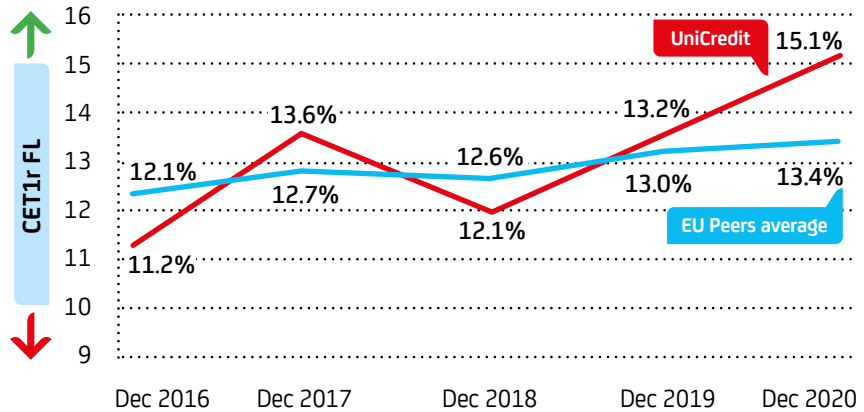
We maintained a very strong capital level at all times, continuing our disciplined management of the business to sustain our liquidity levels, focused on high asset quality. It is this strength and discipline - together with the successful completion of our **Transform 2019** strategy - that allowed us to keep supporting our clients and communities when they needed us most.

In 2020, we delivered an underlying net profit of €1.3bn, successfully navigating an extraordinary year from a position of strength. We delivered lower costs and provisions, with a stated cost of risk well within guidance, at 105bps. Our Non Core rundown is fully on track and we confirm the strength of our balance sheet, with very strong capital and liquidity positions. All this would not have been possible without your unwavering support and the steadfast commitment of UniCredit colleagues.



## CET1r Fully Loaded evolution

### Common Equity Tier 1 ratio Fully Loaded evolution\*



## European Debt and Trade Finance Powerhouse

- **Most active player in EUR Bonds** since 2012 (no. 1 by number of deals)
  - **No. 2 in EMEA Bonds** in EUR (by number of deals) in 2020 (no. 1 in Italy, no. 1 in Germany, no. 2 in Austria)
  - **No. 1 Bookrunner EMEA Corporate Loans in EUR** (by number of deals)
  - **No. 4 Lead Bank Combined EMEA Green and ESG-linked Loans and Bonds** in EUR
  - **In ECM:**
    - No. 1 all ECM transactions in Germany by number of deals
    - No. 2 Equity-linked transactions in Italy
- 
- **The Banker's Transaction Banking Awards 2020** – Best Bank for Supply Chain Finance
  - **Euromoney Cash Management 2020 Survey** – Best Service Provider in Austria, Germany and Market Leader in Austria and Italy
  - **Euromoney Trade Finance 2020 Survey** – Market Leader in Austria, Italy and Best Service in All Services in Western Europe, Austria and Italy
  - **Global Finance's 2021 Treasury & Cash Management Awards** including CEE:
    - Best Bank for Liquidity Management in Central & Eastern Europe
    - Best Treasury & Cash Management Bank in Germany and Italy

\*Source: Market Presentations and Reports.

**Peers' sample:** Intesa Sanpaolo, Santander, BBVA, Deutsche Bank, Commerzbank, Société Générale, Credit Agricole SA, BNP Paribas, Erste, Raiffeisen, ING.

**Data:** Year End figures. Stated Common Equity Tier 1 ratio Fully Loaded where disclosed (for ING CET1r Transitional available only; Intesa Sanpaolo discloses Pro-forma CET1r FL, at 15.4% as at December 2020, at 14% excluding the mitigation of the impact of the FTA of IFRS9; UniCredit Pro-forma CET1r at 15.08% as at December 2020, including deduction of ordinary share buyback of €179m, subject to supervisory and AGM approval. Stated CET1r FL at 15.14%).

## Looking to the future

As the world adjusts to the changes brought about and accelerated by the Covid-19 pandemic, there is a clear need for companies investing in a long-term vision that is shared with all their stakeholders. This includes the financial services industry: banks will continue to play a very important role in ensuring that local companies have access to adequate funding.

UniCredit has shown the importance of pan-European banks, combining strong global products and local excellence. Our long-term focus is on being One Bank. The Group will continue to leverage on technology to accelerate the digital and remote banking transformation, while focusing on sustainability: continuing to look beyond purely economic profit to consider social impact banking initiatives and other community support.

This is the last time that I will address you as the UniCredit CEO. I am very happy that Andrea Orcel is joining the Group as my successor. He will be supported by a fantastic team, loyal clients and supportive shareholders. My warmest regards go to all my outstanding colleagues, who have worked relentlessly to transform the bank. I am immensely proud of everything that we have achieved together.

UniCredit is a very strong bank and all our stakeholders can count on us. We will continue to **“Do the Right Thing!”** to support our clients, communities and our team members, in order to create value for our shareholders.

Thank you!



**Jean Pierre Mustier**

Chief Executive Officer UniCredit S.p.A.



# Do the right thing!



## €500,000 FOR THE RED CROSS

During the Covid-19 pandemic, UniCredit made donations to the Red Cross in Italy, Bosnia & Herzegovina, and Croatia.

“Your generous contribution will help, through our work, the entire Italian population forced to face this moment of emergency linked to the spread of the new Coronavirus. Thanks to your donation, the Italian Red Cross continues to expand, investing in services, resources and training for volunteers and operators to be alongside those who need it most”.

**Francesco Rocca**  
President of the Italian Red Cross

## SUPPORTING MEDICAL INNOVATION

UniCredit provided €250,000 to build the first CURA Pod prototype, an intensive care unit made from a shipping container. The first unit was transported to Turin where it was used to treat Covid-19 patients.



## MAKING AN IMPACT ACROSS EUROPE

UniCredit Social Impact Banking has now disbursed €225.1 million of impact financing and microcredit loans. New projects in 2020 included the launch of a dedicated offer in Italy to support female entrepreneurship and profit and non-profit businesses with a focus on women and the family, and financing for new facilities to support young people with disabilities in Germany.

## SUPPORTING SOCIAL ENTREPRENEURSHIP

By partnering with **Finance 4 Social Change**, UniCredit's Social Impact Banking initiative is supporting social entrepreneurship as a driver of sustainable development in eight different UniCredit countries, including: Austria, Bulgaria, Croatia, Germany, Hungary, Romania, Serbia and Slovakia.

## MILLIONS DONATED TO EUROPEAN HOSPITALS

Thanks to donations from UniCredit employees and the UniCredit Foundation, €1.2 million was raised to help hospitals in Italy. On top of this, UniCredit and its local banks donated more than €2.5 million to hospitals and healthcare services in Bulgaria, Czech Republic, Italy, Serbia and Slovakia.

# For our Communities

Thanks to UniCredit's strong position, we were able to support communities in all of our countries. Formal initiatives such as UniCredit's Social Impact Banking and the UniCredit Foundation were supplemented by a wide range of volunteering activities and donations, including millions of euros donated by UniCredit employees and customers.

## SUPPORTING ARTISTS AND LIVE MUSIC

UniCredit's smart phone bank, buddybank, launched **Niente Di Strano**, a series of six music concerts to support the Italian music industry. The live-streamed events attracted over 3 million YouTube views.



€1m

DONATED TO 11  
SOCIAL AND CULTURAL  
ORGANISATIONS  
IN GERMANY

## SHARING INSIGHTS

In 2020, UniCredit launched several success initiatives to support clients. These include **STARTUP ACADEMY**, a managerial programme for 60 Italian startups, a series of events focused on the ESG aspects of corporate financing attended by over 1,100 clients from Italy, Germany, Austria and the CEE, and **ITALY TECH DAY 2020**, an annual event to showcase Italian innovation and support the startup industry.

## SUPPORTING ECOMMERCE

UniCredit partnered with Google to develop **UniCredit Easy ECommerce** to help Italian companies access to digital markets and boost their B2C e-commerce. Only 30% of Italian companies have an e-commerce website and just 10% currently sell online, creating a huge digital opportunity.

# For our Clients

**2020 was a challenging year for clients of all sizes. From billion euro funding programmes for multinational companies to mentoring new start-up businesses, UniCredit was committed to being part of the solution.**



### €10 MILLION OF NEW FINANCING FOR A 100-YEAR OLD PASTA PRODUCER

The loan was used to meet the working capital needs of Gragnano-based Pastificio Di Martino. It was also the first large loan issued under Italy's guaranteed loans programme.

“Thanks to this deal, we can better absorb the shock to our production chain from the spread of Covid-19, meet our working capital needs and ensure the continuity of operations and the supply of our products”.

**Giuseppe Di Martino**

Owner of Pastificio Di Martino

## ACCESSING CAPITAL MARKETS

UniCredit continued to help clients access capital markets including those of the Republic of Austria, the Free State of Bavaria, the German State of North Rhine Westphalia and the European Investment Bank. UniCredit also supported the Italian Ministry of Finance with record breaking BTP issuance to help the country fund its pandemic response and was joint bookrunner on a €17 billion social bond for the EU.

## STAYING ON TRACK WITH €600 MILLION

UniCredit supported Italy's state-owned railways operator - Ferrovie dello Stato - by raising €600 million of new funding. This included a €200 million ESG loan to fund new electric trains and upgrade on-board safety systems.







## BEING THERE FOR FAMILIES

To ensure the bank understood individual and family needs stemming from the Covid-19 crisis and identify possible solutions, UniCredit formed a new Family Board. The 20 person team meets regularly and has made a series of recommendations, on flexibilities, psycho-physical wellbeing, homeschool/homework support.

## NEW WAYS OF WORKING

In October, UniCredit and the UniCredit European Works Council signed a joint declaration on remote work. This will allow the Group to extend the opportunities offered by technological advancements and enable new ways of working to support a better work-life balance and greater efficiency.

# For our Colleagues

**Throughout 2020, we made decisions quickly to protect our colleagues. We distributed millions of items of PPE to our branches and offices, and with fast IT upgrades, we rolled out new laptops and remote access to around 80,000 UniCredit employees, allowing them to work safely and effectively.**



## SUPPORTING OUR BRANCH HEROES

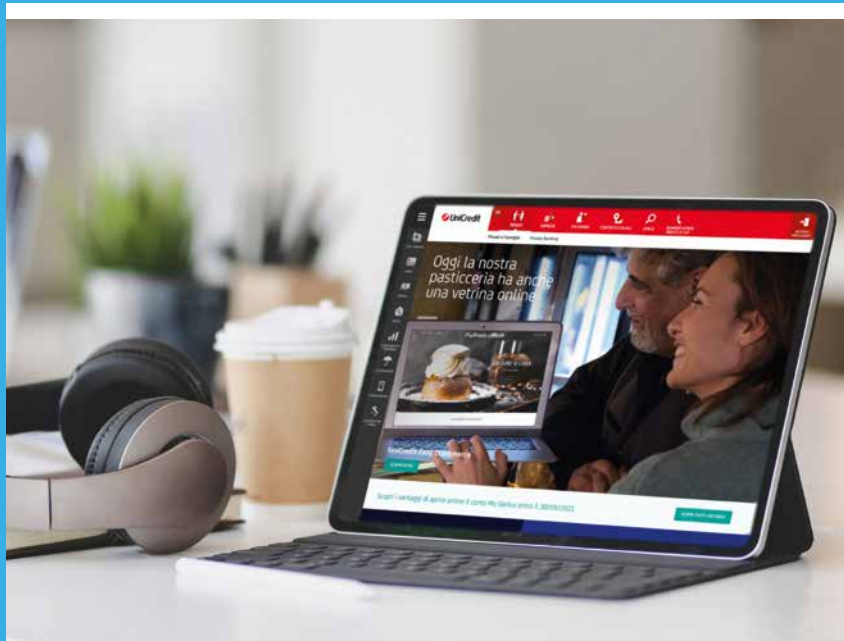
Thanks to our branch heroes, UniCredit remained open for business and continued to serve customers in all our countries, while keeping clients and our people safe. During the lockdown, UniCredit's CEO and other members of the Executive Management Committee made hundreds of video calls to branch colleagues across Italy, Austria, Germany and the CEE to recognise their extraordinary efforts.

## TURNING IDEAS INTO ACTION

UniCredit's Millennial Board – comprised entirely of employees aged 22-32 – continued to implement some of the 1,200 ideas and suggestions made by their UniCredit colleagues. Successful initiatives in 2020 included starting planting more than 90,000 trees to establish the UniCredit Forest.

## HELP FOR ENTREPRENEURS

The UniCredit Start Lab programme supports growth of 60 Italian innovative companies with its Startup Academy initiative, demonstrating the bank's willingness to support innovation and young entrepreneurs.



# For the Real Economy

**With over 16 million clients in 13 countries, we took decisive action to give families and businesses across Europe the support they need.**

**€34.8bn**

**MORATORIA LOANS**

### GRANTING MORATORIA LOANS...QUICKLY!

As the pandemic hit Europe, pushing many countries into lockdown, we provided our clients with moratoria loans worth €34.8 billion and granted €20.8 billion of state guaranteed loans.

Given the circumstances, speed was important and 1,600 UniCredit employees worked over the weekend to process the first 100,000 applications.

Thanks to a partnership with SACE, the Italian credit export agency, UniCredit disbursed a lot of loans with most processed in just a few hours. Similar partnerships with the European Investment Bank and the European Investment Fund provided working capital support and new financing to SMEs and mid-cap companies in Italy, Austria, Germany and nine CEE countries.

**€20.8bn**

**STATE-GUARANTEED LOANS**

## AWARDED 'WORLD'S BEST BANK FOR SMES'

In October, Global Finance magazine recognised UniCredit in its World's Best Global Banks Awards. Based on performance over the past year and criteria including reputation and management excellence, UniCredit was awarded 'Best Bank for SMEs'.



## SUPPORTING SUPPLIERS

To help companies with their working capital needs and inject liquidity into the economy, UniCredit started to pay over 20,000 suppliers on 'sight' of the invoice rather than in accordance with contractual payment terms. The initiative has been continued in 2021.

**20,000**  
SUPPLIERS SUPPORTED  
WITH FASTER  
PAYMENTS

## GIVING A BOOST TO BUSINESS

In June, UniCredit launched the **Digital&Export Business School** in partnership with SACE and Microsoft with the aim of providing an integrated path, lasting 6 months, which was concretely supportive for Made in Italy entrepreneurship. The entire course was designed to be full digital, and has allowed more than 3,200 registered and over 2,700 participants to converse with about **50 UniCredit, Microsoft, Sace experts** but also journalists, sociologists, researchers, through 8 inspiring national events and 26 local live Coaching on specific issues carried out with over 19 local associations.

## HELPING CUSTOMERS SUPPORT COMMUNITIES

In 2020, over €2,600,000 in donations were funded by customers using UniCredit's Carta Etica payment card. UniCredit's Flexia Classic Etica credit card lets customers contribute to charitable projects at no added cost. For every €1,000 spent, UniCredit contributes €2 to the Carta Etica fund.

“The bank reacted quickly after the state of emergency was declared. We immediately applied to reschedule our debt, which helped us keep our company our staff, and preserve our partners. I would like to express my gratitude”.

### Ivelin Bezhev

Manager, Santulita Limited  
Customer of UniCredit Bulbank, Bulgaria

# For the Environment

**Our new sustainability targets, unveiled towards the end of 2019, were the focus of several sustainability-focused initiatives in 2020 and it was great to be recognised by a number of external organisations for our progress.**

## LEADING THE WAY ON GREEN FINANCE

As a leader in the sustainable finance sector, UniCredit participated to the placement of nearly €120 bn of sustainable bonds and loans in 97 deals. UniCredit was also recognised by Bloomberg as a leading provider of sustainability-linked loans. Moreover, with regard to green bonds, other major transactions included a €750 million bond for real estate firm CPI Property Group to fund new green projects, €750 million for Eurogrid to fund offshore wind farm projects and €500 million for Swisscom to finance energy efficiency projects.

## A NEW GOAL FOR COAL

UniCredit's updated coal policy, which will see the bank fully exit coal sector financing by 2028, was praised as best-in-class by Reclaim Finance, a non-profit organisation focused on reducing financing of fossil fuels by the world's largest financial institutions.

## FUNDING THE FUTURE

Throughout 2020 we supported companies and projects that are supporting the transition to a lower carbon future. This included €700 million of new funding for a renewable energy portfolio, a €143 million funding package for one of Austria's largest wind farms and financing support to build Europe's largest battery factory.

# #1\*

**RANKING ON  
BLOOMBERG  
SUSTAINABILITY LINKED  
LOANS**

## CAUSING A BUZZ AT OUR NEW AUSTRIAN HQ

It wasn't just employees that moved into UniCredit's new Austrian headquarters. They were joined by over one million honeybees who will both pollinate nearby surroundings and make honey to be harvested by UniCredit employees. What a sweet result!

# 20,000

**TONNES OF CO<sub>2</sub> OFFSET  
BY UNICREDIT FOREST  
OVER THE NEXT DECADE**

\*as at 3Q 2021



## TAKING ACTION AT D&I WEEK 2020

More than 21,000 colleagues participated in 145 hours of workshops, coaching sessions and online discussions as part of UniCredit's second annual Diversity & Inclusion Week. With 100 events held in 15 markets, there was a chance for everyone to join in or listen to 270 external speakers.



# For Diversity & Inclusion

**UniCredit is committed to promoting a positive working environment that embraces our core values of Ethics and Respect.**



## SUPPORTING FEMALE ENTREPRENEURS

In Italy, UniCredit unveiled a package of support for female entrepreneurs and companies that provide family-orientated services. The support includes discounted loans for entrepreneurs, social impact financing for companies providing welfare, health and educational services, and a dedicated mentoring programme.

## A GREAT PLACE FOR WOMEN TO WORK

UniCredit was named Italy's 'Best Employer for Women' by **Istituto Tedesco Qualità e Finanza (ITQF)** - a leading European market research institution - and its media partner **La Repubblica Affari&Finanza**. ITQF uses big data to review a company's online reputation and sentiment amongst women at work, with UniCredit receiving the top score in the banking sector.

## GENDER-EQUALITY EFFORTS RECOGNISED BY BLOOMBERG

UniCredit was included in Bloomberg's 2020 Gender-Equality Index (GEI), which tracks the performance of public companies committed to disclosing their efforts to support gender equality through policy development, representation and transparency. The bank was included again in 2021, joining 380 companies across 44 countries and 11 sectors.

## TAKING ACTION ON DISABILITY LEADERSHIP

UniCredit joined **The Valuable 500**, a movement that aims to put disability on the global business leadership agenda by attracting the support of 500 national and multinational corporations.

.....  
“Sustainability is part of our DNA and we continue to further incorporate ESG factors in the decision processes across the business”.

# Q&A



**Roberta Marracino**  
HEAD OF GROUP ESG  
STRATEGY & IMPACT BANKING

Taking stock of the challenges of 2020, which in many ways further contributed to the growing significance of ESG, our Group Head of ESG Strategy and Impact Banking, Roberta Marracino, explains UniCredit's commitment to sustainability and why that's important.

**Q. There has been a lot of talk about ESG issues by different companies, but what does ESG mean to you and to UniCredit?**

**A.** Firstly, you are absolutely right. The importance of ESG continues to grow and this is causing all companies to rethink their business models in many ways. For UniCredit, sustainability is not something new. Nevertheless, today we have set very ambitious targets including the full phase-out from the coal sector by 2028, which goes to show our growing efforts and commitment.

Sustainability is part of our DNA and we continue to further incorporate ESG factors in the decision processes across the business and our operations, which is fundamental for long-term value creation and helps us drive positive change in society.

For me, ESG is a "hard" discipline rather than "soft", because it has to be fully integrated in the business model. It is crucial in helping us respond to market and societal challenges, as it plays a key role in how we support our clients, colleagues, and communities now and in the future.

**Q. How did 2020 change the ESG landscape and what does that mean for the industry going forward?**

**A.** The challenges of 2020 showed once and for all that ESG is prominent and here to stay and will only grow in its importance. It is something that every company must take into consideration and adapt their approach accordingly. Furthermore, the business opportunity is clear and not one companies can afford to miss.

In addition, we've seen the growing importance of the "S" component in ESG. In fact, the interaction and intersection between "E" and "S" are increasingly relevant and their impact is often combined.

Going forward, sustainability will become more and more embedded across society impacting client demand and expectations. This will be reflected in changing client behaviours, investor attitudes, and the regulatory context as well as the significant amount of ESG-relevant upcoming national and supranational investments. We are starting to see a mounting sensitivity of both retail and corporate clients to ESG topics, particularly on the environmental side, and we expect this trend to grow in 2021 and beyond.

**Q. What role does ESG play in helping UniCredit progress towards its strategic goals?**

**A.** ESG is instrumental in helping us ensure our corporate values are concretely implemented across the whole business from lending to risk management as well as in our short-and long-term incentive plans.

ESG helps us live and deliver on our values and continually grow our impact in the community.

This is evident in our approach to partner with our clients in the transition to a low carbon economy as well as in the activities of our Social Impact Bank and the UniCredit Foundation aimed at supporting the more vulnerable parts of our territories and helping them access finance and grants and nurture their projects. It is also evident in our strong corporate governance and in our continued focus on diversity and inclusion both internally and externally. Defining clear ESG metrics and targets, as we are doing, helps a lot in setting the overall direction.

**Q. Finally, how is UniCredit helping to advance sustainability within the financial sector?**

**A.** Playing our role as part of the solution within the wider industry is key. To that end, UniCredit belongs to several institutional and international working groups with specific monitoring requirements also for our ESG progress, including the Task Force on Climate-Related Financial Disclosures, Principles for Responsible Banking, and the OECD Business for Inclusive Growth Coalition. This is important to ensure a consistent global ambition towards increased sustainability with a long-term view that takes into account the needs of our future generation.

We are all working towards common standards and definitions of “green” and “sustainable”, setting the right direction to help all the companies in our sector raise the bar together. Making this a common goal, helps us all reach it faster.



**FUNDING THE FUTURE**

Throughout 2020, we supported companies and projects in the transition to a more sustainable economy: we have an exposure of more than 6 billion in the renewable energy sector and we have participated in the financing of more than 64 billion loans linked to sustainability goals.



## Our Integrated approach



Ethics and Respect and Do the right thing! are the values and principles that drive our decisions



UniCredit has a clear ESG strategy, goals and plan, including short and long term ESG KPIs for Top Management



We work closely with our clients in their transition also helping to unlock potential new financing opportunities



With a clear commitment to the environment and to reduce the Group's direct and indirect carbon footprint



Our corporate governance is best in class and we remain committed to sustainable value creation for all stakeholders



ESG factors are integrated in our risk assessment models and Risk Appetite Framework



We continue to expand our ESG offer in line with client needs and feedback



Our social strategy combines philanthropy and social impact finance to drive positive social change and inclusion in our countries



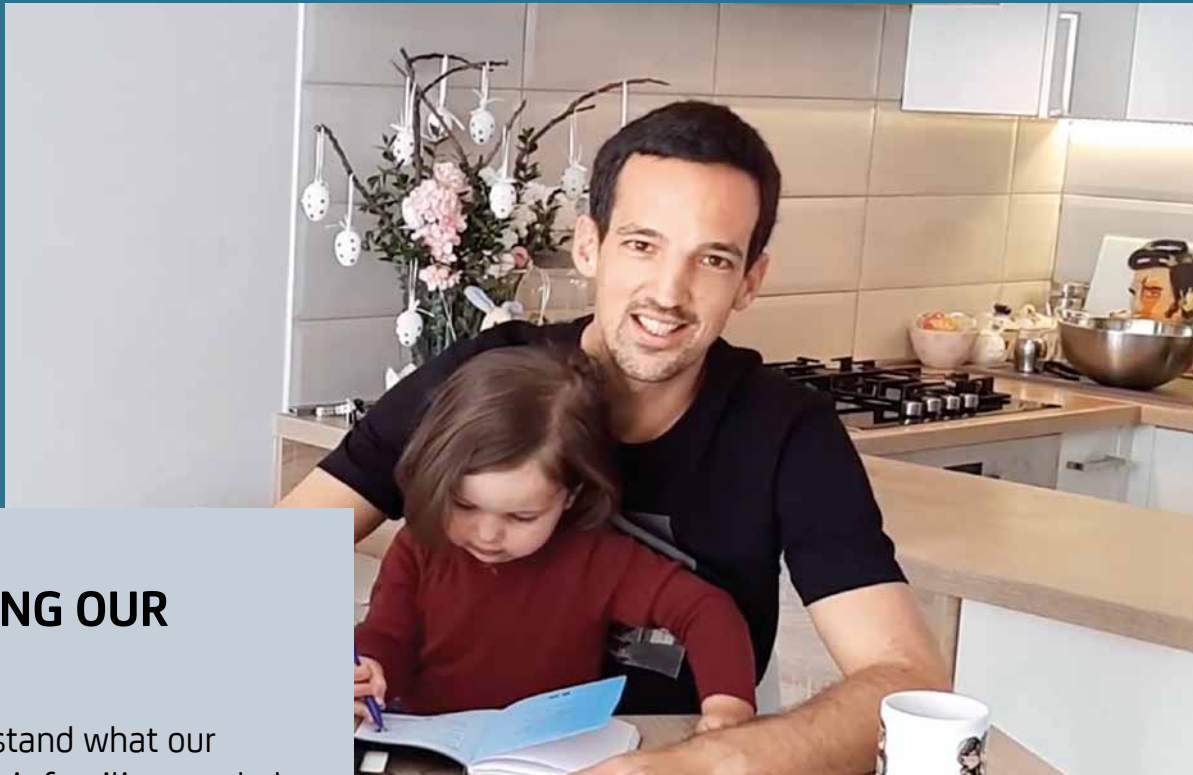
Our Social Impact Bank is currently present in 11 Group countries



We adhere to international climate and social impact initiatives working together as part of the solution

# Do the right thing! For our Colleagues

Throughout 2020, we focused on protecting our people: we provided them with millions of PPE items and fast IT upgrades, rolling out new laptops and remote access to around 80,000 UniCredit employees, to make sure they could work safely and effectively.



## **PROTECTING OUR PEOPLE**

To best understand what our people and their families needed in order to face the Covid-19 crisis, UniCredit created a Family Board: the 20-person team meets regularly to define solutions and recommendations in terms of flexibility, wellbeing and other support (i.e. homeschooling/ homework).

# 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 2020 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.




Do the right  
thing!



2020

## Consolidated Report and Accounts of UniCredit Group

Banking that matters. |  **UniCredit**



# Consolidated report and accounts 2020 of UniCredit Group

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# Do the right thing! For our Clients

With over 16 million clients in 13 countries, we worked harder than ever in 2020 to help all our clients face new challenges: from billion euro funding programmes for multinational companies to mentoring new startup businesses, UniCredit is committed to being part of the solution.

## **€10 MILLION OF NEW FINANCING FOR A 100-YEAR OLD PASTA PRODUCER**

This loan was set up to meet the working capital needs of Gagnano-based Pastificio Di Martino. It was also the first large loan issued under Italy's guaranteed loans programme.



# 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 2019 Reclassified consolidated 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 consolidated income statement".

For information on relations and transactions with related-party, it shall be referred to the Notes to the consolidated accounts - Part H of Consolidated financial statements of UniCredit group.

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 of the Consolidated financial statements of UniCredit group.

## Group highlights, alternative performance indicators and other measures

### Income statement

	YEAR		% CHANGE
	2020	2019	
Operating income	17,140	18,839	- 9.0%
<i>of which:</i>			
- <i>net interest</i>	9,441	10,071	- 6.3%
- <i>dividends and other income from equity investments</i>	415	637	- 34.8%
- <i>net fees and commissions</i>	5,976	6,304	- 5.2%
Operating costs	(9,805)	(9,929)	- 1.2%
Operating profit (loss)	7,335	8,910	- 17.7%
Net write-downs on loans and provisions for guarantees and commitments	(4,996)	(3,382)	+ 47.7%
Net operating profit (loss)	2,339	5,527	- 57.7%
Profit (Loss) before tax	(1,546)	3,065	n.m.
Group net profit (loss)	(2,785)	3,373	n.m.

The figures in this table refer to the reclassified income statement. The amounts related to year 2019 differ from the ones published at that time. For further details refer to "Reconciliation principles followed for the reclassified consolidated income statement". In Annex 1 is included the reconciliation between the reclassified accounts and the mandatory reporting schedule.

## Introduction and Group highlights

## Balance sheet

(€ million)

	AMOUNTS AS AT		% CHANGE
	12.31.2020	12.31.2019	
Total assets	931,456	855,647	+ 8.9%
Financial assets held for trading	72,705	63,280	+ 14.9%
Loans and receivables with customers	450,550	482,574	- 6.6%
Financial liabilities held for trading	47,787	41,483	+ 15.2%
Deposits from customers and debt securities issue	600,964	566,871	+ 6.0%
of which:			
- deposits from customers	498,440	470,570	+ 5.9%
- debt securities issue	102,524	96,301	+ 6.5%
Group shareholders' equity	59,507	61,416	- 3.1%

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

For further details refer to "Reconciliation principles followed for the reclassified consolidated balance sheet". In Annex 1 is included the reconciliation between the reclassified accounts and the mandatory reporting schedule.

## Profitability ratios

	YEAR		CHANGE
	2020	2019	
EPS <sup>(1)</sup> (€)	(1.306)	1.462	-2.768
Cost/Income ratio <sup>(2)</sup>	57.2%	52.7%	+ 4.5%
EVA <sup>(3)</sup> (€ million)	(3,347)	(21)	- 3,326
ROTE <sup>(4)</sup>	-5.4%	6.7%	- 12.1%
ROA <sup>(5)</sup>	-0.3%	0.4%	- 0.7%

## Notes:

- (1) Earnings per share. For further details refer to Part C - Section 25.  
(2) Ratio between operating expenses and operating income.  
(3) Economic value added equal to the difference between Net operating profit after tax (NOPAT) and the Cost of the absorbed capital.  
(4) Annualised ratio between the net profit and the average tangible equity.  
(5) Return on assets calculated as the ratio between Net profit (loss) attributable to the Group and Total assets pursuant to art. 90 of CRD IV.

## Risk ratios

	AS AT		% CHANGE
	12.31.2020	12.31.2019	
Net bad loans to customers/Loans to customers	0.4%	0.6%	- 0.2%
Net non-performing loans to customers/Loans to customers	1.9%	1.8%	+ 0.1%

For the amounts, refer to the table "Loans to customers - Asset quality" 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		CHANGE
	12.31.2020	12.31.2019	
Employees <sup>(1)</sup>	82,107	84,245	-2,138
Branches <sup>(2)</sup>	3,490	3,717	-227
of which:			
- Italy	2,229	2,387	-158
- Other countries	1,261	1,330	-69

### Notes:

(1) "Full time equivalent" data (FTE): number of employees counted for the rate of presence. Employees of sub-group Koc Finansal Hizmetler AS are not included.

(2) Retail branches only. The branches of sub-group Koc Finansal Hizmetler AS are not included.

## Transitional capital ratios

	AS AT		CHANGE
	12.31.2020 <sup>(*)</sup>	12.31.2019 <sup>(*)</sup>	
Total own funds (€ million)	67,464	66,982	+ 483
Total risk-weighted assets (€ million)	325,665	378,718	- 53,054
<b>Common Equity Tier 1 Capital Ratio</b>	<b>15.96%</b>	<b>13.22%</b>	<b>+ 2.7%</b>
<b>Total Capital Ratio</b>	<b>20.72%</b>	<b>17.69%</b>	<b>+ 3.0%</b>

### 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 as at 31 December 2020 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	F3	BBB-	stable	bbb-
Moody's Investors Service	P-2	Baa1	stable	baa3
Standard & Poor's	A-2	BBB	negative	bbb

Ratings updated as at 9 February 2021.

# Reclassified consolidated accounts

## Changes occurred in the scope of consolidation

During 2020, 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 16 (17 in and 33 out) changing from 482, at the end of 2019, to 466 as at 31 December 2020;
- the number of companies consolidated by using the equity method, including those ones classified as non-current assets and asset disposal groups, present a decrease of 16 (1 in and 17 out) changing from 47, at the end of 2019, to 31 as at 31 December 2020.

For further details, refer to the paragraph "Section 3 - Consolidation scope and methods" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part A - Accounting Policies; A.1 - General, and refer to the paragraph "Section 7 - Equity investments - Item 70" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part B - Consolidated balance sheet - Assets.

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

As at 31 December 2020, the main assets which, based on the application of IFRS5 accounting principle, were reclassified as non-current assets and asset disposal groups, are the following:

- regarding the single asset and liability held for sale:
  - the companies of the DC Bank AG, SIA UniCredit Leasing and Wealthcap groups the joint venture Capital Dev S.p.A. and the associated company Risanamento S.p.A.;
  - the non-performing loans related to the disposal of certain portfolios;
  - the real estate properties held by certain Group entities, mainly in Germany;
- regarding the data relating to the discontinued operations, the companies of the Immobilien Holding group (Austria).

For additional information, reference is made to the paragraph "Section 12 - Non-current assets and disposal groups 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.

## 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 "Financial assets at amortised cost: a) Loans and receivables with banks" net of debt securities reclassified in "Other financial assets" and of loans reclassified from "Other financial assets - Item 20 c)";
- the inclusion in "Loans to customers" of "Financial assets at amortised cost: b) Loans and receivables with customers" net of debt securities reclassified in "Other financial assets" and of loans reclassified from "Other financial assets - Item 20 c)" and leasing asset IFRS16 b) loans to customers reclassified in "Other financial assets";
- the aggregation as "Other financial assets" of (i) "Financial assets at fair value through profit and 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", (iv) "Financial assets at amortised cost" – debt securities a) loans to banks and b) loans to customers and - assets liabilities IFRS16 b) from loans to customers;
- The inclusion in item "Other financial liabilities" of leasing liabilities IFRS16 related to item 10. Financial liabilities at amortised cost: a) deposits from banks and b) deposits from customers;
- grouping under "Hedging instruments", both assets and liabilities, of "Hedging derivatives" and "Changes in fair value of portfolio hedged items";
- the inclusion of "Provision for employee severance pay" and "Provisions for risks and charges" under "Other liabilities".



## Reclassified consolidated accounts

## Reclassified consolidated balance sheet

(€ million)

ASSETS	AMOUNTS AS AT		CHANGE	
	12.31.2020	12.31.2019	AMOUNT	%
Cash and cash balances	101,707	17,305	+ 84,402	n.m.
Financial assets held for trading	72,705	63,280	+ 9,425	+ 14.9%
Loans to banks	111,814	97,888	+ 13,926	+ 14.2%
Loans to customers	450,550	482,574	- 32,024	- 6.6%
Other financial assets	153,349	149,091	+ 4,258	+ 2.9%
Hedging instruments	7,687	9,230	- 1,543	- 16.7%
Property, plant and equipment	9,939	11,097	- 1,157	- 10.4%
Goodwill	0	886	- 886	- 100.0%
Other intangible assets	2,117	1,914	+ 204	+ 10.6%
Tax assets	13,097	12,922	+ 176	+ 1.4%
Non-current assets and disposal groups classified as held for sale	2,017	2,512	- 494	- 19.7%
Other assets	6,473	6,949	- 477	- 6.9%
<b>Total assets</b>	<b>931,456</b>	<b>855,647</b>	<b>+ 75,810</b>	<b>+ 8.9%</b>

(€ million)

LIABILITIES AND SHAREHOLDERS' EQUITY	AMOUNTS AS AT		CHANGE	
	12.31.2020	12.31.2019	AMOUNT	%
Deposits from banks	172,465	135,563	+ 36,902	+ 27.2%
Deposits from customers	498,440	470,570	+ 27,869	+ 5.9%
Debt securities issued	102,524	96,301	+ 6,223	+ 6.5%
Financial liabilities held for trading	47,787	41,483	+ 6,304	+ 15.2%
Other financial liabilities	12,887	12,083	+ 803	+ 6.6%
Hedging instruments	11,764	12,150	- 386	- 3.2%
Tax liabilities	1,358	1,378	- 21	- 1.5%
Liabilities included in disposal groups classified as held for sale	761	725	+ 36	+ 5.0%
Other liabilities	23,529	23,608	- 79	- 0.3%
Minorities	435	369	+ 66	+ 17.8%
Group shareholders' equity	59,507	61,416	- 1,908	- 3.1%
<i>of which:</i>				
- capital and reserves	62,292	58,042	+ 4,250	+ 7.3%
- net profit (loss)	(2,785)	3,373	- 6,158	n.m.
<b>Total liabilities and shareholders' equity</b>	<b>931,456</b>	<b>855,647</b>	<b>+ 75,810</b>	<b>+ 8.9%</b>

## Reclassified consolidated accounts

## Reclassified consolidated balance sheet - Quarterly figures

(€ million)

ASSETS	AMOUNTS AS AT				AMOUNTS AS AT			
	12.31.2020	09.30.2020	06.30.2020	03.31.2020	12.31.2019	09.30.2019	06.30.2019	03.31.2019
Cash and cash balances	101,707	37,900	17,342	20,726	17,305	30,997	32,578	31,991
Financial assets held for trading	72,705	73,165	67,236	69,756	63,280	74,871	67,344	67,135
Loans to banks	111,814	129,140	126,541	94,525	97,888	81,483	77,911	83,655
Loans to customers	450,550	466,776	479,253	489,973	482,574	480,997	469,298	471,653
Other financial assets	153,349	153,407	155,884	151,907	149,091	146,292	138,438	148,061
Hedging instruments	7,687	8,241	11,445	11,051	9,230	11,573	9,801	8,516
Property, plant and equipment	9,939	10,148	10,242	10,519	11,097	9,276	9,549	11,162
Goodwill	0	878	878	886	886	886	886	1,484
Other intangible assets	2,117	1,994	1,957	1,865	1,914	1,952	1,915	1,996
Tax assets	13,097	13,024	12,978	12,955	12,922	12,673	12,780	13,019
Non-current assets and disposal groups classified as held for sale	2,017	2,104	1,984	2,045	2,512	4,535	3,286	1,764
Other assets	6,473	6,575	6,994	6,542	6,949	8,008	8,824	7,692
<b>Total assets</b>	<b>931,456</b>	<b>903,353</b>	<b>892,735</b>	<b>872,753</b>	<b>855,647</b>	<b>863,544</b>	<b>832,611</b>	<b>848,128</b>

(€ million)

LIABILITIES AND SHAREHOLDERS' EQUITY	AMOUNTS AS AT				AMOUNTS AS AT			
	12.31.2020	09.30.2020	06.30.2020	03.31.2020	12.31.2019	09.30.2019	06.30.2019	03.31.2019
Deposits from banks	172,465	163,775	164,843	161,497	135,563	143,213	132,695	136,882
Deposits from customers	498,440	474,790	468,315	454,956	470,570	455,473	453,019	473,514
Debt securities issued	102,524	101,588	95,902	95,197	96,301	97,575	92,434	84,283
Financial liabilities held for trading	47,787	47,812	45,551	46,785	41,483	46,102	40,410	41,879
Other financial liabilities	12,887	12,963	12,656	11,094	12,083	13,401	13,689	13,815
Hedging instruments	11,764	12,551	15,029	14,236	12,150	16,023	13,848	11,440
Tax liabilities	1,358	1,469	1,454	1,509	1,378	1,079	1,020	1,295
Liabilities included in disposal groups classified as held for sale	761	593	615	559	725	626	632	547
Other liabilities	23,529	26,722	27,186	25,669	23,608	29,137	24,948	25,267
Minorities	435	443	437	430	369	462	445	1,018
Group shareholders' equity	59,507	60,645	60,748	60,820	61,416	60,454	59,471	58,188
<i>of which:</i>								
- capital and reserves	62,292	62,252	63,034	63,526	58,042	56,245	56,443	57,012
- net profit (loss)	(2,785)	(1,606)	(2,286)	(2,706)	3,373	4,208	3,028	1,175
<b>Total liabilities and shareholders' equity</b>	<b>931,456</b>	<b>903,353</b>	<b>892,735</b>	<b>872,753</b>	<b>855,647</b>	<b>863,544</b>	<b>832,611</b>	<b>848,128</b>

# 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 and other income from equity investments” of “Profit (Loss) of equity investments valued at equity” and the exclusion of (i) “Dividends from held for trading equity instruments” and (ii) “Dividends from Other financial assets mandatorily at fair value” which are included in “Net trading income”;
- the inclusion in the “Net other operating expenses/income” of “Other operating expenses/income”, excluding “Recovery of expenses” which is classified under its own item, the exclusion of the costs for “Write-downs on leasehold improvements” classified among “Other administrative expenses” and inclusion of result of industrial companies;
- presentation of “Net other expenses/income”, “Payroll costs”, “Other administrative expenses”, “Amortisation, depreciation and impairment losses on tangible and intangible assets” and “Other charges and provisions” net of any “Integration costs” relating to the reorganisation operations, classified as a separate item;
- the exclusion from the “Other administrative expenses” of the Contributions to the Resolution Funds (SRF), the Deposit Guarantee Schemes (DGS), the Bank Levies and the Guarantee fees for DTA reclassified in item “Other charges and provisions”;
- the exclusion from “Amortisation, depreciation and impairment losses on intangible and tangible assets” of (i) property owned for investment (ii) inventories assets (IAS2) obtained from recovery procedures of NPE (iii) right of use of land and buildings used in the business (all classified in item “Net income from investments) and (iv) tangible in operating lease assets (all classified in item “Net other expenses/income”);
- the exclusion from “Amortisation, depreciation and impairment losses on intangible and tangible assets” of property owned for investment and those related to operating lease assets, which are reclassified respectively among “Net income from investments” and “Net other expenses/income”;
- in “Net write-downs on loans and provisions for guarantees and commitments”, the inclusion of net losses/recoveries on financial assets at amortised cost and at fair value through other comprehensive income net of debt securities, the gains (losses) on disposal and repurchase of non-performing financial assets at amortised cost net of debt securities and of the “Net provisions for risks and charges” related to commitments and financial guarantees given;
- the inclusion in “Net income from investments” of write-downs and write-backs on financial assets at amortised cost and at fair value through other comprehensive income - debt securities, gains (losses) on disposal of investments, gains (losses) on tangible and intangible assets measured at fair value as well as gains (losses) on equity investments and on disposal of 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) from non-current assets held for sale after tax”;
- the inclusion among “Net 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 the 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 and (v) of the interest income and expenses deriving from Trading Book instruments, excluded the economical hedging or funding banking book positions.

Figures of Reclassified consolidated income statement have been restated, starting from June 2020 and with reference to 2019 quarters and first quarter 2020, for interest income and expenses deriving from Trading Book instruments, excluded the economical hedging or funding banking book, that have been classified to the item “Net trading income”.

## Reclassified consolidated accounts

## Reclassified consolidated income statement

(€ million)

	YEAR		CHANGE		
	2020	2019	P&L	%	% AT CONSTANT FX <sup>(*)</sup> RATES
Net interest	9,441	10,071	- 631	- 6.3%	- 5.3%
Dividends and other income from equity investments	415	637	- 222	- 34.8%	- 35.9%
Net fees and commissions	5,976	6,304	- 328	- 5.2%	- 4.8%
Net trading income	1,412	1,669	- 257	- 15.4%	- 14.4%
Net other expenses/income	(104)	156	- 260	n.m.	n.m.
<b>OPERATING INCOME</b>	<b>17,140</b>	<b>18,839</b>	<b>- 1,699</b>	<b>- 9.0%</b>	<b>- 8.3%</b>
Payroll costs	(5,968)	(6,146)	+ 178	- 2.9%	- 2.4%
Other administrative expenses	(3,223)	(3,279)	+ 56	- 1.7%	- 1.2%
Recovery of expenses	523	592	- 69	- 11.7%	- 11.1%
Amortisation, depreciation and impairment losses on intangible and tangible assets	(1,137)	(1,096)	- 41	+ 3.7%	+ 4.5%
<b>Operating costs</b>	<b>(9,805)</b>	<b>(9,929)</b>	<b>+ 124</b>	<b>- 1.2%</b>	<b>- 0.7%</b>
<b>OPERATING PROFIT (LOSS)</b>	<b>7,335</b>	<b>8,910</b>	<b>- 1,575</b>	<b>- 17.7%</b>	<b>- 16.8%</b>
Net write-downs on loans and provisions for guarantees and commitments	(4,996)	(3,382)	- 1,614	+ 47.7%	+ 48.9%
<b>NET OPERATING PROFIT (LOSS)</b>	<b>2,339</b>	<b>5,527</b>	<b>- 3,189</b>	<b>- 57.7%</b>	<b>- 56.9%</b>
Other charges and provisions	(1,055)	(954)	- 102	+ 10.7%	+ 11.2%
<i>of which: systemic charges</i>	<i>(958)</i>	<i>(886)</i>	<i>- 72</i>	<i>+ 8.2%</i>	<i>+ 8.9%</i>
Integration costs	(1,464)	(664)	- 800	n.m.	n.m.
Net income from investments	(1,365)	(844)	- 521	+ 61.7%	+ 61.7%
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>(1,546)</b>	<b>3,065</b>	<b>- 4,611</b>	<b>n.m.</b>	<b>n.m.</b>
Income tax for the period	(344)	(890)	+ 545	- 61.3%	- 60.5%
<b>NET PROFIT (LOSS)</b>	<b>(1,890)</b>	<b>2,176</b>	<b>- 4,066</b>	<b>n.m.</b>	<b>n.m.</b>
Profit (Loss) from non-current assets held for sale after tax	49	1,383	- 1,334	- 96.5%	- 96.5%
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>(1,842)</b>	<b>3,559</b>	<b>- 5,400</b>	<b>n.m.</b>	<b>n.m.</b>
Minorities	(7)	(118)	+ 110	- 93.9%	- 93.7%
<b>NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA</b>	<b>(1,849)</b>	<b>3,441</b>	<b>- 5,290</b>	<b>n.m.</b>	<b>n.m.</b>
Purchase Price Allocation effect	(50)	(68)	+ 18	- 26.6%	- 26.6%
Goodwill impairment	(886)	-	- 886	n.m.	n.m.
<b>NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP</b>	<b>(2,785)</b>	<b>3,373</b>	<b>- 6,158</b>	<b>n.m.</b>	<b>n.m.</b>

Note:

(\*) Foreign Exchange.

## Reclassified consolidated accounts

## Reclassified consolidated income statement - Quarterly figures

(€ million)

	2020				2019			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net interest	2,250	2,303	2,393	2,494	2,508	2,520	2,507	2,537
Dividends and other income from equity investments	124	128	62	102	133	183	154	167
Net fees and commissions	1,506	1,469	1,380	1,620	1,629	1,569	1,565	1,541
Net trading income	426	455	357	173	472	413	300	484
Net other expenses/income	(69)	(1)	(22)	(11)	108	17	(8)	39
<b>OPERATING INCOME</b>	<b>4,238</b>	<b>4,354</b>	<b>4,170</b>	<b>4,378</b>	<b>4,850</b>	<b>4,703</b>	<b>4,518</b>	<b>4,768</b>
Payroll costs	(1,456)	(1,479)	(1,492)	(1,542)	(1,549)	(1,522)	(1,519)	(1,555)
Other administrative expenses	(827)	(788)	(797)	(812)	(858)	(786)	(803)	(832)
Recovery of expenses	147	124	128	125	150	142	151	150
Amortisation, depreciation and impairment losses on intangible and tangible assets	(323)	(266)	(284)	(265)	(267)	(281)	(276)	(272)
<b>Operating costs</b>	<b>(2,458)</b>	<b>(2,410)</b>	<b>(2,444)</b>	<b>(2,493)</b>	<b>(2,525)</b>	<b>(2,447)</b>	<b>(2,448)</b>	<b>(2,510)</b>
<b>OPERATING PROFIT (LOSS)</b>	<b>1,780</b>	<b>1,945</b>	<b>1,726</b>	<b>1,885</b>	<b>2,325</b>	<b>2,256</b>	<b>2,070</b>	<b>2,258</b>
Net write-downs on loans and provisions for guarantees and commitments	(2,058)	(741)	(937)	(1,261)	(1,645)	(563)	(707)	(467)
<b>NET OPERATING PROFIT (LOSS)</b>	<b>(278)</b>	<b>1,204</b>	<b>788</b>	<b>624</b>	<b>681</b>	<b>1,694</b>	<b>1,362</b>	<b>1,791</b>
Other charges and provisions	(91)	(251)	(185)	(528)	(316)	(187)	(236)	(214)
<i>of which: systemic charges</i>	<i>(53)</i>	<i>(201)</i>	<i>(166)</i>	<i>(538)</i>	<i>(82)</i>	<i>(148)</i>	<i>(118)</i>	<i>(538)</i>
Integration costs	(82)	(30)	(6)	(1,347)	(657)	(2)	(2)	(3)
Net income from investments	130	(141)	(92)	(1,261)	(665)	41	(311)	90
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>(322)</b>	<b>782</b>	<b>505</b>	<b>(2,512)</b>	<b>(958)</b>	<b>1,545</b>	<b>814</b>	<b>1,664</b>
Income tax for the period	(34)	(97)	(73)	(140)	119	(338)	(176)	(494)
<b>NET PROFIT (LOSS)</b>	<b>(356)</b>	<b>685</b>	<b>432</b>	<b>(2,652)</b>	<b>(839)</b>	<b>1,207</b>	<b>637</b>	<b>1,171</b>
Profit (Loss) from non-current assets held for sale after tax	48	(0)	1	(0)	11	0	1,307	65
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>(308)</b>	<b>685</b>	<b>433</b>	<b>(2,652)</b>	<b>(828)</b>	<b>1,207</b>	<b>1,944</b>	<b>1,235</b>
Minorities	8	(5)	(6)	(5)	(4)	(26)	(29)	(59)
<b>NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA</b>	<b>(300)</b>	<b>680</b>	<b>428</b>	<b>(2,656)</b>	<b>(832)</b>	<b>1,181</b>	<b>1,916</b>	<b>1,176</b>
Purchase Price Allocation effect	(0)	(0)	(0)	(50)	(3)	(1)	(63)	(1)
Goodwill impairment	(878)	-	(8)	-	-	-	-	-
<b>NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP</b>	<b>(1,179)</b>	<b>680</b>	<b>420</b>	<b>(2,706)</b>	<b>(835)</b>	<b>1,180</b>	<b>1,853</b>	<b>1,175</b>

## Reclassified consolidated accounts

## Reclassified consolidated income statement - Comparison of Q4 2020/Q4 2019

(€ million)

	Q4		CHANGE		
	2020	2019	P&L	%	% AT CONSTANT FX <sup>(*)</sup> RATES
Net interest	2,250	2,508	- 257	- 10.3%	- 8.6%
Dividends and other income from equity investments	124	133	- 9	- 6.8%	- 7.5%
Net fees and commissions	1,506	1,629	- 123	- 7.6%	- 6.9%
Net trading income	426	472	- 45	- 9.6%	- 8.4%
Net other expenses/income	(69)	108	- 177	n.m.	n.m.
<b>OPERATING INCOME</b>	<b>4,238</b>	<b>4,850</b>	<b>- 612</b>	<b>- 12.6%</b>	<b>- 11.5%</b>
Payroll costs	(1,456)	(1,549)	+ 93	- 6.0%	- 5.2%
Other administrative expenses	(827)	(858)	+ 32	- 3.7%	- 2.9%
Recovery of expenses	147	150	- 3	- 2.0%	- 1.4%
Amortisation, depreciation and impairment losses on intangible and tangible assets	(323)	(267)	- 55	+ 20.8%	+ 22.4%
<b>Operating costs</b>	<b>(2,458)</b>	<b>(2,525)</b>	<b>+ 66</b>	<b>- 2.6%</b>	<b>- 1.7%</b>
<b>OPERATING PROFIT (LOSS)</b>	<b>1,780</b>	<b>2,325</b>	<b>- 546</b>	<b>- 23.5%</b>	<b>- 22.1%</b>
Net write-downs on loans and provisions for guarantees and commitments	(2,058)	(1,645)	- 413	+ 25.1%	+ 26.1%
<b>NET OPERATING PROFIT (LOSS)</b>	<b>(278)</b>	<b>681</b>	<b>- 959</b>	<b>n.m.</b>	<b>n.m.</b>
Other charges and provisions	(91)	(316)	+ 225	- 71.1%	- 70.9%
<i>of which: systemic charges</i>	(53)	(82)	+ 29	- 35.1%	- 33.9%
Integration costs	(82)	(657)	+ 575	- 87.5%	- 87.3%
Net income from investments	130	(665)	+ 794	n.m.	n.m.
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>(322)</b>	<b>(958)</b>	<b>+ 636</b>	<b>- 66.4%</b>	<b>- 67.7%</b>
Income tax for the period	(34)	119	- 153	n.m.	n.m.
<b>NET PROFIT (LOSS)</b>	<b>(356)</b>	<b>(839)</b>	<b>+ 483</b>	<b>- 57.6%</b>	<b>- 58.8%</b>
Profit (Loss) from non-current assets held for sale after tax	48	11	+ 37	n.m.	n.m.
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>(308)</b>	<b>(828)</b>	<b>+ 520</b>	<b>- 62.9%</b>	<b>- 64.1%</b>
Minorities	8	(4)	+ 12	n.m.	n.m.
<b>NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA</b>	<b>(300)</b>	<b>(832)</b>	<b>+ 532</b>	<b>- 64.0%</b>	<b>- 65.2%</b>
Purchase Price Allocation effect	(0)	(3)	+ 3	- 98.0%	- 98.0%
Goodwill impairment	(878)	-	- 878	-	-
<b>NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP</b>	<b>(1,179)</b>	<b>(835)</b>	<b>- 343</b>	<b>+ 41.1%</b>	<b>+ 39.3%</b>

Note:

(\*) Foreign Exchange.

# Summary results by business segments

## Key figures by business segment

	COMMERCIAL BANKING ITALY	COMMERCIAL BANKING GERMANY	COMMERCIAL BANKING AUSTRIA	CEE DIVISION	CIB	GROUP CORPORATE CENTRE <sup>(1)</sup>	NON CORE	CONSOLIDATED GROUP TOTAL
(€ million)								
<b>Income statement</b>								
<b>OPERATING INCOME</b>								
2020	6,341	2,354	1,363	3,422	3,947	(241)	(46)	17,140
2019	7,062	2,404	1,546	4,001	3,985	(119)	(41)	18,839
<b>OPERATING COSTS</b>								
2020	(3,668)	(1,651)	(991)	(1,486)	(1,525)	(369)	(115)	(9,805)
2019	(3,782)	(1,626)	(969)	(1,535)	(1,549)	(292)	(177)	(9,929)
<b>OPERATING PROFIT</b>								
2020	2,673	703	371	1,937	2,422	(610)	(161)	7,335
2019	3,280	778	577	2,466	2,436	(410)	(218)	8,910
<b>PROFIT BEFORE TAX</b>								
2020	(1,339)	256	(77)	723	1,471	(2,242)	(339)	(1,546)
2019	1,732	863	326	1,716	2,098	(1,403)	(2,267)	3,065
<b>Balance sheet</b>								
<b>CUSTOMERS LOANS<sup>(2)</sup></b>								
as at 31 December 2020	132,311	87,168	43,308	61,879	87,721	1,631	775	414,793
as at 31 December 2019	134,974	87,172	44,521	67,534	85,970	2,295	1,886	424,352
<b>CUSTOMERS DEPOSITS<sup>(2)</sup></b>								
as at 31 December 2020	172,372	102,957	52,121	71,287	58,229	2,459	518	459,944
as at 31 December 2019	153,283	89,798	48,454	70,745	55,349	2,332	488	420,449
<b>TOTAL RISK WEIGHTED ASSETS</b>								
as at 31 December 2020	83,011	35,536	21,509	55,016	83,043	39,909	7,642	325,665
as at 31 December 2019	96,067	36,171	23,141	67,560	85,081	59,733	10,966	378,718
<b>EVA</b>								
2020	(1,097)	(195)	(225)	(276)	(94)	(1,234)	(226)	(3,347)
2019	305	45	426	561	649	(1,091)	(917)	(21)
<b>Cost/income ratio</b>								
2020	57.8%	70.2%	72.7%	43.4%	38.6%	n.m.	n.m.	57.2%
2019	53.6%	67.6%	62.7%	38.4%	38.9%	n.m.	n.m.	52.7%
<b>Employees</b>								
as at 31 December 2020	26,884	9,002	4,687	23,829	3,443	14,047	214	82,107
as at 31 December 2019	28,379	9,096	4,798	24,142	3,494	14,042	295	84,245

### Notes:

(1) COO Services, Corporate Centre Global Functions, inter-segment adjustments and consolidation adjustments not attributable to individual segments.

(2) Net of repos, intercompany transactions.

Figures as of 2019 were recast, where necessary, on a like-to-like basis to consider changes in scope of business segment and methodological rules. In particular, the sub-group Koc Finansal Hizmetler AS figures have been reclassified from CEE Division to Group Corporate Centre.

## Group and UniCredit share historical data series

## Group figures 2010 - 2020

	IAS/IFRS										
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Reclassified income statement (€ million)</b>											
Operating income	17,140	18,839	19,723	19,619	18,801	22,405	22,513	23,973	25,049	25,200	26,347
Operating costs	(9,805)	(9,929)	(10,698)	(11,350)	(12,453)	(13,618)	(13,838)	(14,801)	(14,979)	(15,460)	(15,483)
Operating profit (loss)	7,335	8,910	9,025	8,268	6,348	8,787	8,675	9,172	10,070	9,740	10,864
Profit (loss) before income tax	(1,546)	3,065	3,619	4,148	(10,978)	2,671	4,091	(4,888)	317	2,060	2,517
Net profit (loss) for the period	(1,842)	3,559	4,112	5,790	(11,061)	2,239	2,669	(3,920)	1,687	644	1,876
Net profit (loss) attributable to the Group	(2,785)	3,373	3,892	5,473	(11,790)	1,694	2,008	(13,965)	865	(9,206)	1,323
<b>Reclassified balance sheet (€ million)</b>											
Total assets	931,456	855,647	831,469	836,790	859,533	860,433	844,217	845,838	926,827	926,769	929,488
Loans and receivables with customers	450,550	482,574	471,839	447,727	444,607	473,999	470,569	503,142	547,144	559,553	555,653
of which: bad exposures	1,645	2,956	5,787	9,499	10,945	19,924	19,701	18,058	19,360	18,118	16,344
Deposits from customers and debt securities issued	600,964	566,871	560,141	561,498	567,855	584,268	560,688	571,024	579,965	561,370	583,239
Group shareholders' equity	59,507	61,416	55,841	59,331	39,336	50,087	49,390	46,841	62,784	51,479	64,224
<b>Profitability ratios (%)</b>											
Operating profit (loss)/Total assets	0.79	1.04	1.09	0.99	0.74	1.02	1.03	1.08	1.09	1.05	1.17
Cost/Income ratio	57.2	52.7	54.2	57.9	66.2	60.8	61.5	61.7	59.8	61.4	58.8

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

## Share information

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Share price (€)<sup>(*)</sup></b>											
- maximum	14.174	13.494	18.212	18.350	25.733	32.824	34.427	28.213	22.440	65.912	76.243
- minimum	6.213	9.190	9.596	12.160	8.785	24.605	25.583	16.227	11.456	21.157	49.212
- average	8.650	11.193	14.635	15.801	13.820	29.509	30.015	22.067	16.520	42.923	63.702
- end of period	7.648	13.020	9.894	15.580	13.701	25.733	26.735	26.961	18.572	21.190	51.093
<b>Number of outstanding shares (million)</b>											
- at period end <sup>(**)</sup>	2,237	2,233	2,230	2,226	6,180	5,970	5,866	5,792	5,789	1,930	19,297.6
- shares cum dividend	2,228	2,224	2,220	2,216	6,084	5,873	5,769	5,695	5,693	1,833	18,330.5
of which: savings shares	-	-	-	0.25	2.52	2.48	2.45	2.42	2.42	2.42	24.2
- average <sup>(**)</sup>	2,236	2,233	2,229	1,957	6,110	5,927	5,837	5,791	5,473	1,930	19,101.8
<b>Dividend<sup>(***)</sup></b>											
- total dividends (€ million)	-	-	601	726	-	706	697	570	512	-	550
- dividend per ordinary share	-	-	0.270	0.320	-	0.120	0.120	0.100	0.090	-	0.030
- dividend per savings share	-	-	-	-	-	0.120	1.065	0.100	0.090	-	0.045

## Notes:

(\*) Due to extraordinary corporate operations (such as shares' grouping, demergers, distribution of extraordinary dividends, etc.) share prices might change being no longer comparable from one financial year to another. The historical series of share prices have been therefore adjusted to allow a better comparison.

(\*\*) The number of shares, existing at the end of the reference period, is net of treasury shares and includes 9,676 million of shares held under a contract of usufruct signed with Mediobanca S.p.A.

(\*\*\*) For what concern to the amount of dividend related to 2020, subject to the 15 April 2021 General Shareholders Meeting approval, refer to the paragraph "Capital and value management - Capital ratios" of this Consolidated report on operations.

The following paragraph outlines additional information concerning shares capital changes and dividends pay-out with reference to the last two financial years.

On 4 April 2019, the resolution to increase the share capital for €54,401,495.00 by issuing No.3,200,177 ordinary free shares for the execution of Group Incentive System was registered with the Company Register. On 11 April 2019, the Shareholders' Meeting approved the payment to the shareholders of a dividend of €0.27 for each share outstanding and entitled to dividend at payment date, for a maximum amount of €601 million, from allocation of 2018 net profit.

On 27 March 2020 was registered with the Company Register the resolution to increase the share capital for €64,736,988.67 by issuing No.3,884,961 ordinary free shares for the execution of Group Incentive System. On 29 March 2020 UniCredit S.p.A. Board of Directors, following ECB's recommendation issued on 27 March 2020 on dividends distribution and share buybacks, resolved to withdraw the proposed resolutions to be submitted to Shareholders' Meeting convened on 9 April 2020, related to the distribution of a dividend for the year 2019 of €0.63 per share from profit reserves and authorization for a share buyback up to €467 million and subsequent cancellation of treasury shares purchased with no reduction of share capital.



# Group and UniCredit share historical data series

On 29 July 2020, following the ECB's recommendation on 27 July 2020 (ECB/2020/35), UniCredit S.p.A. confirmed that it would not have paid dividends and would not have repurchased its own shares in 2020. This is neutral for coupon payments on AT1 bond and Cashes instruments.

On 15 December 2020, the European Central Bank issued the Recommendation 2020/62 "on dividend distributions during the Covid-19 pandemic and repealing Recommendation ECB/2020/35"; the recommendation asks banks to "refrain from or limit dividends until September 2021". For the implications related to its application at UniCredit group, refer to the paragraph "Capital and value management - Capital ratios" of this Consolidated report on operations.

## Earnings ratios

	IAS/IFRS										
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Shareholders' equity (€ million)	59,507	61,416	55,841	59,331	39,336	50,087	49,390	46,841	62,784	51,479	64,224
Net profit (loss) attributable to the Group (€ million)	(2,785)	3,373	3,892	5,473	(11,790)	1,694	2,008	(13,965)	865	(9,206)	1,323
Shareholders' equity per share (€)	26.60	27.50	25.04	26.65	6.36	8.39	8.42	8.09	10.85	26.67	3.33
Price/Book value	0.29	0.47	0.40	0.58	0.43	0.61	0.63	0.67	0.34	0.16	3.06
Earnings per share(€) <sup>(*)</sup>	(1.306)	1.462	1.712	2.794	(1.982)	0.27	0.34	(2.47)	0.15	(5.12)	0.06
Payout ratio (%)	-	-	15.4	13.3	-	41.7	34.7	-4.1	59.2	-	41.6
Dividend yield on average price per ordinary share (%) <sup>(**)</sup>	-	-	1.84	2.03	-	2.04	2.00	2.27	2.73	-	1.55

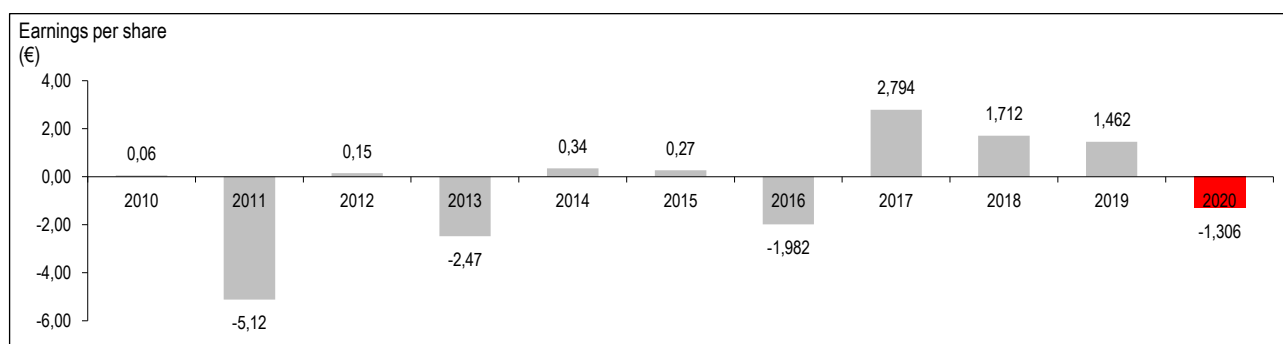
### Notes:

(\*) 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 2020, subject to the 15 April 2021 General Shareholders Meeting approval, refer to the paragraph "Capital and value management - Capital ratios" of this Consolidated report on operations.

The amounts in the table are published "historical figures" and they should be read with reference to each reference period.

Starting from 2009, the net profit for the period used to calculate EPS is reduced for the following amounts related to disbursements, charged to equity, made in connection with the usufruct contract signed with Mediobanca S.p.A. on UniCredit shares supporting the issuance of convertible securities denominated "Cashes": €131 million for 2009, €156 million for 2010, €172 million for 2011, €46 million for 2012, €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 and €122 million for 2020.



# Group results

## Macroeconomic situation, banking and financial markets

### International situation

In 2020 the world economy faced an unprecedented economic contraction, triggered by the Covid-19 pandemic, that forced governments to adopt drastic containment measures to flatten their epidemiological curves at the cost of severe economic recessions. April was the month of the Great Lockdown, when global economic activity halted almost completely, with services sectors like restaurants, hospitality and retail trade being hit hardest. Most economies recorded double digit GDP contractions in first half 2020 and recovered part of the lost ground in second half 2020, despite a second wave of contagion.

The Covid-19 shock was countered by an equally unprecedented policy response from both monetary and fiscal authorities. In order to contain the economic losses, governments have adopted ambitious fiscal responses aimed at curbing unemployment and supporting the most vulnerable sectors. Expansionary fiscal policies were coupled with the introduction of government-guaranteed bank lending to allow firms to stay afloat during the most challenging months. The increase in budget deficits and public debts will represent the lasting legacy of the current crisis. On top of that, central banks intervened with the adoption of unconventional monetary policies on a massive scale.

Global growth is expected to contract by around 4% in 2020, with global trade contracting even more sharply, reflecting weak demand, the collapse in cross-border tourism, and supply dislocations related to shutdowns. Global economic activity rebounded strongly in third quarter 2020, driven by rising household consumption, and reflecting the easing of Covid-19-related restrictions across Europe and the US in the second half of second quarter 2020 and the associated release of pent-up demand. Economic activity in third quarter 2020 remained well below pre-crisis levels almost everywhere, with GDP in the eurozone and the US around 4.5% and 3.5% below fourth quarter 2019 levels, respectively, while China's GDP was 3.5% above pre-crisis levels. China will be the only major economy that will post positive growth in 2020, with real GDP expanding by 2.3%. The Japanese economy, despite a less intense Covid-19 shock than other advanced economies, will likely experience a 5.6% contraction.

Eurozone's GDP approximately contracted by cumulated 15 percentage points in first half 2020, amid Covid-19 containment measures and the associated extreme uncertainty. Thanks to a sharp rebound in second half 2020, the contraction for the whole 2020 will amount to around 7.0%. The restrictions that were adopted since October 2020 to contain the second wave of contagion were less stringent and better targeted than those of the first wave. Industrial activity fared relatively well, while the most-exposed service sectors were hit rather hard. Although the health shock was symmetric, national economies were hit asymmetrically as a result of diverging policy responses due to different room of fiscal maneuver. Among the largest eurozone economies, France, Italy and Spain experienced deeper contractions than Germany and the Netherlands.

The total impact of the Covid-19 shock on inflation has been to the downside as demand weakness has prevailed over supply-side bottlenecks. The European Central Bank (ECB) adopted an ambitious monetary package to support the eurozone economy. It expanded its existing QE program of €20 billion of monthly purchased by €120 billion until end-2020. Moreover, the ECB introduced an additional €750 billion asset purchase program of private and public sector securities called Pandemic Emergency Purchase Program ("PEPP") and more favorable conditions for its TLTRO-III between June 2020 and June 2021, with interest rates that can go as low as 50bp below the average deposit facility rate. In addition, the ECB introduced a new liquidity facility Pandemic Emergency Longer-Term Refinancing Operations ("PELTRO"). On June 4, the weaker inflation outlook in the ECB's June projections prompted the Governing Council to expand the size of the PEPP by €600 billion to €1,350 billion. On 10 December, the ECB Governing Council extended the duration and scale of several monetary policy instruments, reflecting a weaker inflation outlook. The recalibration of the ECB's instruments included: (i) increase in the Pandemic Emergency Purchase Program (PEPP) by €500 billion to €1,850 billion and extension of its duration to at least the end of March 2022 (from June 2021) and (ii) the relaxation of the terms of existing lending facilities, for TLTRO-III and for the eligibility criteria applicable to guarantees up to June 2022 (from June 2021).

With reference the US economy a contraction by around 3.5% is expected in 2020. It registered a record expansion of 7.5% qoq (non-annualised) in third quarter 2020 following a record contraction of 9.0% in second quarter. Strong federal government support for incomes earlier in the year, including direct payments to households and generous enhanced unemployment benefits established through the CARES Act, significantly contributed to the strength of the recovery. The Fed has immediately intervened by lowering federal funds rate by 150bp to -0.25bp, reducing the cost of discount window lending, introducing facilities to support the flow of credit and decreasing existing cost of swap lines with major central banks and extended the maturity of FX operations. In its latest meetings of 2020, the Federal Open Market Committee - "FOMC" decided to leave rates, forward guidance and the pace of asset purchases all unchanged.

# Group results

## Banking and financial markets

In 2020, in the eurozone loans to the private sector began to accelerate in March, growing on an annual basis at a rate of 4.7% in December compared to 3.7% at the end of 2019. This acceleration in loans to the private sector was driven by growth of loans to non-financial corporations, up by 7.0% on an annual basis in December, compared to growth of around 3% at the end of 2019. Loans to households, on the other hand, were characterised by a decline in the rate of expansion, to just above 3% yoy in December, mainly reflecting a weakening of household purchases. Given the context of deep weakness in economic activity, induced by the negative impacts of the restrictions introduced to stem the spread of Covid-19, and the deterioration in investment prospects, the acceleration of loans to non-financial corporations was supported by guarantees introduced by national governments.

While in the first part of 2020 the dynamics of loans to the private sector showed a fairly homogenous trend among the main reference countries of the UniCredit group (Austria, Germany and Italy), divergences emerged towards the end of the year. The evolution of loans remained positive in Germany, but the growth rate of loans to non-financial corporations showed a slowing trend in the second half of the year compared to the end of 2019, while the growth rate of household loans stabilised just above 4.5%. Similar trends characterised credit aggregates in Austria, while in Italy, corporate loans accelerated sharply in the second half of 2020, with a growth rate, on an annual basis, of around 8.0%, compared to a decrease of 1.5% at the end of 2019. Increasing recourse to guaranteed credit, which continued throughout 2020, appears to be the factor behind this acceleration. In contrast, loans to households showed a general slowdown in Italy, with gradual recovery towards the end of the year (+2.2% yoy in December).

With regard to bank funding at the system level, deposits from households and non-financial corporations showed strong acceleration in 2020 and in all three main reference Countries of the UniCredit group. The increase in deposits, and in particular in sight deposits, primarily reflected firms' wish to accumulate a liquidity buffer and a sharp increase in household savings as a consequence of the pandemic and directives to stay at home and for precautionary reasons, given a deterioration of prospects in the labor market, and as a consequence of the very low interest rate environment.

The European Central Bank (ECB) approved bold measures in 2020 aimed at countering the effects of the pandemic and supporting the economy and guaranteeing the availability of credit to households and businesses, with the latest intervention a recalibration of the conditions of the bank's asset purchase program and long-term liquidity operations, approved in December. Consequently, for the most part, bank interest rates showed a trend towards reduction/stabilization in all three UniCredit reference countries. Interest rates on sight deposits remained close to zero throughout 2020.

The evolution of the pandemic was the main factor driving the performance of financial markets during 2020. The introduction of restrictions in spring to curb the spread of the contagion was accompanied by a sudden deterioration in the performance of financial markets in a context of growing risk aversion. The easing of containment measures towards the end of first half prompted a recovery of market performance and then stabilization. A return to levels closer to where they were prior to the onset of the pandemic materialised towards the end of the year as positive news on vaccines offset an increase in risk aversion related to the beginning of the second Covid-19 wave in the fall. As a consequence, the Italian stock exchange closed 2020 with a loss of only around 5% compared to December 2019. At the height of risk aversion in spring it was down by around 35%. The Austrian stock exchange registered a decline of around 13% year-to-date in December after dipping around 50% in spring. The German stock exchange outperformed the other two and was even able to record an improvement of 3.5% year-to-date in December 2020.

## CEE countries

CEE was significantly affected by the Covid-19 crisis. In 2020, GDP fell in all CEE countries but Turkey, where the economy grew by around 1.2%, around 3pp below potential growth. In the rest of the region, the GDP contraction is expected ranged between 1.1% in Serbia to almost 4.0% in Russia and around 5.0% in EU-CEE<sup>1</sup> and the western Balkans.

The health crisis caused by the Covid-19 pandemic led to a deeper slump in the second quarter 2020 than that which occurred during the global financial crisis. Economies that are more reliant on domestic demand and that benefitted from timely government support were more resilient than the small, open economies in central Europe. The recovery in the third quarter was proportional to the second quarter slump but incomplete. In the fourth quarter 2020, GDP is expected to decrease again in most CEE countries due to lockdowns imposed in response to the second wave of the Covid-19 pandemic, both domestically and by the CEE's largest European economic partners.

<sup>1</sup> Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania, Slovakia and Slovenia.

# Group results

To mitigate the impact of Covid-19 on the economy, governments in the region introduced very significant support packages which ranged from around 3.0% to close to 11% of GDP. These packages included direct measures, such as labour-market support, tax exemptions and deferrals, and sectoral support, and indirect measures, for example moratoria on loan repayments, guarantees for lending and lower borrowing costs. Central banks cut interest rates significantly in most countries and introduced also bond purchases programs.

Support measures helped avert a sharp rise in unemployment, with furlough and part-time work schemes helping cushion the blow to household income. This, in turn, helped avoid large declines in house prices and returned durable goods purchases to pre-pandemic levels before year-end.

## Main results and performance for the period

### Introduction

The year was marked by the spread of Covid-19 pandemic, which had a major impact on the community, the employees, and the customers. The first negative consequences on the international and domestic economic activity, related to the spreading of the virus, started to be known, with unavoidable impacts on the Group profit, already from the first months of 2020.

From the main effects of Covid-19 observed, important to be noticed are the following:

- negative impacts on the retail loans demand and on the corporate loans interest rates, even following the facilitation of loans with state guarantees, with resulting decrease on the interest margin; about the customer loans moratorium, they didn't significantly affect the interest margin;
- decreases of the commissions, in all service areas;
- additional costs, specifically for devices and equipment needed for the employee's protection and for a massive transfer to a remote way of working (*smart working*).
- worsening of the cost of risk because of higher provisions on loans. The current environment continues to be characterised by highly uncertain elements, with the possibility that the slowdown of the economy, jointly with the termination of the safeguard measures, such as the customer loans moratorium, generate a worsening of the loan portfolio quality, followed by an increase of the non-performing loans and the necessity to increase the provisions to be charged to the income statement. In this respect during 2020, €5.0 billion loan loss provisions have been detected, of which €2.2 billion overlay, as described in the following paragraph "Net write-downs on loans and provisions for guarantees and commitments".

In relation to the crisis caused by the Covid-19 pandemic, the Group ensured an effective operational response, thanks to the acceleration and the strengthening of some digitalization initiatives already provided for by the plan's strategic guidelines, with the aim to increase the product range and services accessible remotely by the customers and to improve the service level granted by all the channels operating as a complement of the physical network of branches. The digital transformation plan of the Bank has been furtherly accelerated through a new investments' series aimed at:

- increase the activation and use of digital services and of our mobile App;
- strengthen the contact center role through the full integration with the other channels also leveraging on new technologies;
- evolve the financial advice making available a large range of products and services remotely;
- accelerate the digital experience for the enterprises through a single-entry point (Corporate portal) and redesigning specific "customer journeys".

These initiatives are part of a wider customer service model review that is evolving from a setting mainly based on the physical interaction to a model where the Bank/Customer interaction will be designed basing on the needs and preferences of the latter.

Furthermore measures to protect the health, safety and wellbeing of all stakeholders have been activated, including, for example, the "smart working" massive adoption for the employees of the headquarters and specific measures for the access and use of the branches.

The financial objectives of Team 23, in the light of the worsening macroeconomic context and cost of risk reviewed estimates, can no longer be considered as reachable for 2020 and no longer valid for 2021, while confirming the strategic priorities communicated last December 2019. It has to be considered however that the current picture of strong uncertainty and volatility, does not allow yet to pursue an overall final valuation of the impacts on the medium-long term objectives of the Plan, to determine whether also these ones are still valid or not. The needed analysis started during the second part of the year, will probably be finalised during the next months, after the new Board of Directors begins its activity.

During 2020 the Group's activity, with the purpose of maximizing the added value for the investors, was oriented towards realizing the strategic priorities of the plan **Team 23**, whose validity, as mentioned above, was still fully confirmed.

# Group results

In detail, the 4 main strategic pillars of "Team 23" are:

- **Grow and strengthen client franchise;**
- **Transform and maximize productivity;**
- **Disciplined risk management & controls;**
- **Capital and balance sheet management.**

Also, because of a financial-economic context deteriorated by the Covid-19 crisis, the Group recorded in 2020 a net loss of €2,785 million, compared with the €3,373 million of net profit achieved in 2019.

The net loss of the Group in 2020 was also impacted by the accounting of some non-recurring items, amounting to about -€4 billion net of taxes and minorities; more specifically:

- with negative impact, -€1,272 million (-€1,347 million gross) due to severance for the personnel in Italy, as planned by "Team 23", -€1,576 million (including transfer charges for -€3 million) for charges related to the sales of 20.95% of Yapi ve Kredi Bankasi A.Ş. and resulting unwinding of Joint Venture agreements, -€99 million for negative profits on investment stemmed out from impairment of real estate assets of the Non Core division,
- -€500 million (-€535 million gross) for loan loss provisions related to the effects quantification of the new European rules concerning the Definition of Default, -€878 million for devaluation of goodwill of CIB division carried out in the fourth quarter 2020 and additional -€20 million (-€18 million gross) for other write-downs;
- with positive impact, €296 million (€466 million gross, including -€49 million of PPA) connected with real estate disposal in Germany.

Similarly, on the 2019 net result, the following non-recurring items, amounting to a total of approximately -€1.3 billion net of taxes and minorities, had an effect:

- with negative impact, -€194 million (-283 million gross) for changes related to disposal of Ocean Breeze Group, €1,055 million of increased write-downs of "Non Core" non performing credit exposures resulting from the update of Group rundown strategy, -€365 million related to agreements for the conclusion of the Joint Venture with Koç Financial Services and the disposal of 9.02% of Yapi ve Kredi Bankasi A.Ş., -€319 million (-€436 million gross) integration costs for leaving incentives of workers in Germany and Austria, -€208 million (-€222 million gross) for write-downs recognised on intangible assets, -€203 million (-€204 million gross) for assets devaluation of Non Core division and a total of -€214 million for other net investment losses
- with positive effect, €1,176 million (€1,178 million gross, including -€62 million of PPA) from disposal of FinecoBank S.p.A. (including the related deconsolidation for €1,287 million, valuation of the trademark and pledges provided) and €79 million (€103 million gross) for adoption of fair value model and revaluation model for the measurement of Group Real Estate portfolio respectively held for investment and used in business.

Net of the mentioned non-recurring items, the Group recorded an underlying net profit of €1,264 million, compared with €4,675 million of underlying net profit of 2019.

As already mentioned before, this trend was also negatively impacted by the already mentioned loan loss provisions on loans (overlay) for -€2.2 billion (-€2.0 billion net of tax and minorities).

## Operating income

In 2020 Group's revenues were €17,140 million, decreasing by 9.0% versus 2019 (down by 8.3% at constant exchange rates).

The decrease was widespread among all the revenues items, mainly because of the different economical-financial conditions, resulted from the Covid-19 crisis and the related lockdown measures.

Net interest was equal to €9,441 million, decreasing by 6.3% compared to prior year (down by 5.3% at constant exchange rates).

During 2020 net interest was characterised by a drop of the interest income on loans to customers, as well as by the reduction of the time value component and of the interest on the non-performing loans as a consequence of the rundown actions on the Non Core portfolio.

In relation to the Covid-19 crisis in the first half of 2020 a growing loans demand in various countries of the Group has been recorded, while followed by a sharp slowing down in the second half of the year, when the second wave of the pandemic and the related new lockdown measures that heavily hit many of the economic and financial sector activities, generated an abrupt slowdown of the credit demand. Moratoriums on loans prolongation has also slowed their normal turn over; it is worth to underline, in any case, that these moratorium generated a suspension of the repayments of the granted loans, but not of the active interests accrual and therefore they didn't generate negative impacts on the net interest margin.

In this context we assisted furthermore at a widespread reduction of the loans interest rates, particularly obvious in the CEE countries and in CIB division. The rates of the latter, in particular, have been affected by the decrease of the Libor rate, together with the effect of the loans with state guarantees that imply, in general, rates more favorable for the customers than the ordinary ones.

The loan spreads have been negatively affected by the situation, with the decrease of customer loans interest rates being only minimally mitigated by the decrease of deposit interest rates.

# Group results

Customer loans volumes dynamic shows decreasing results of €32.0 billion, or down 6.6%, going from €482.6 billion at 31 December 2019 to €450.6 billion at 31 December 2020. This decrease is due as well, to €1.1 billion from the Non Core division, where the initiatives related to the Group rundown strategy of non-performing loans (NPE) were continued, with the objective of the complete run off by the year 2021.

The customer loans excluding the repos component, showed a contraction in 2020 of €9.6 billion, or down by 2.3% compared to last year (down by 1.4% at constant exchange rates).

The decrease of the customers loans net of repos involved all the countries of the Group, with Italy, which shows the Commercial Banking division decreasing by 2.0% compared with 2019 and the Non Core division dropping 58.9% driven by portfolio rundown actions, in the scope of the complete run off strategy as above highlighted.

CEE division decreased by 8.4% compared with 2019, or 3.2% at constant exchange rates. Particularly noticeable are the decreases in Russia (down by 32.2% or down by 11.3% at constant exchange rates), Bosnia (down by 11.4%), Slovenia (down by 9.6%), Romania (down by 4.1%, or down by 2.4% at constant exchange rates) and Croatia (down by 2.0% or down by 0.5% at constant exchange rates).

Customer loans volumes excluding the repos component, were stable in Commercial Banking Germany (0.0%) compared with last year, while Commercial Banking Austria suffered a decline by 2.7%.

As a contra tendency, the customers loans net of repos of CIB division were up by 2.0%, compared to previous year, also as a consequence of the relevant liquidity needs of companies, induced by the lockdown restrictions adopted in order to reduce the spreading of Covid-19.

Deposits from customers, equal to €498.4 billion, have been growing of €27.9 billion or 5.9% (up by 6.9% at constant exchange rates) compared to 2019. The increase was also higher for the deposits from customers net of repos, mounting in 2020 up by 9.4% (up by 10.5% at constant exchange rates) in comparison to 2019. More specifically the deposits from customers net of repos grew in all divisions of the Group, with Commercial Banking Italy Division up by 12.5%, Commercial Banking Germany Division up by 14.7%, Commercial Banking Austria Division up by 7.6% and CIB Division up by 5.2%. The CEE Division recorded a growth of +0.8% (up by 7.5% at constant exchange rates), mainly driven by Serbia (up by 17.4% or up by 17.0% at constant exchange rates), Hungary (up by 14.8% or up by 26.4% at constant exchange rates), Slovenia (up by 8.9%), Bulgaria (up by 5.5%) and Croatia (up by 3.5%, or up by 5.1% at constant exchange rates), while decreases are seen in Czech Republic (down by 0.9%, but up by 2.3% at constant exchange rates) and Russia (down by 16.1%, but up by 9.7% at constant exchange rates).

Dividends and other income from equity investments (which include the profits of the companies accounted at equity method) in 2020 amounted to €415 million, decreasing by €222 million, or down by 34.8% (down by 35.9% at constant exchange rates) compared with 2019. The drop is substantially due to the lower contribution of Yapi Kredi, with a remaining share quota, after the disposal, finalised in the first quarter 2020, reduced from 41% to 20% and, compared to 2019, in the absence of the contribution of Mediobanca, following the sale of the participation in the fourth quarter of 2019 and at last, to the profitability drop of the participated Austrian banks (Bank fuer Tirol und Vorarlberg Actiengesellschaft, BKS Bank Ag, Oberbank Ag), as a consequence of the Covid-19 pandemic.

The net fees and commissions of 2020 amounted to €5,976 million, decreasing by -5.2% (down by 4.8% at constant exchange rates) compared to the previous year.

In particular, the investment services recorded a decline of -€106 million, or down by 4.5% in comparison to 2019 (down by 4.4% at constant exchange rates), mainly due to the assets under management diminished sales, impacted by the lockdown periods.

Financing services are decreasing too by -€79 million, or down by 4.7% compared to 2019 (down by 4.0% at constant exchange rates), mainly as an effect of the lower credit protection insurance commissions.

The transactional services fees suffered the largest decrease, -€143 million (down by 6.3% in comparison to 2019; down by 5.7% at constant exchange rates), mainly due to the lower performance of debit and credit cards fees, payment fees and damage insurance products fees. Debit and credit cards commissions were particularly impacted by the effects of Covid-19, that provoked a general decreasing of number of transactions and the implementation of temporary penalizing measures from some of the National Banks (for example ATM withdrawals without commission, in Croatia).

In 2020 also the net trading income decreased by -€257 million, moving from €1,669 million in 2019 to €1,412 million in the current year (down by 15.4%, or down by 14.4% at constant exchange rate). The drop is mainly derived from client's activity, particularly from the operations on stock market, partially mitigated by the results of the activities non-related to customers, mainly thanks to earnings on sales of securities measured at fair value through other comprehensive income and to the results of the operations on exchange rates derivatives.

Finally, in 2020, the net other expenses/income were in a negative amount of €104 million, compared with the positive results of €156 million of 2019.

# Group results

## Operating income

	YEAR		% CHANGE	2020 Q4	% CHANGE ON Q3 2020
	2020	2019			
Net interest	9,441	10,071	- 6.3%	2,250	- 2.3%
Dividends and other income from equity	415	637	- 34.8%	124	- 3.1%
Net fees and commissions	5,976	6,304	- 5.2%	1,506	+ 2.5%
Net trading income	1,412	1,669	- 15.4%	426	- 6.4%
Net other expenses/income	(104)	156	n.m.	(69)	n.m.
<b>Operating income</b>	<b>17,140</b>	<b>18,839</b>	<b>- 9.0%</b>	<b>4,238</b>	<b>- 2.7%</b>

(€ million)

## Operating costs

Group's operating costs in 2020 were equal to €9,805 million, decreasing by 1.2%, or -€124 million compared to 2019 (down by 0.7% at constant exchange rates), thanks to the continuation of the staff resizing initiatives and the administrative expenses control actions. The year was impacted by approximate -€136 million of extraordinary costs connected to Covid-19, net of which the decreasing compared to the same period of the prior year would have been down by 2.6%.

In detail, the staff expenses in 2020 were €5,968 million, decreasing by 2.9% over 2019 (down by 2.4% at constant exchange rates). This result was achieved mainly thanks to approximate €123 million savings on the variable component, jointly with the positive effect of the persistent dynamic of employee's reduction, characterised by a drop of 2,138 FTEs (equivalent to a drop of 1,282 FTEs average) compared to 2019, equal to a decrease of 2.5%.

The other administrative expenses in 2020 amounted to €3,223 million, decreasing by 1.7% or €56 million in comparison to 2019 (down by 1.2% at constant exchange rates). Lower costs have been recorded mainly among the expenses related to personnel (in particular on the travel expenses thanks to the restrictive policies for the contrast of Covid-19 adopted by the Group), communication and marketing expenses, consulting and credit recovery expenses, the later thanks to the non performing portfolio reduction actions. These savings more than mitigated the extraordinary protection expenses from Covid-19 that the Group had to account for in this period, particularly expenses for the acquisition of sanitary protection equipment, building disinfection, interventions on the IT infrastructure and security systems, donations.

The expenses recovery in 2020 amounted to €523 million, decreasing in comparison to €592 million of last year (down by 11.7%). In particular, the drop was mainly related to the credit inquiries of the Non Core Division, as a consequence of the *rundown* actions that have diminished the non-performing exposures and that, consequently, implied the drop of the correspondent expense recoveries.

Finally, in 2020 were posted write-downs on tangible and intangible assets for €1,137 million, increasing by €41 million (up 3.7%) in comparison to the €1,096 million posted in 2019.

## Operating costs

	YEAR		% CHANGE	2020 Q4	% CHANGE ON Q3 2020
	2020	2019			
Payroll costs	(5,968)	(6,146)	- 2.9%	(1,456)	- 1.5%
Other administrative expenses	(3,223)	(3,279)	- 1.7%	(827)	+ 4.8%
Recovery of expenses	523	592	- 11.7%	147	+ 18.7%
Write downs of tangible and intangible assets	(1,137)	(1,096)	+ 3.7%	(323)	+ 21.2%
<b>Operating costs</b>	<b>(9,805)</b>	<b>(9,929)</b>	<b>- 1.2%</b>	<b>(2,458)</b>	<b>+ 2.0%</b>

(€ million)

Due to the decline of the revenues, the Group gross operating profit of €7,335 million, showed a decrease of 17.7% compared to 2019 (down by 16.8% at constant exchange rates).

The cost income ratio of 2020 amounted to 57.2%, worsening by 4.5 percentage points over the previous year, or by 4.4 percentage points net of the non-recurring components which impacted 2019.

# Group results

## Net write-downs on loans and provisions for guarantees and commitments

Net write-downs on loans and provisions for guarantees and commitments of the Group of 2020 were €4,996 million, compared to €3,382 million of 2019 (up by 47.7% or up by 48.9% at constant exchange rates).

The growth is due to loan loss provisions overlay for €2.2 billion about which, with reference to the component related to performing loans, it shall be mentioned that, as at 31 December 2020, as already carried out in March 2020, the Group has updated the macroeconomic scenarios used for loan loss provision calculation in compliance with IFRS9 that requires to consider the future evolution of the economic cycle also recurring to multiple scenarios. In this context a base scenario, which is the central reference scenario considered most likely, a positive scenario and a negative scenario have been elaborated. These positive and negative scenarios differ from the base scenario in term of evolution of the economies in which the Group operates as a result of the effects of the Covid-19 pandemics, vaccine distribution and economic policies followed by the governments. Always with reference to performing loans, on 31 December 2020, the assessment of the significant increase in credit risk, which determines the classification of the credit exposures in Stage 2 and the resulting calculation of loan loss provision determined considering the overall residual life of the credit exposures, has been performed considering indicators of counterparty financial strength and the economic sector, this in order to represent the asymmetric effects that lockdown measures have on the different economic sectors and to grant a proper valuation of credit risk also in the context of Moratoria measures that, by providing payment holidays, can defer the occurrence of events indicating a significant deterioration of the counterparty credit quality.

For additional details refer to the Notes to consolidated accounts: Part A - Accounting policies, A.1 - General, Section 2 - General preparation criteria for a description of the scenarios underlying the measurement of credit exposures and Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk for a description of the topics concerning the assessment of significant increase in credit risk.

With reference to the overlay component related to non-performing loans, it should be noted that their measurement considers possible selling scenarios when Group strategy foresees the recovery through their disposal on the market. In this case the recoverable amount of exposures classified as Bad loans and Unlikely to pay is determined considering the expected sale prices weighted for the probabilities of disposal evidenced by the already mentioned Group strategy.

In this context, on 31 December 2020, the Group has updated its 2021 -2023 disposal plan by (i) confirming its intention, already manifested in 2019 financial year, to fully run-down the so called "Non Core" portfolio by the end of 2021 financial year and (ii) foreseeing the disposal of non-performing loans belonging to the "Core" perimeter for which recovery was expected through the work-out. This circumstance has determined the recognition of additional write-downs mainly related to the Core portfolio.

For additional details refer to paragraph "Aspects relating to the valuation of credit exposures as at 31 December 2020" of the Notes to the consolidated accounts, Part E - Information on risks and hedging policies, Section 1 - Risks of the accounting consolidated perimeter, Quantitative information.

Furthermore, the year was negatively impacted by the additional €535 million related to the quantification of the valuative effects correlated to the new European rules on to the classification of the default clients (new Definition of Default).

Because of the higher provisions recorded in the year, the cost of risk was equal to 105 basis points, coherently with the market guidance, in comparison to 71 basis points of 2019.

In particular, the Commercial Banking Italy Division recorded a cost of risk of 201 basis points, worsening by -125 basis points in comparison to 2019. The Commercial Banking Germany Division recorded 41 basis points, worsening by -29 basis points over last year and the Commercial Banking Austria Division recorded 55 basis points, worsening by -46 basis points over 2019. The CIB Division showed a cost of risk of 51 basis points, worsening by -43 basis points in comparison to 2019. Finally, the CEE Division highlighted a cost of risk of 150 basis points, worsening by -83 basis points in comparison to 2019.

The Group gross impaired loans at 31 December 2020 decreased to €21.2 billion, lower by -€4.0 billion compared to 31 December 2019, thanks to the continuous proactive risk reduction measures.

Thanks to this decrease, the gross non-performing loans on total loans ratio improved, moving from 5.04% of December 2019 to 4.55% of December 2020. Gross bad exposure stock was at €7.6 billion, decreasing by -€4.9 billion over December 2019 (€12.5 billion).

The Group coverage ratio of the gross non-performing loans as of 31 December 2020 was 59.85%, decreasing in comparison to 65.24% (down 5.39 basis points) of December 2019, as an effect of the write offs and NPE disposals carried out during the year.



## Group results

## Loans to customers - Asset quality

(€ million)

	BAD EXPOSURES	UNLIKELY TO PAY	NON-PERFORMING PAST-DUE	TOTAL NON-PERFORMING	PERFORMING	TOTAL LOANS
<b>As at 12.31.2020<sup>(*)</sup></b>						
Gross exposure	7,613	12,874	759	21,246	446,157	467,403
as a percentage of total loans	1.63%	2.75%	0.16%	4.55%	95.45%	
Writedowns	5,967	6,492	256	12,716	4,138	16,853
as a percentage of gross value	78.39%	50.43%	33.70%	59.85%	0.93%	
Carrying value	1,645	6,381	503	8,530	442,019	450,550
as a percentage of total loans	0.37%	1.42%	0.11%	1.89%	98.11%	
<b>As at 12.31.2019<sup>(*)</sup></b>						
Gross exposure	12,491	11,934	870	25,295	476,333	501,628
as a percentage of total loans	2.49%	2.38%	0.17%	5.04%	94.96%	
Writedowns	9,535	6,675	293	16,503	2,552	19,055
as a percentage of gross value	76.33%	55.93%	33.70%	65.24%	0.54%	
Carrying value	2,956	5,259	577	8,792	473,782	482,574
as a percentage of total loans	0.61%	1.09%	0.12%	1.82%	98.18%	

## Note:

(\*) Total loans to customers exclude the receivables arising from subleases recognised due to the application of IFRS16.

The non-performing exposures do not incorporate the effects of the new definition of default classification applicable from 1 January 2021. However, if the new classification criteria were implemented as at 31 December 2020, the non-performing loans as a percentage of total loans to customers would have been 4.8%, higher than the one really detected (4.5%).

## From net operating profit to profit before tax

The worsening of the operating profit (€7,335 million in 2020) and the increase of the net write-downs on loans and of provisions for guarantees and commitments (-€4,996 million in 2020) have resulted in a Group's net operating profit of €2,339 million, decreasing by €3,189 million compared to 2019 (down by 57.7% or down by 56.9% at constant exchange rates).

Group's provisions for risk and charges were -€1,055 million, compared to -€954 million of 2019 that included the release of provisions following the conclusion of the settlement agreements with the United States Authority.

This item includes legal cases and estimated liabilities of various nature totaling -€97 million, in addition to the systemic charges, amounting to -€958 million. The latter include the contributions to the Single Resolution Fund (SRF), the harmonised guarantee schemes charges (Deposits Guarantee Scheme - DGS) and the non-harmonised ones, as well as the Bank Levies.

Integration costs in 2020 were -€1,464 million, in comparison to -€664 million recorded in 2019. In the first half 2020 have been accounted the charges for severance of the personnel related to Team 23 plan amounting to -€1,347 million, while in the second semester of 2019 have been accounted the charges for severance of the personnel related to Austria and Germany perimeter of -€436 million and other integration costs of -€222 million, mainly related to value adjustments on intangible assets.

The net income from investments in 2020 was -€1,365 million, in comparison to -€844 million recorded in 2019. 2020 figures were mainly affected by -€1,576 million related to the disposal of 20.95% of Yapi ve Kredi Bankasi A.Ş. and to the agreements for the conclusion of the Joint Venture with Koç Financial Services and by +€526 million for gains on real estate sales in Germany. In 2019 have been instead posted some charges mainly related to the agreements for the conclusion of the Joint Venture with Koç Financial Services and the disposal of 9.02% of Yapi ve Kredi Bankasi A.Ş, to the Ocean Breeze disposal and to Non Core division's assets devaluations..

As an effect of the items mentioned above, in 2020 the Group registered a loss before tax of -€1,546 million, compared to a profit of €3,065 million profit of 2019.

## Group results

## Profit before tax by business segment

(€ million)

	OPERATING INCOME	OPERATING COSTS	NET WRITE- DOWNS ON LOANS AND PROVISIONS	NET OPERATING PROFIT	PROFIT BEFORE TAX	
					YEAR	
					2020	2019
Commercial Banking Italy	6,341	(3,668)	(2,681)	(8)	(1,339)	1,732
Commercial Banking Germany	2,354	(1,651)	(359)	343	256	863
Commercial Banking Austria	1,363	(991)	(245)	127	(77)	326
Central Eastern Europe	3,422	(1,486)	(974)	963	723	1,716
Corporate & Investment Banking	3,947	(1,525)	(733)	1,690	1,471	2,098
Group Corporate Centre	(241)	(369)	(4)	(614)	(2,242)	(1,403)
Non Core	(46)	(115)	(1)	(162)	(339)	(2,267)
<b>Group Total</b>	<b>17,140</b>	<b>(9,805)</b>	<b>(4,996)</b>	<b>2,339</b>	<b>(1,546)</b>	<b>3,065</b>

## Profit (Loss) attributable to the Group

In 2020, the Group's income taxes line was recording -€344 million, in comparison to -€890 million of 2019.

Profit from discontinued operations net of taxes in 2020 was €49 million, in comparison to €1,383 million of last year. The 2019 figure included non-recurring items to be excluded from the calculation of the underlying profit of €1,287 million connected to the FinecoBank S.p.A. sale and related deconsolidation.

The loss for the period of 2020 was -€1,842 million, in comparison to €3,559 million of 2019.

Minorities, conventionally exposed with negative sign, were -€7 million against -€118 million of 2019.

Purchase price allocation was -€50 million, compared to -€68 million of 2019. -€49 million recorded in 2020 are related to the real estate sale in Germany, while -€62 million recorded in 2019 were referred to the non-recurring component of the FinecoBank S.p.A. trademark devaluation.

In 2020 a goodwill impairment of €886 million has been recorded, for the most part related to €878 million of goodwill allocated to CIB division and carried out in the fourth quarter of the year.

This impairment stems from the execution, at 31 December 2020, of the impairment test process in line with the IAS36 and in light of the ESMA Public Statement of 28 October 2020 recommending issuers, in light of the significant level of uncertainty linked to the Covid-19 pandemic, to make use of alternative scenarios.

Consequently, in addition to the valuation parameters updating in relation to the evidences available at the moment, the cash flows on which the model is based have been determined considering a base scenario and a downturn scenario, on which have been applied appropriate weightings indicative of the probability of occurrence. Furthermore, the model's results have been the subject of a sensitivity analysis that showed as changes, even limited, of the main parameters could produce relevant impacts on the tests' results. This considered and in light of the meaningful uncertainty level of the macroeconomic environment, the Group goodwill complete impairment has been carried out. It is worth to specify that this impairment does not generate any impact neither on the regulatory capital (and on the tangible equity) nor on the amount of the distributed dividends. Refer to Part B, Section 10 of the Notes to the consolidated accounts for further information.

Consequently, in 2020 the net loss attributable to the Group amounted to -€2,785 million, compared to the profit of €3,373 million of 2019. Net of non-recurring items, the Group achieved a profit underlying of €1,264 million, compared to €4,675 million of 2019.

## Group results

## Profit (Loss) attributable to the Group

	YEAR		% CHANGE	2020 Q4	% CHANGE ON Q3 2020
	2020	2019			
Operating income	17,140	18,839	- 9.0%	4,238	- 2.7%
Operating costs	(9,805)	(9,929)	- 1.2%	(2,458)	+ 2.0%
<b>Operating profit (loss)</b>	<b>7,335</b>	<b>8,910</b>	<b>- 17.7%</b>	<b>1,780</b>	<b>- 8.5%</b>
Net write-downs on loans and provisions for guarantees and commitments	(4,996)	(3,382)	+ 47.7%	(2,058)	n.m.
<b>Net operating profit (loss)</b>	<b>2,339</b>	<b>5,527</b>	<b>- 57.7%</b>	<b>(278)</b>	<b>n.m.</b>
Other charges and provisions	(1,055)	(954)	+ 10.7%	(91)	- 63.5%
Integration costs	(1,464)	(664)	n.m.	(82)	n.m.
Net income from investment	(1,365)	(844)	+ 61.7%	130	n.m.
<b>Profit (Loss) before tax</b>	<b>(1,546)</b>	<b>3,065</b>	<b>n.m.</b>	<b>(322)</b>	<b>n.m.</b>
Income tax for the period	(344)	(890)	- 61.3%	(34)	- 64.9%
Profit (Loss) from non-current assets held for sale, after tax	49	1,383	- 96.5%	48	n.m.
<b>Profit (Loss) for the period</b>	<b>(1,842)</b>	<b>3,559</b>	<b>n.m.</b>	<b>(308)</b>	<b>n.m.</b>
Minorities	(7)	(118)	- 93.9%	8	n.m.
<b>Net profit (loss) attributable to the Group before PPA</b>	<b>(1,849)</b>	<b>3,441</b>	<b>n.m.</b>	<b>(300)</b>	<b>n.m.</b>
Purchase Price Allocation effects	(50)	(68)	- 26.6%	(0)	-
Goodwill impairment	(886)	-	n.m.	(878)	n.m.
<b>Net profit (loss) attributable to the Group</b>	<b>(2,785)</b>	<b>3,373</b>	<b>n.m.</b>	<b>(1,179)</b>	<b>n.m.</b>

## 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), which is the main performance indicator linked to TSR (Total Shareholder Return). The capital allocated to business segments is quantified applying internal capitalisation targets to regulatory capital requirements (Regulatory Capital).

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 business lines and to the Business Units;
- assignment of performance targets in line with risk;
- 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) and new TLAC requirement and, on the other hand, to the Risk-Weighted Assets (RWAs). The Risk-Weighted Assets, for portfolios managed using the internal advanced 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) No 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.

# Group results

These rules have been modified by Regulation (EU) No.2019/876 of the European Parliament and of the Council of 20 May 2019 (so called CRR2), amending Regulation (EU) No.575/2013 and by Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 (so-called CRD V), amending Directive 2013/36/EU.

## Capital ratios

### Transitional own funds and capital ratios

	AS AT	
	12.31.2020 <sup>(*)</sup>	12.31.2019 <sup>(*)</sup>
Common Equity Tier 1 Capital	51,971	50,054
Tier 1 Capital	59,321	56,414
Total own funds	67,464	66,982
Total RWA	325,665	378,718
<b>Common Equity Tier 1 Capital Ratio</b>	<b>15.96%</b>	<b>13.22%</b>
<b>Tier 1 Capital Ratio</b>	<b>18.22%</b>	<b>14.90%</b>
<b>Total Capital Ratio</b>	<b>20.72%</b>	<b>17.69%</b>

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, related to 31 December 2020, reflect the impact of the transitional arrangements provided in such Regulation.

The positive change with respect to 31 December 2019, equal to €1.9 billion on Common Equity Tier 1 Capital, mainly reflects: (i) the inclusion into reserves of the dividends of 2019 (€1,404 million) no more distributed in line with the recommendation published by European Central Bank on 27 March 2020 (BCE/2020/19) whose effects have been extended until 1 January 2021 by the ECB recommendation published on 27 July 2020 (BCE/2020/35), (ii) positive effect for €2,648 million related to the IFRS9 transitional adjustments applied starting from June 2020, (iii) the exclusion of the deduction related to goodwill following the full impairments (equal to €886) and the new exemption for the deduction from CET1 capital of software assets in line with article 36 (1) (b) of CRR (equal to €707 million), (v) the loss of 2020 equal to €2,785 million and €268 million of deduction related to the cash component of the dividends that the Board of Directors has proposed to distribute of the Shareholders' Meeting (v) the negative change due to the payment of Additional Tier 1 capital instruments coupons (€326 million) and (vi) other negative impacts for €0.35 billion related to minority interests, exceedance of 17.65% threshold on CET1, and deferred tax assets that rely on future profitability and not arise from temporary differences.

With reference to the Total Own Funds, the positive change with respect to 31 December 2019, equal to €0.5 billion, reflects in addition to the effects on Common Equity Tier 1 Capital positive for €1.9 billion, the additional negative effects for €1.4 billion deriving from: (i) the new issuance of one subordinated instrument classified in Additional Tier 1 Capital for €1,240 million, for any further details please refer to section Capital strengthening of the Consolidated report on operations (ii) two new issuance of subordinated instruments classified as Tier 2 for €2,458 million (iii) negative effect on Tier 2 Capital deriving from the authorization received by the competent authority to early redeem the instruments IT0005087116 and XS0986063864 for €

3,464 million (iv) the combined negative effect (€725 million) of regulatory amortisation and exchange rate variance on instruments in USD, (v) negative impact for €419 million that considers the effects of IFRS9 transitional adjustments and it is referred to the re-calculation of the excess of the credit risk adjustments included in Tier 2 capital, (vi) other negative impacts for €0.4 billion mainly related to the change of the consolidation method of Yapi ve Kredi Bankasi A.Ş. from proportional to equity.

The minimum capital requirements applicable to the Group as at 31 December 2020 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%**

# Group results

In addition to such requirements, for 2020 the Group shall also meet the following additional requirements:

- **1.75%**, as Pillar 2 Requirements in coherence with SREP results; the anticipation of article 104a.4 of CRD V applies the following extraordinary measures issued by ECB in reaction to the emergency of Covid-19: in particular the Pillar 2 requirement can be satisfied also through Additional Tier 1 and Tier 2 instruments (i.e. at least 75% with Tier 1 Capital and at least 56.25% with Common Equity Tier 1 Capital);
- **2.50%**, as Capital Conservation buffer according to CRDIV article 129;
- **1.00%**, as Global Systemically Important Institutions buffer<sup>2</sup>;
- **0.04%**, as Countercyclical Capital buffer<sup>3</sup> according to the CRDIV article 130, to be calculated on a quarterly basis.

As at 31 December 2020, the Group shall meet the following overall capital requirements:

- Common Equity Tier 1 Capital: **9.03%**
- Tier 1 Capital: **10.85%**
- Total Capital: **13.29%**

Here below a scheme of the UniCredit group capital requirements and buffers which also provides evidences of the “Total SREP Capital Requirement” (TSCR) and the “Overall Capital Requirement” (OCR) related to the outcome of the SREP process held in 2019 and applicable for 2020.

The scheme reflects the anticipation of article 104a.4 of CRD V application, as mentioned above.

## 2020 Capital requirements and buffers for UniCredit group

REQUIREMENT	CET1	T1	TOTAL CAPITAL
<b>A) Pillar 1 Requirements</b>	<b>4.50%</b>	<b>6.00%</b>	<b>8.00%</b>
<b>B) Pillar 2 Requirements</b>	<b>0.98%</b>	<b>1.31%</b>	<b>1.75%</b>
<b>C) TSCR (A+B)</b>	<b>5.48%</b>	<b>7.31%</b>	<b>9.75%</b>
<b>D) Combined capital buffer requirement, of which:</b>	<b>3.54%</b>	<b>3.54%</b>	<b>3.54%</b>
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)	0.04%	0.04%	0.04%
<b>E) OCR (C+D)</b>	<b>9.03%</b>	<b>10.85%</b>	<b>13.29%</b>

The above-mentioned requirements are the ones which are relevant for MDA purposes for UniCredit group as at 31 December 2020.

As at 31 December 2020, UniCredit group's ratios are compliant with all the above requirements.

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

In particular, in accordance with the ECB recommendation, the cumulated 2019-20 adjusted profit at consolidated level, on which the 15% payout ratio is applied, is calculated by adjusting the profit/loss result for the following items: (i) goodwill and intangible assets impairment, (ii) impairment of deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities, (iii) reclassifications from other comprehensive income into profit and (iv) distribution related to AT1 instruments charged against equity.

The amount resulting from such calculation is equal to a total amount of €447 million, whose distribution is envisaged for (i) 60% via cash dividends (equal to €268 million) and for (ii) 40% via shares buy-back (equal to €179 million). The cash component is deducted from Own Funds as of fourth quarter 2020, while the shares buy-back component will be deducted once the ECB authorization will be released.

<sup>2</sup> 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 0.75% in 2020 and will reach the target of 1.00% from 1 January 2021. 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 2020.

<sup>3</sup> Amount rounded to two decimal numbers. With reference to 31 December 2020: (I) countercyclical capital rates have generally been set at 0%, except for the following countries: Czech Republic (0.50%); Hong Kong (1.00%); Norway (1.00%); Slovakia (1.00%); Luxemburg (0.25%); Bulgaria (0.50%) (II) with reference to the exposures towards Italian counterparties, Banca d'Italia has set the rate equal to 0%.

# Group results

## Capital strengthening

On 12 February 2020 UniCredit S.p.A., taking advantage of the extremely positive market window, placed an issue of equity instruments Additional Tier 1 (in particular Non-Cumulative Temporary Write-Down Deeply Subordinated Fixed Rate Resettable Notes), for a total amount of €1.25 billion targeted to institutional investors.

The issue completed in advance the 2020 UniCredit's Funding Plan for these instruments and contributed to improve the Tier 1 ratio.

The securities are perpetual (with maturity linked to corporate duration of UniCredit S.p.A.) and may be called by the Issuer on 3 June 2027 and, thereafter, on any interest payment date, subject to regulatory approval. Notes pay fixed rate coupons of 3.875% per annum up to June 2027 on a semi-annual basis; if not called, coupon will be reset every 5 years to the aggregate of the then 5-Years Mid-Swap rate plus 408.1bps, calculated on an annual basis and then converted to a semi-annual rate in accordance with market conventions. In line with the regulatory requirements, the coupon payments are fully discretionary.

Moreover with reference to share capital, on 5 February 2020 the Board of Directors of UniCredit S.p.A., by the powers conferred time by time by the Extraordinary Shareholders' Meeting pursuant to the art.2443 of the Italian Civil Code in order to execute the Group Incentive System, resolved a free share capital increase of €65 million by issuing No.3,884,961 ordinary shares to be granted to the employees of UniCredit S.p.A. and of Group's banks and companies. The resolution to increase the share capital was registered with the Company Register on 27 March 2020 and the fully subscribed and paid-up share capital of UniCredit S.p.A. currently amounts to €21,060 million and it is divided into No.2,237,261,803 ordinary shares with no nominal value.

## Shareholders' equity attributable to the Group

The Shareholders' equity of the Group, including the result of the period equal to -€2,785 million, amounted to €59,507 million as at 31 December 2020, compared to €61,416 million as at 31 December 2019.

The statement of changes in shareholders' equity is included in the consolidated accounts.

The following table shows the main changes occurred in 2020.

### Shareholders' equity attributable to the Group

(€ million)	
<b>Shareholders' equity as at 31 December 2019</b>	<b>61,416</b>
Equity instruments	1,239
Change in reserve related coupon on AT1 instruments	(326)
Charges related to transaction denominated "Cashes"	(126)
Change in the valuation reserve of the companies accounted for using the equity method <sup>(1)</sup>	726
Change in the valuation reserve of non-current assets classified held-for-sale <sup>(1)</sup>	658
Change in the valuation reserve relating to the actuarial gains/losses on defined benefit plans <sup>(2)</sup>	(434)
Exchange differences reserve <sup>(3)</sup>	(917)
Other changes	56
Profit (loss) for the year	(2,785)
<b>Shareholders' equity as at 31 December 2020</b>	<b>59,507</b>

#### Notes:

(1) The change in the valuation reserve of the companies accounted for using the equity method for +€726 million and in the reserve of non-current assets classified held-for-sale for +€658 million is mainly due to the disposal of respectively 11.93% and 9.02% stake of Yapı Ve Kredi Bankası AS with the consequent recycle mostly to profit or loss of these reserves basically referred to exchange rate differences on Turkish Lira.

(2) Mainly referred to drop in DBO discount rate induced by increase in prices of High Quality Corporate Bonds partially offset by plan assets performance.

(3) This effect is mainly due to the impact of Russian Ruble for -€681 million, Hungarian Forint for -€99 million and Czech Crown for -€81 million.

For further information, refer to section Consolidated accounts - Statement of changes in the consolidated shareholders' equity.

# Group results

## 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

	SHAREHOLDERS' EQUITY	of which: NET PROFIT
		(€ million)
<b>Balance as at 31 December 2020 of parent company UniCredit S.p.A.</b>	<b>49,493</b>	<b>(2,732)</b>
Consolidated contribution:	10,322	4,631
- fully consolidated subsidiaries	7,658	6,118
- investments valued at equity method	2,664	(1,487)
Reverse of ordinary dividends approved in the period:	-	(3,914)
- fully consolidated subsidiaries	-	(3,856)
- investments valued at equity method	-	(58)
Other consolidation adjustments	127	(763)
<b>Balance as at 31 December 2020 (minorities included)</b>	<b>59,942</b>	<b>(2,778)</b>
of which Group	59,507	(2,785)
of which minorities	435	7

# Group results

## Contribution of the sector of activity to the results of the Group

### Commercial Banking Italy

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

#### Income statement, key ratios and indicators

COMMERCIAL BANKING ITALY	YEAR		%	2020 Q4	% CHANGE ON Q3 2020
	2020	2019			
Operating income	6,341	7,062	- 10.2%	1,530	- 2.3%
Operating costs	(3,668)	(3,782)	- 3.0%	(894)	- 2.7%
Net write-downs on loans and provisions for guarantees and commitments	(2,681)	(1,041)	n.m.	(1,136)	n.m.
Net operating profit	(8)	2,239	n.m.	(500)	n.m.
Profit before tax	(1,339)	1,732	n.m.	(592)	n.m.
Customers loans (net Repos and IC)	132,311	134,974	- 2.0%	132,311	- 0.8%
Customers depos (net Repos and IC)	172,372	153,283	+ 12.5%	172,372	+ 5.1%
Total RWA Eop	83,011	96,067	- 13.6%	83,011	- 4.6%
EVA (€ million)	(1,097)	305	n.m.	(480)	n.m.
Absorbed Capital (€ million)	11,054	12,040	- 8.2%	10,418	- 4.1%
ROAC	- 8.7%	+ 11.2%	- 19.9 p.p.	- 17.0%	- 20.6 p.p.
Cost/Income	57.8%	53.6%	4.3 p.p.	58.4%	- 0.2 p.p.
Cost of Risk	201 bps	76 bps	125 bps	342 bps	207 bps
Full Time Equivalent (eop)	26,884	28,379	- 5.3%	26,884	- 3.4%

### Commercial Banking Germany

Commercial Banking Germany provides all German customers (excluding Large Corporate and Multinational clients, supported by Corporate and Investment Banking Division) with a complete range of banking products and services. It is composed of "Privatkundenbank" (Individual Clients segment), "Unternehmerbank" (Corporate segment) and the local Corporate Centre.

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

#### Income statement, key ratios and indicators

COMMERCIAL BANKING GERMANY	YEAR		%	2020 Q4	% CHANGE ON Q3 2020
	2020	2019			
Operating income	2,354	2,404	- 2.1%	584	+ 3.2%
Operating costs	(1,651)	(1,626)	+ 1.6%	(415)	+ 3.4%
Net write-downs on loans and provisions for guarantees and commitments	(359)	(100)	n.m.	(84)	+ 65.0%
Net operating profit	343	678	- 49.4%	85	- 24.9%
Profit before tax	256	863	- 70.3%	94	+ 33.5%
Customers loans (net Repos and IC)	87,168	87,172	- 0.0%	87,168	- 2.1%
Customers depos (net Repos and IC)	102,957	89,798	+ 14.7%	102,957	+ 0.7%
Total RWA Eop	35,536	36,171	- 1.8%	35,536	- 4.3%
EVA (€ million)	(195)	45	n.m.	(70)	+ 62.1%
Absorbed Capital (€ million)	4,536	4,624	- 1.9%	4,456	- 3.1%
ROAC	+ 3.5%	+ 11.9%	- 8.4 p.p.	+ 1.1%	- 3.1 p.p.
Cost/Income	70.2%	67.6%	2.5 p.p.	71.1%	0.1 p.p.
Cost of Risk	41 bps	12 bps	29 bps	38 bps	15 bps
Full Time Equivalent (eop)	9,002	9,096	- 1.0%	9,002	- 0.6%



# Group results

## Commercial Banking Austria

Commercial Banking Austria provides its Austrian customers (excluding Large Corporate and Multinational clients, supported by Corporate and Investment Banking Division) with a complete range of banking products and services. It is composed of "Privatkundenbank" (Private Customer Bank), "Unternehmerbank" (Corporate Customer Bank, excluding CIB clients) that includes the product factory Leasing and the Local Corporate Centre.

Commercial Banking Austria holds significant market shares and a strategic market position in retail banking, private banking and especially in business with local corporate customers and is one of the leading providers of banking services in Austria.

### Income statement, key ratios and indicators

COMMERCIAL BANKING AUSTRIA	YEAR		%	2020	% CHANGE
	2020	2019			
Operating income	1,363	1,546	- 11.8%	360	+ 0.4%
Operating costs	(991)	(969)	+ 2.3%	(255)	+ 5.3%
Net write-downs on loans and provisions for guarantees and commitments	(245)	(41)	n.m.	(140)	n.m.
Net operating profit	127	536	- 76.3%	(35)	n.m.
Profit before tax	(77)	326	n.m.	(93)	n.m.
Customers loans (net Repos and IC)	43,308	44,521	- 2.7%	43,308	- 2.0%
Customers depos (net Repos and IC)	52,121	48,454	+ 7.6%	52,121	+ 6.3%
Total RWA Eop	21,509	23,141	- 7.1%	21,509	- 6.7%
EVA (€ million)	(225)	426	n.m.	(51)	n.m.
Absorbed Capital (€ million)	2,791	2,845	- 1.9%	2,695	- 4.6%
ROAC	- 0.7%	+ 19.7%	- 20.5 p.p.	- 5.2%	- 15.8 p.p.
Cost/Income	72.7%	62.7%	10.1 p.p.	70.8%	3.3 p.p.
Cost of Risk	55 bps	9 bps	46 bps	127 bps	109 bps
Full Time Equivalent (eop)	4,687	4,798	- 2.3%	4,687	- 1.5%

## CEE Division

The Group, through the CEE business segment, offers a wide range of products and services to retail, corporate and institutional clients in 10 Central and Eastern Europe countries: Bosnia- Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Romania, Russia, Serbia, Slovakia and Slovenia.

UniCredit group is able to offer its retail customers in the CEE countries a broad portfolio of products and services similar to those offered to its Italian, German and Austrian customers.

### Income statement, key ratios and indicators

CEE DIVISION	YEAR		%	2020	% CHANGE
	2020	2019			
Operating income	3,422	4,001	- 14.5%	790	- 4.0%
Operating costs	(1,486)	(1,535)	- 3.2%	(367)	+ 0.6%
Net write-downs on loans and provisions for guarantees and commitments	(974)	(453)	n.m.	(313)	+ 89.4%
Net operating profit	963	2,014	- 52.2%	110	- 62.6%
Profit before tax	723	1,716	- 57.9%	40	- 86.0%
Customers loans (net Repos and IC)	61,879	67,534	- 8.4%	61,879	- 1.0%
Customers depos (net Repos and IC)	71,287	70,745	+ 0.8%	71,287	+ 1.5%
Total RWA Eop	55,016	67,560	- 18.6%	55,016	- 1.3%
EVA (€ million)	(276)	561	n.m.	(115)	n.m.
Absorbed Capital (€ million)	7,189	8,143	- 11.7%	6,754	- 1.2%
ROAC	+ 6.9%	+ 16.7%	- 9.8 p.p.	+ 1.2%	- 9.3 p.p.
Cost/Income	43.4%	38.4%	5.0 p.p.	46.5%	2.2 p.p.
Cost of Risk	150 bps	68 bps	83 bps	200 bps	97 bps
Full Time Equivalent (eop)	23,829	24,142	- 1.3%	23,829	- 1.4%

# Group results

## Corporate & Investment Banking

The CIB Division targets mainly Large Corporate and Multinational clients with highly sophisticated financial profile and needs for investment banking services, as well as institutional clients of UniCredit group. Moreover, CIB acts as products and solutions provider for the commercial network, provides structured financing, hedging and treasury solutions for corporate and investment products for private and retail, according to the "CIB fully plugged-in concept". The organizational structure of CIB is based on a matrix that integrates market coverage (carried out through an extensive network in Western Europe and an international network of branches and representative offices) and product offering (divided into three Product Lines - Financing and Advisory, Markets, Global Transaction Banking - that consolidate the breadth of the Group's CIB know-how).

### Income statement, key ratios and indicators

CORPORATE & INVESTMENT BANKING	YEAR		% CHANGE	2020 Q4	% CHANGE ON Q3 2020
	2020	2019			
Operating income	3,947	3,985	- 0.9%	1,092	+ 1.9%
Operating costs	(1,525)	(1,549)	- 1.6%	(388)	+ 4.1%
Net write-downs on loans and provisions for guarantees and commitments	(733)	(109)	n.m.	(252)	n.m.
Net operating profit	1,690	2,327	- 27.4%	452	- 26.9%
Profit before tax	1,471	2,098	- 29.8%	520	- 12.4%
Customers loans (net Repos and IC)	87,721	85,970	+ 2.0%	87,721	- 1.7%
Customers depots (net Repos and IC)	58,229	55,349	+ 5.2%	58,229	+ 2.4%
Total RWA Eop	83,043	85,081	- 2.4%	83,043	- 2.2%
EVA (€ million)	(94)	649	n.m.	137	+ 12.0%
Absorbed Capital (€ million)	10,844	11,057	- 1.9%	10,439	- 2.8%
ROAC	+ 8.6%	+ 12.8%	- 4.1 p.p.	+ 13.6%	- 1.1 p.p.
Cost/Income	38.6%	38.9%	- 0.2 p.p.	35.6%	0.8 p.p.
Cost of Risk	51 bps	8 bps	43 bps	77 bps	54 bps
Full Time Equivalent (eop)	3,443	3,494	- 1.5%	3,443	- 0.9%

## Non Core

Non-core segment reports separately assets that the Group considers not strategic and with a poor fit to the Group's risk-adjusted returns framework. The final goal is the full rundown of the overall exposure by 31 December 2021. Specifically, the segment includes selected assets previously included in the segment Commercial Banking Italy (identified on a single deal/client basis), to be managed with a risk mitigation approach and some special vehicles for securitization transactions.

### Income statement, key ratios and indicators

NON CORE	YEAR		% CHANGE	2020 Q4	% CHANGE ON Q3 2020
	2020	2019			
Operating income	(46)	(41)	+ 12.5%	(21)	n.m.
Operating costs	(115)	(177)	- 34.9%	(21)	- 34.1%
Net write-downs on loans and provisions for guarantees and commitments	(1)	(1,632)	- 99.9%	(121)	n.m.
Net operating profit	(162)	(1,850)	- 91.2%	(162)	n.m.
Profit before tax	(339)	(2,267)	- 85.0%	(208)	n.m.
Customers loans (net Repos and IC)	775	1,886	- 58.9%	775	- 44.7%
Customers depots (net Repos and IC)	518	488	+ 6.2%	518	+ 4.6%
Net Impaired Loans (percentage of total net loans)	100.00%	100.00%	-	100.00%	-
Total RWA Eop	7,642	10,966	- 30.3%	7,642	- 11.4%
EVA (€ million)	(226)	(917)	- 75.3%	(202)	n.m.
Absorbed Capital (€ million)	1,126	1,635	- 31.1%	996	- 8.7%
ROAC	- 20.7%	n.m.	n.m.	- 74.1%	- 86.5 p.p.
Cost/Income	n.m.	n.m.	n.m.	n.m.	n.m.
Cost of Risk	6 bps	n.m.	n.m.	n.m.	n.m.
Full Time Equivalent (eop)	214	295	- 27.3%	214	- 19.3%

## 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 (<http://www.unicreditgroup.eu>).

An explanatory chapter on the corporate governance structure is likewise included below 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 (<http://www.unicreditgroup.eu>).

### Non-financial information

The process aimed at strengthening the integration of sustainability in the business strategy, initiated in 2019, bore first important fruits with the presentation by the CEO in November 2019 of a set of commitments and targets covering Environmental, Social and Governance (ESG) topics. Such process was greatly encouraged by the Corporate Governance Nominations & Sustainability (CGN&S) Committee and the Board of Directors and involved different structures of the company. The inclusion of ESG-linked indicators in the Long Term Incentive Plan for the top management was an important milestone of this process, with a weight of 10% on the variable compensation based on the assessment of three indicators: the ranking in terms of ESG rating by an external rating agency, people engagement index and customer satisfaction index.

At UniCredit, the way financial results are achieved is as important as the results themselves.

The commitments bear witness that Sustainability is part of Group DNA and UniCredit is continuing to take concrete actions to fully integrate ESG into the core activities of the bank.

Sustainability is recognised as a crucial component of bank’s success in the medium term.

At the end of 2020, UniCredit’s sustainability performance against key ESG targets gave positive results: as shown below, the Group has already achieved some of them and is well on track for the ones remaining, again demonstrating the strategic importance that sustainability has for UniCredit and all its employees, who work as One Team, One UniCredit to achieve the success of the Group.

#### Main achievements in 2020 vs. 2023 targets

ESG KEY PERFORMANCE INDICATOR	2019	2020	2023 TARGET	STATUS
Exposure to renewable energy sector <sup>(*)</sup> , bn	6.9	6.1	>9	On track
New origination of energy efficiency loans in CEE <sup>(**)</sup> , % of total loans	n.m.	10	>6	Achieved
Energy efficiency loans to WEU individuals, % increase	n.m.	+67	+25	Achieved
Reduction of Green House Gases by 2020 <sup>(***)</sup>	55	60	60	Achieved
Usage of renewable energy in UniCredit Buildings in WEU, %	99	99	100	On track
Position in EMEA combined Green Bonds & ESG-linked loans <sup>(****)</sup>	#5	#4	Top 5	On track
Support projects with a positive social impact, bn	0.13	0.22	1	On track
Women in senior leadership roles, %	12	15	30	On track

#### Notes:

(\*) Including: biomass, hydro, photovoltaic, wind, CHP, battery storage, energy from waste and other renewables as well as corporates predominantly operating renewable energy assets.

(\*\*) Including Individuals and SME.

(\*\*\*) Vs. base year 2008. Long term target: 80% by 2030.

(\*\*\*\*) ESG-linked include: green Loans, KPI-linked loans, ESG-score linked loans. Green Bonds: include Green, Social and Sustainability bonds. Positioning based on Dealogic League Tables.

The outbreak of the Covid-19 pandemic has produced dramatic impacts on people, behaviors and the economy. UniCredit has taken decisive actions to protect and support its employees and customers while remaining fully open for business across all geographies. Thanks to the unflinching commitment of all team members, the Group has continued to serve its customers and the economies in which it operates.

Some pre-existing trends have been further accelerated in this context. On one hand, the Group’s strategic investments in technology lead to successfully release to customers several digital features, boosting the digitalization process. Covid-19 acted as a catalyst on sustainability momentum: sustainability materiality and ESG factors gained intensity, with Social and Governance components under the spotlight. The increasing attention paid to the social impact of banking activities by the stakeholders is contributing to accelerate the transition towards a more ESG-driven organization. In this context, regulators are playing a strategic role, offering a huge amount funds to achieve a sustainable recover.

## Other information

UniCredit is already playing an important role in the ESG global framework, and as a leader in the sustainable finance sector, aims at guiding capital reallocation towards economic activities which generate a positive impact on society. UniCredit wishes to be at the forefront of social change and green transition, drafting a long-term sustainability strategy, embedding ESG factors in the risk framework and improving transparency. In July 2020, UniCredit decided to further enhance the governance of ESG aspects and embed them in the overall business strategy by strengthening the former sustainability function and creating a structure fully dedicated to ESG Strategy and Impact Banking. A new senior leader, also member of the Executive Management Committee, was hired to cover this position.

The constant involvement and support from the Board of Directors and its committee dedicated to Corporate Governance, Nominations and Sustainability are a clear signal that ESG topics play a central role in the strategic discussions. The CGN&S Committee is regularly updated on a monthly basis on the ongoing implementation of the ESG strategy and provides guidance and sense of direction to senior management. Also, in terms of governance, the Group has a number of policies in place that govern its functioning and set a clear framework that takes into account and embraces stakeholders' expectations. Among these policies worth mentioning, those against harassment, sexual misconduct, bullying and retaliation stand out, paving the road to create a good working environment and respectful relations with all stakeholders. The Chief Ethics Officer, a position created in 2019, oversees the application of these policies and the coordination of ethics-related activities at group level.

A long-term journey aimed at defining a new ESG strategy was launched and represents a key component of a wider ongoing strategic review. This journey started with the review of the Group's coal policy, that was issued in the third quarter of 2020 and sets an important and ambitious target of complete phase-out from thermal coal financing by the end of 2028. Not only will the Group cease its support to projects, as was already foreseen by the previous policy, but it will also close its relationships with customers that do not share its ambition of abandoning coal operations (mining or production of electricity) within the same timeframe.

Our underlying goal is to integrate all ESG factors in the bank's strategy, core business and processes, looking at both risks and market opportunities and with a clear multi-stakeholders' approach: this is UniCredit's mandate and the main aim of the journey.

With the certainty that sustainability is a key priority for the Group and an underlying pillar of its long-term strategy and in order to reinforce our role of a purpose-driven global leader, the core functions of the Group have been involved in a project to design and implement the journey towards the definition of UniCredit's new ESG strategy.

STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
Complete picture of the Group current positioning on ESG topics	Benchmark of UniCredit versus peers and best practices to identify potential gaps	Prioritization of initiatives to become a leading player in some areas in the next 3 years	Definition of a comprehensive strategy and a full roadmap	Definition of ESG internal and external communication plan
The implementation of the ESG 2023 roadmap and its communication plan are key priorities to fulfill UniCredit's ambition in the next 3 years				

The project team started its work by analyzing the ESG activities currently ongoing at all level of the organization and mapping them with a thorough benchmarking against the most advanced peers in the banking system. The result of these activities was a list of the gaps that UniCredit wants to close in the next three years, in order to fulfill its ambition of being recognised among the best banks in terms of ESG strategy and positioning.

The prioritization phase considered different variables, including the expectations of regulators and supervisors, the growing requirements from institutional investors and the speed of change from our competitors. By analyzing these different views, we were able to define a list of initiatives and create a detailed roadmap for the successful implementation of the plan. The definition of new ESG targets aligned with the renewed ambition of the Group is ongoing and will be part of a wider communication plan that will follow the completion of the ESG strategy redefinition.

As an important part of this communication effort, we have started to review our Integrated Report. The 2020 report, that will be approved by the Board of Directors in March, will have a renewed set up, and an even greater focus on Key Performance Indicators. A separate document dedicated to disclosure aligned with TCFD recommendations will also be issued in the month of June.

## Other information

For a full description of the new ESG strategy and 2020 achievements, please refer to the 2020 Integrated Report that is published on UniCredit website (<http://www.unicreditgroup.eu>), and that, pursuant to articles 3 and 4 of Legislative Decree 254/2016, constitutes the Non-financial Declaration.

### Research and development projects

In 2019, UniCredit S.p.A.'s Research & Development Department primarily focused on:

- Lupin: AI model to automate controls and checks on cheques, specifically signature checking;
- Gyros: use of innovative applications for automatic documents and flows checking applied to loan approval;
- Pizza: (requested by Group Compliance) within the loan dispensing processes, this project aimed to automate all the checks for completeness and coherence between price quotation and final contract;
- Pitchbook: aimed for the Commercial Banking Italy and Eastern Europe, the objective was to automatically produce personalised "pitch" documents starting from the analysis of financial statements of our corporate clients. The project is currently in production and used by 4 countries in the CEE division. Currently, we're working to extend it to all countries of CEE division and commercial banking Italy. The Product could be extended to other commercial banking division.

## Group activities development operations and other corporate transactions

### Transactions and initiatives involving shareholdings

#### Information about Yapi Kredi Bank

On 5 February 2020, the parent company UniCredit S.p.A. completed the transactions entered with the Koç group on 30 November 2019 regarding *inter alia* the termination of the shareholders agreement of Koç Finansal Hizmetleri A.S., the Turkish joint venture vehicle through which the Koç Group and UniCredit have run a commercial banking operation in Turkey since 2002.

On the same day, UniCredit S.p.A. announced the placement to institutional investors of approximately 12% of the issued share capital of Yapi ve Kredi Bankası A.Ş. The settlement of such capital market transaction occurred on 13 February 2020.

The current shareholding of UniCredit S.p.A. in Yapi ve Kredi Bankası A.Ş. is equal to 20.0%, after the completion of the transactions described above.

For further details on Yapi Kredi transaction refer to the dedicated paragraph of the Notes to consolidated accounts in Part A - Accounting policies, A.1 General, Section 3 - Consolidation scope and methods.

#### Disposal of SIA UniCredit Leasing

Following the signing of the binding agreement on December 2019, early 2021 the parent company UniCredit S.p.A. completed the disposal of SIA UniCredit Leasing.

The investment was classified among held for sale (IFRS5) as at 31 December 2020, in line with the previous year.

For further details refer to paragraph Subsequent events of this Consolidated report on operations.

#### Acquisition of a shareholding in La Villata S.p.A. Immobiliare di Investimento e Sviluppo

In April 2020, as part of the support for the reorganization of shareholding structure that controls Esselunga group (one of the largest players in the large-scale retail sector in Italy), the parent company UniCredit S.p.A. acquired, with an investment of €435 million euro, a 32.5% stake in capital of La Villata S.p.A. Immobiliare di Investimento e Sviluppo (a real estate company controlled by Esselunga that owns most of the real estate properties that hosts the group's stores).

As part of the agreements signed, UniCredit has entered into a lock-up commitment of up to 5 years (starting from the date of purchase of the shares) and has granted Esselunga a call option for the purchase of 32.5% held in La Villata S.p.A. Immobiliare di Investimento e Sviluppo, exercisable from the expiry of the lock-up until the end of 2027.

#### Patient Capital - Acquisition of a shareholding

In order to support the excellence of the "Italy system" in their medium-long term growth path, the parent company UniCredit S.p.A. has decided to operate, together with a selected group of investment managers, in Patient Capital, acquiring minority interests in a longer-term perspective than typical private equity instruments.

In this context, in September 2020, UniCredit S.p.A. acquired a minority stake (7.5%) in a newco (Delorean Partecipazioni S.p.A., controlled by funds under management of Tikehau Capital, a group of asset management and investments listed on the Paris Stock Exchange) that subscribed a stake of 26.4% of the capital of Euro Group S.p.A.; the latter company (with a 2019 turnover of over €400 million and contracts in place for over €1.6 billion) is the world leader in the production of components that are the basis of all electric motors/generators and is one of the most dynamic Italian companies active in the process of energy transition and environmental sustainability.

## Other information

### Sale initiatives of non-performing portfolios

#### Sale to Banca Ifis of an individual unsecured non-performing credit portfolio

On 2 July 2020 UniCredit informed that, in June, it has reached an agreement with Banca Ifis ("IFIS") in relation to the disposal on a non-recourse basis (pro-soluto) of a non-performing unsecured individual credit portfolio, in Italy.

The portfolio consists entirely of Italian unsecured individual credits, including Salary Backed Loans (CQS) with a claim value of €155 million. The economic impact was reflected in the second quarter 2020.

Always on 2 July 2020, UniCredit and Banca Ifis have also reached an agreement for the disposal of up to additional €180 million of Italian unsecured consumer loans, that became bad loans starting from first quarter 2020 till the end of the year 2020.

Following the agreements outlined above, the total amount of the sales performed during all the year 2020 involved credit exposures with a gross book value at the transfer date of €168 million and a net book value, at the transfer date, of €21 million.

#### Sale to Illimity and Guber Banca with Barclays Bank plc of an Italian Small Medium Enterprise unsecured non-performing loans portfolio

On 21 July 2020 UniCredit informed it has reached an agreement with a securitisation vehicle managed by illimity S.p.A. ("illimity") and GAIA SPV ("GAIA"), a securitisation vehicle with noteholders Guber Banca S.p.A. ("Guber") and Barclays Bank PLC (Barclays), managed by Guber. The agreement concerns the disposal of an Italian Small and Medium Enterprise non-performing unsecured loans portfolio, on a non-recourse basis (pro-soluto).

The portfolio consists entirely of Italian large-ticket exposures with a total gross claim value ("Claim Value") of €702 million and a gross book value at 30 June 2020 of €436 million.

Illimity has bought a portion of the portfolio with a Claim Value of €477 million, a gross book value at the transfer date of €343 million and a net book value, at the transfer date, of €10 million, and GAIA has bought €225 million of claim value, a gross book value at the transfer date of €75 million and a net book value, at the transfer date, of €2 million.

The impact of the sale was accounted in the second quarter 2020.

#### Sale to Banca Ifis and Guber Banca with Barclays Bank plc of an Italian Small Medium Enterprise unsecured non-performing loans portfolio

On 22 July 2020 UniCredit announced an agreement with Ifis NPL (Banca Ifis Group) and GAIA for the disposal of a Small and Medium Enterprise non-performing unsecured loans portfolio, on a non-recourse basis (pro-soluto).

The portfolio consists entirely of Italian exposures with a total claim value ("Claim Value") of €840 million, and a gross book value at 30 June 2020 of €710 million.

Ifis NPL has bought a portion of the portfolio with a claim value of €486 million, a gross book value at the transfer date of €431 million and a net book value, at the transfer date, of €24 million, and GAIA has bought €354 million, a gross book value at the transfer date of €271 million and a net book value, at the transfer date, of €5 million.

The impact of the sale was accounted in the second quarter 2020.

#### Sale to Illimity of an Italian Small Medium Enterprise secured non-performing loans portfolio

On 21 October 2020 UniCredit announced an agreement with a securitisation vehicle managed by illimity Bank S.p.A. ("illimity"). The agreement concerns the disposal of an Italian Small and Medium Enterprise non-performing secured loans portfolio, on a non-recourse basis (pro-soluto).

The portfolio consists entirely of Italian exposures with a total gross claim value of €692 million, a gross book value at the transfer date of €548 million and a net book value, at the transfer date, of €99 million.

The impact of the sale was accounted in the third quarter 2020.

## Other information

### Sale to Illimity of an Italian Small Medium Enterprise secured and unsecured Unlikely to pay portfolio

On 11 November 2020 UniCredit announced an agreement with Illimity Bank S.p.A. ("Illimity"). The agreement concerns the disposal of an Italian Small and Medium Enterprise secured unlikely to pay portfolio, on a non-recourse basis (pro-soluto).

The portfolio consists entirely of Italian exposures with a total gross claim value of €153 million, a gross book value at the transfer date of €145 million and a net book value, at the transfer date, of €55 million.

The impact of the sale was accounted in the third quarter 2020.

Finally, for which concerns sale initiatives of non-performing portfolios relating to the rundown strategy for Non Core perimeter, refer to paragraph "Further aspects relating to the valuation of credit exposures as at 31 December 2020" of the Notes to consolidated accounts Part E - Information on risks and hedging policies, Section 1 - Risks on the accounting consolidated perimeter, Quantitative information, A. Credit quality.

### Other information on Group activities

#### FINO Project

In relation to the FINO Project (started in 2016 and completed in 2018), as at 31 December 2020, following the redemptions made, the Notes (Asset Backed Securities) owned by UniCredit S.p.A. amount totally €175 million (€128 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 €47 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). The evaluation of the Notes classified among other assets mandatorily at fair value led in 2020 to a negative impact of €4 million, while the Notes classified among financial assets at fair value through other comprehensive income an impairment has been recognised for €7 million, 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 during the second half 2020, according to the contractual provisions.

#### Prisma transaction

In relation to Prisma transaction, finalised in the fourth quarter 2019 and referring to the securitization 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 Note), it should be noted that as at 31 December 2020 UniCredit S.p.A. holds about 90% of Senior Note and 5% of Mezzanine and Junior Notes.

With reference to the Senior securities (supported by GACS - Garanzia Cartolarizzazioni Sofferenze, and which amounted to €1,215 million at 31 December 2019), in 2020, in addition to the reimbursements received (equal to €177 million), the Bank sold to third party investors an amount of nominal €120 million (approximately 10% of the value originally subscribed for €1,210 million), thus holding at the end of December 2020 an amount classified in item "30. Financial asset at fair value through other comprehensive income" for €918 million. Regarding the residual Mezzanine and Junior Notes, they are recognised in item "20. Financial assets at fair value through profit or loss c) other financial assets mandatorily at fair value" for total amount of €3 million, whose evaluation did not reveal any significant impacts on the 2020 income statement.

With reference to the regulatory treatment applied, UniCredit, following the notification to the European Central Bank, represents the related significant risk transfer when reporting the transaction above outlined.

#### Issue of a 12-year subordinated Tier 2 bond with a 2.731% coupon for an amount of €1.25 billion

On 8 January 2020 the parent company UniCredit S.p.A. launched a Tier 2 subordinated benchmark with 12-year maturity, callable after 7 years.

The amount issued is equal to €1.25 billion and represents the first Tier 2 issuance in 2020, reaffirming UniCredit's solid fixed income investors base and its market access in different formats.

The bond pays a fixed coupon of 2.731% during the first 7 years, and has an issue price of 100%, equivalent to a spread of 280 bps over the 7-year swap rate. If the issuer does not call the bonds after 7 years, the coupon for the subsequent period until maturity will be reset on the base of the 5 year swap rate at the end of the seventh year, increased by the initial spread.

#### Issue of a dual tranche Senior Non-Preferred Notes for a total amount of €2 billion

On 13 January 2020 the parent company UniCredit S.p.A. launched €1.25 billion Senior Non-Preferred with 6-year maturity, callable after 5 years, and €750 million Senior Non-Preferred with 10 years maturity. The combined amount represents the largest EUR institutional unsecured issuance ever done by UniCredit.

The amount issued, part of the 2020 Funding Plan presented at the Capital Markets Day on 3 December 2019, are computed in UniCredit's TLAC requirement, further confirms UniCredit's ability to access the markets in different formats.

## Other information

### Violation of customers' personal data

On 5 February 2020, the Italian Personal Data Protection Authority notified the parent company UniCredit S.p.A. of the start of sanctioning proceedings regarding a violation of customers' personal data following a Cyber-attack (data breach) occurred in October 2018, communicated through its Group website on 22 October 2018. As required by the "Italian personal data protection Code (Art.166, c.6 of Legislative Decree 196/03)" the Bank presented its statement of defence on the matter and requested a hearing with the Authority to explain its arguments. It is currently not possible to define the timeline and outcome of the proceedings.

For further details refer to paragraph "5. Cyber security risk" of the Notes to consolidated accounts Part E - Information on risks and hedging policies, Section 2 - Risks on the prudential consolidated perimeter, 2.6 Other risks, Top and emerging risks.

### Issue of Additional Tier 1 PerpNC 6/2027 Notes (AT1) for €1.25 billion

UniCredit S.p.A. issued on 12 February 2020 Non-Cumulative Temporary Write-Down Deeply Subordinated Fixed Rate Resettable Notes - Additional Tier 1, for a total amount of €1.25 billion targeted to institutional investors.

The Additional Tier 1 notes, included in the 2020 Funding Plan, have completed UniCredit's AT1 issuance needs for the year and will contribute to improve the Tier 1 ratio.

The securities are perpetual (with maturity linked to corporate duration of UniCredit S.p.A.) and may be called by the Issuer on 3 June 2027 and thereafter on any interest payment date, subject to Regulatory approval. Notes pay fixed rate coupons of 3.875% per annum up to June 2027 on a semi-annual basis; if not called, coupon will be reset every 5 years to the aggregate of the then 5-Years Mid-Swap rate plus 408.1bps, calculated on an annual basis and then converted to a semi-annual rate in accordance with market conventions. In line with the regulatory requirements, the coupon payments are fully discretionary.

### Fitch affirmed UniCredit S.p.A.'s ratings and outlook and afterwards aligned them with the Italian sovereign

On 24 March 2020 UniCredit informed that the rating agency Fitch Ratings has affirmed the 'BBB' Long-Term Issuer Default Rating ('IDR'), 'F2' Short-Term Rating and 'bbb' Viability (i.e. standalone). The outlook has been affirmed at negative.

Ratings for SNP, Tier2 and AT1 which have been under criteria observation ('UCO') due to update in Banking Rating Methodology, have been resolved. SNP will be rated 'BBB-', Tier 2 'BB+' and AT1 'BB-'.

Last 12 May 2020 UniCredit informed that the same rating agency has changed UniCredit S.p.A.'s 'Long-Term Issuer Default Rating ('IDR') to 'BBB-' (from 'BBB'), the Short-Term Rating to 'F3' (from 'F2') and the Viability Rating (i.e. standalone rating) to 'bbb-' (from 'bbb'). The outlook has been placed at 'stable'.

UniCredit S.p.A.'s rating is aligned with the Italy sovereign rating at 'BBB-/stable/F-3'. SNP, Tier 2 and AT1 ratings have been changed respectively to 'BB+' (from 'BBB-'), 'BB' (from 'BB+') and to 'B+' ('BB-').

On 3 November 2020 UniCredit informed that the same rating agency affirmed UniCredit S.p.A.'s 'BBB-' 'Long-Term Issuer Default Rating ('IDR'), the 'F3' Short-Term Rating and the 'bbb-' Viability Rating (i.e. standalone rating). The outlook has been affirmed at 'stable'.

### Moody's affirmed UniCredit S.p.A.'s ratings and outlook

On 26 March 2020 UniCredit informed that the rating agency Moody's has affirmed UniCredit S.p.A.'s deposit and senior debt ratings at 'Baa1/P-2'. The outlook remains stable. The BCA/ stand-alone rating of UniCredit S.p.A. was affirmed at 'baa3'.

### Postponement of resolutions on FY19 dividend and share buyback following ECB recommendation

On 29 March 2020 the Board of Directors of UniCredit S.p.A. resolved to withdraw, without modifying the Agenda of the Shareholders' Meeting convened on 9 April 2020, the proposed resolutions to: (i) distribute a FY19 dividend of €0.63 per share from profit reserves, (ii) authorise a share buyback up to €467 million (not exceeding €67 million UniCredit shares), and (iii) cancel the treasury shares that may be purchased under the above mentioned authorisation.

This decision was taken following the ECB's recommendation on 27 March 2020 to not pay dividends until at least October 2020. As a consequence, the Group has also formally withdrawn its ECB application for the FY19 €467 million share buyback.

Consequently, the Group did not deduct the FY19 dividend from consolidated Own Funds. This decision was neutral for coupon payments of AT1 bonds and for Cashes instruments.



## Other information

### Offering to shareholder Foundations of dedicated interest free loans up to the amount of dividends

Following the withdrawal of the proposed AGM resolutions on the distribution of a 2019 dividend and authorisation of a share buyback, UniCredit, in order to support and ensure the territorial Foundations that are shareholders of UniCredit, to continue to carry out their vital work, decided to offer them interest free loans up to the amount of dividends.

### UniCredit top management decides to waive its entire 2020 bonus

On 31 March 2020 the UniCredit Remuneration Committee acknowledged the decision of UniCredit top management to waive their entire bonus for the year 2020.

The equivalent amount will be contributed to UniCredit Foundation to support social initiatives. The Committee welcomed and appreciated the responsible managerial decision, considering the uncertain impact on the European economy of the current Covid-19 epidemic.

### Agreement with Italian Trade Unions related to Team 23 strategic plan

On 31 March 2020, UniCredit and Italian Trade Unions reached an agreement on the implementation of the "Team 23" strategic plan in Italy. In the next four years, 5,200 FTEs is offered a voluntary pre-retirement plan with access to the financial sector solidary fund. In line with the development of the multichannel offer of the Group, 800 FTEs will be requalified and reskilled for new professional roles.

As part of the agreement the Group commits to hiring 2,600 people over the next four years to ensure a positive generational turnover and digital upskilling of the workforce. In addition, UniCredit will convert 900 apprenticeships into standard employment contract.

### Anticipation of IFRS9 Covid-19 macroeconomic scenario update

To provide relevant guidance to all market participants, last 22 April 2020 UniCredit announced that it was anticipating the update of macroeconomic assumptions underlying the IFRS9 calculation of generic Loan Loss Provisions (LLPs).

These assumptions have included the expected Covid-19 impact as well as the announced government and ECB mitigating actions and are aligned with those published by UniCredit Economics Research on 2 April 2020 and also track closely, if somewhat more conservatively, those published by the IMF on 14 April 2020.

As a result, in first quarter 2020 UniCredit booked an additional €0.9 billion generic LLPs and confirmed the outcomes for 30 June 2020 having observed no significant changes in macroeconomic data used.

With reference to 31 December 2020, UniCredit has again updated the macroeconomic scenario underlying the calculation of write-down on loans, for the description of the assumptions and methods adopted, please refer to the Consolidated financial statements - Notes to the consolidated accounts - Part A - Accounting policies, Section 2 - General preparation criteria and to the Notes to the consolidated accounts - Part E - Information on risks and hedging policies - Section 2 - Risks of the prudential consolidated perimeter; moreover, reference should be made to the Consolidated financial statements - Notes to the consolidated accounts - Part E - Information on risks and hedging policies - Section 1 - Risks of the accounting consolidated perimeter - Quantitative information - Aspects relating to the valuation of credit exposures at 31 December 2020 for the evidence of the write-downs on loans for the whole of 2020 related to the updating of the macroeconomic scenario.

### S&P changed outlook to negative from stable

On 29 April 2020 UniCredit informed that the rating agency S&P Global Ratings ("S&P") has changed UniCredit S.p.A.'s outlook to negative (from stable).

The "BBB" long- and "A-2" short-term credit ratings of UniCredit S.p.A. have been affirmed. The instrument ratings have been affirmed as well.

On 29 October 2020 UniCredit informed that the same rating agency affirmed UniCredit S.p.A.'s "BBB" long- and "A-2" short-term Issuer Credit Ratings. The outlook remained at "negative".

### First EU-wide Transparency Exercise

On 8 June 2020 UniCredit noted the announcements on EU-wide Transparency Exercise.

At its meetings in April 2020, the EBA Board of Supervisors approved the package for the 2020 Spring EU-wide Transparency Exercise. The annual transparency exercise was based solely on COREP/FINREP data on the form and scope to assure a sufficient and appropriate level of information to market participants.

The templates were centrally filled in by the EBA and sent afterwards for verification by banks and supervisors. Banks had the chance to correct any errors detected and to resubmit correct data through the regular supervisory reporting channels.

The 2020 Spring EU-wide Transparency Exercise covers two reference dates: 30 September 2019 and 31 December 2019.

## Other information

### Issue of a callable Senior Preferred benchmark bond

On 9 June 2020 UniCredit launched its first Senior Preferred benchmark out of its 2020 Funding Plan, with a 6-year maturity and a call after 5 years for an amount of €1.25 billion.

The bond pays a fixed coupon of 1.25% during the first 5 years, and has an issue price of 99.563%, equivalent to a spread of 160 bps over the 5-year swap rate.

The bond has a one-time issuer's call at year 5, in order to optimize the regulatory efficiency. Should the call not being exercised after 5 years, the coupon for final year until maturity will reset to a floating rate equal to the 3-month Euribor plus the initial spread of 160 bps, paid quarterly.

### ECB TLTRO III auction

On 18 June 2020 UniCredit confirmed borrowing via the ECB's latest TLTRO III operation €94.3 billion at Group level, in line with the maximum allowance, of which: €51.3 billion by UniCredit S.p.A., €25.7 billion by UniCredit Bank AG, €15.4 billion by UniCredit Bank Austria AG and €1.9 billion by CEE banks.

The outstanding TLTRO II borrowings have been entirely repaid contextually.

### Issue of Tier2 subordinated 15NC10 notes for USD 1.5 billion

On 24 June 2020 issued Tier 2 Notes targeted to institutional investors for a total amount of USD 1.5 billion

The securities have a 15-year tenor with a one-time call option after 10 years at par, subject to prior regulatory approval. The notes pay USD fixed rate coupons of 5.459% per annum for the initial 10 years on a semi-annual basis, equivalent to 475bps over 10-year US Treasury rate.

This transaction allowed UniCredit to complete the execution of the subordinated component of its 2020 TLAC Funding Plan, contributing to further strengthen the Total Capital Ratio.

### Issues of a callable Senior Non-Preferred benchmark bond

On 15 July 2020 UniCredit launched a Senior Non-Preferred benchmark, with a 7-year maturity and a call after year 6. The amount issued is equal to €1.25 billion and represents the third issuance since Covid-19 outbreak, reaffirming UniCredit's solid fixed income investors base and its market access in different formats.

### Issue of a callable Senior Non-Preferred benchmark bond for USD 1 billion

On 16 September 2020 UniCredit launched a Fixed to Fixed Rate Senior Non-Preferred benchmark, with a 6-year maturity and a call after year 5, targeted to institutional investors for a total amount of USD 1 billion.

The bond pays USD fixed rate coupons of 2.569% per cent per annum for the initial 5 years on a semi-annual basis, equivalent to 230bps over 5 years US Treasury rate. If not redeemed by the Issuer, coupon will be reset to the aggregate of the 1 year US Treasury rate plus 230bps.

### Exclusive negotiations on the renewal of the card processing services

Last 5 October 2020 UniCredit informed that the subsidiary UniCredit Services and SIA group have entered into exclusive negotiations about their current outsourcing agreement for the supply of certain processing services in Italy, Austria and Germany concerning card transactions and the management of POS and ATM terminals, and its renewal until 2036. The parties aim to close the transaction binding documents in early 2021.

### Co-option to the Board of the Chairman designate

On 13 October 2020 UniCredit unanimously co-opted Professor Pier Carlo Padoan as a non-executive director. Professor Padoan will serve as a board member until the Annual General Meeting will approve the 2020 financial statements and a new board of directors will be elected

### UniCredit comfortably meets capital requirements set by ECB

On 26 November 2020 UniCredit informed that, following the communication received from the ECB in relation to the 2020 Supervisory Review and Evaluation Process (SREP), UniCredit's Pillar 2 Capital Requirement (P2R) is confirmed at 175 basis points.

## Other information

The capital requirements for UniCredit, on a consolidated basis, are confirmed vis-à-vis 2019; however, considering the ECB decision on 12 March 2020 (anticipating the adoption of CRDV Art.104a<sup>4</sup>), and the reduction of the Countercyclical Capital Buffer, UniCredit shall respect in 2021 the following capital ratios:

- 9.03 per cent CET1 ratio;
- 10.85 per cent Tier 1 ratio;
- 13.29 per cent Total Capital ratio.

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

### Retirement from CEO role

On 30 November 2020 UniCredit informed that its current CEO, Jean Pierre Mustier, has informed the board of directors that he will be retiring from his role at the end of his mandate which expires in April 2021, concurrent with the overall board. With the nomination of Professor Pier Carlo Padoa-Schioppa as chairman designate, the work on the future board composition can be initiated. Mr. Mustier will remain in his post to ensure a smooth transition, either until the end of his mandate or until a successor has been appointed.

### 2020 EU-wide Transparency Exercise

On 11 December 2020 UniCredit informed having noted the announcements made by the European Banking Authority (EBA) and the European Central Bank (ECB) regarding the information of the 2020 EU-wide Transparency Exercise and fulfilment of the EBA Board of Supervisors' decision.

### UniCredit Leasing completed the first securitisation in Italy of €1.6 billion Claim of an Italian non-performing real estate lease portfolio

Last 14 December 2020 it has been informed that, as part of its program to accelerate the Non Core portfolio rundown, UniCredit Leasing ("UCL") completed the transfer of €1.6 billion Claim of an Italian non-performing real estate lease portfolio ("NPL Lease Portfolio") to a securitisation vehicle (Relais SPV S.r.l. "RELAIS") and the assets to a LeaseCo, an ancillary company envisaged by the Italian Securitisation Law for managing the real estate assets (Relais LeaseCo S.r.l. and together with Relais, the "Securitisation").

The Securitisation has been structured by UniCredit Bank AG as Sole Arranger and it represents the first Italian non-performing transaction backed by leases receivables with the senior note aiming to obtain the GACS guarantee (Garanzia sulle Cartolarizzazioni delle Sofferenze).

For further details refer to paragraph "Relais Transaction" of the Notes to consolidated accounts Part E - Information on risks and hedging policies, Section 1 - Risks on the accounting consolidated perimeter, Quantitative information, A. Credit quality.

### Project Sandokan 2: Yanez SPV issued a first tranche of notes

The Sandokan programme continues with the issuance of a first tranche of Notes of the "Sandokan 2" Project. The Investors that bought the notes are UniCredit, Pimco and GWM while Aurora REcovery Capital (AREC) is the manager acting as Asset Manager and Special Servicer of the securitization. The Notes have been issued last 30 December 2020 by Yanez SPV, the Sandokan programme securitisation vehicle, for a total amount of €908 million.

Sandokan 2 underlying portfolio includes secured loans originated by UniCredit, mostly UTPs, related to 58 borrowers so far and is due to increase in 2021 with further contributions up to a Gross Book Value (GBV) amount of €2 billion.

<sup>4</sup> This allows banks to partially use capital instruments that do not qualify as Common Equity Tier 1 (CET1) capital, for example Additional Tier 1 or Tier 2 instruments, to meet the Pillar 2 Requirements (P2R).

## Other information

### Organisational model

#### Significant organisational changes in 2020

In March 2020, it has been set-up of “**Business Operational Excellence**” structure with the responsibility, with reference to “Commercial Banking Western Europe” (“CB WEU”), “Commercial Banking Central Eastern Europe<sup>5</sup>” (“CB CEE”) and “Corporate Investment Banking” (“CIB”)’s perimeters, to ensure the effectiveness of the 1st level controls system enabling the business functions to act as first line of defense in reducing operational risks.

In order to further strengthen the governance of sustainability issues, it has been separated the management of sustainability initiatives from that of institutional and cultural initiatives in two different and specific areas of competence and therefore starting from the 1 July 2020 it has been set up f the “**Group ESG Strategy & Impact Banking**” structure, responsible for social and business initiatives at Group and UniCredit S.p.A. level, Social Impact Banking activities and the development of the culture of solidarity within the Group.

#### Organisational structure

UniCredit group organisation reflects an organisational and business model that support our aim of being a commercial bank, that ensures autonomy to the Countries/Banks so to guarantee increased proximity to the client and faster decision-making processes, while maintaining a divisional structure for the governance of the Corporate & Investment Banking (CIB) business/products and the business in Western Europe and Central Eastern Europe, as well as overall control over the COO and Finance and Controls functions.

Specifically:

- the **Chief Executive Officer** (Group CEO) maintain a direct supervision on the definition of Group Strategy, Risks, Compliance, Legal and Human Resources;
- **co-Heads (Co-CEOs) of Commercial Banking Western Europe and Commercial Banking Central Eastern Europe** are responsible of all the business activities, focusing on the ongoing development of client services, aiming at maximizing the cross selling, for the countries in the respective perimeter of competence;
- **Finance and Controls** is in charge of coordinating comprehensive process of Planning, Finance and Administration, managing Identity and Communication activities, developing relationships with institutional counterparties, managing the relationships with the European Banking Supervisory Authorities (e.g. EBA, ECB) and Banca d’Italia, as well as credit granting activities;
- the co-Chief (co-COOs) of the **Chief Operating Office** are responsible for the oversight of the operating machine with a specific focus on costs and on IT, Security & Operations development, for the transformation in the Group operating model, in coherence with the defined Group strategies, by ensuring at the same time synergies, savings and operational excellence, together with the supervision of strategic planning and the rationalisation of the IT developing program;
- the **Corporate & Investment Banking Division** (CIB), position covered by CEO CIB, reporting to the appointed co-Head of CB Western Europe and the appointed co-Head of CB Central Eastern Europe has a coverage role for the multinational clients (“Multinational”), for selected “Large corporate” clients with a strong potential demand for investment banking products, for the Financial Institutions (FIG) and “Global Family Office” as well as for the global product lines “Global Transaction Banking (GTB)”, “Financing & Advisory (F&A)”, “Markets” and for the international network;
- as far as the Italian perimeter is concerned, the co-Heads (co-CEOs) **CB Italy**, directly reporting to the co-CEOs Commercial Banking Western Europe, are responsible for the definition of the business strategies of the “commercial banking” and the assignment of such strategies to the territories and to the client segments (Family, First, Business First, Corporate and Private Banking);
- the functions called **Competence Lines** (Internal Audit, Planning, Finance & Administration, Risk Management, Lending, Legal, Compliance, Identity & Communication, Human Capital) and the **Service Lines** (Group ICT, Group Security, Group Operations, Group Real Estate, Group Procurement & Cost Management, Group Data Office, Business Operation Excellence, Group Institutional & Cultural Affairs, Group ESG Strategy & Impact Banking and Group Regulatory Affairs) oversee the guidance, coordination and control of UniCredit group’s activities and manage the related risks.

<sup>5</sup> Covering the functions belonging to CEE CIB, CEE Private Banking and CEE Retail segments.

## Other information

### Conversion of Deferred tax assets (DTAs) into tax credits

Referring to financial year 2019, UniCredit S.p.A. and UniCredit Leasing S.p.A. registered a loss in their separate financial statements; therefore, there were the conditions for carrying out a new transformation of DTAs into tax credits pursuant to Art.2, paragraph 55, of Law Decree No.225/2010. Thus, following their separate financial statements approval, UniCredit S.p.A. converted €87 million of DTAs into tax credit while UniCredit Leasing S.p.A. converted €13 million.

Following Covid-19 emergency, on 17 March 2020 was approved the Law Decree No.18 (so-called "Cura Italia") providing special measures to mitigate the effects of Covid-19 for taxpayers. In particular, the Art.55, on the basis of the disposal of non-performing loans to legal entities not belonging to the Group carried out in 2020, gives the possibility to convert into tax credits components previously not admitted, specifically the DTAs on Tax Losses Carried Forward (TCLF) and related to the "Aiuto alla Crescita Economica" (ACE) even if these DTAs are not recognised in the financial statements. Pursuant to the mentioned Law Decree, €110 million of DTAs were converted into tax credits during 2020.

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 in to 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.55 of Law Decree "Cura Italia");
- taxes:
  - IRES paid by tax group starting from 1 January 2008;
  - IRAP paid registered 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 financial year 2020 has been paid on 26 June 2020 for an overall amount of €111.7 million relating to the whole Italian Tax Group, of which €107.1 million for UniCredit S.p.A., €4.3 million for UniCredit Leasing S.p.A. and €0.3 million for UniCredit Factoring S.p.A.

### 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", Section 2.6.2. "Disclosure requirements", paragraph 10) the satisfaction of conditions provided by Section 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" adopted by the Board of Directors of UniCredit S.p.A. on 6 February 2019, and published on the website [www.unicreditgroup.eu](http://www.unicreditgroup.eu), during 2020 the Bank's Presidio Unico received no reports of transactions of greater importance ended in the period;
- b) during 2020, 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 2020, 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 the paragraph "Part H - Related-party transactions" of the Consolidated financial statements of UniCredit group, 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 the paragraph "Part E - Information on risks and hedging policies" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts.

# Subsequent events and outlook

## Subsequent events<sup>6</sup>

On 4 January 2021, following the signing of the binding agreement on December 2019 and the obtainment of the relevant regulatory approvals, the parent company UniCredit S.p.A. completed the disposal of SIA UniCredit Leasing and its subsidiary SIA UniCredit Insurance Broker to AS Citadele banka. The intragroup funding has been fully reimbursed at closing.

On 12 January 2021 the parent company UniCredit S.p.A. launched a dual tranche Senior Preferred €1 billion with 5 years maturity and €1 billion with 10 years maturity. The combined amount represents the largest Euro institutional Senior Preferred issuance ever done by UniCredit.

On 27 January 2021 the Board of Directors of UniCredit S.p.A. unanimously nominated Andrea Orcel as designated Chief Executive Officer (CEO), for inclusion in the list for the renewal of the Board of Directors, to replace the outgoing CEO, Jean Pierre Mustier. The list will be presented for approval at the upcoming AGM on 15 April 2021. Upon AGM approval of the list, the Board will confirm his appointment as CEO.

<sup>6</sup> Up to the date of approval by the Board of Directors' Meeting of 10 February 2021 which, on the same date, authorised the publication also in accordance with IAS10.

# Subsequent events and outlook

## Outlook

Global GDP is expected to grow by about 5% in 2021, following a contraction of about 4% in 2020. In the first quarter of the year, GDP growth will still suffer from the negative impact of containment measures to curb the consequences of a possible third wave of Covid-19 pandemic, while a recovery should begin to materialize in spring. However, until the vaccines become widely used, especially in Europe, precautionary behaviours might persist, slowing a return to pre-crisis levels of economic activity. We expect a stronger outlook for the US economy, mainly fuelled by an additional large dose of fiscal stimulus and more advanced progress in the vaccination campaign.

In the euro area, economic activity is expected to contract in the first quarter of 2021, after a GDP decline of 0.7% compared to the fourth quarter of 2020. GDP weakness will mainly affect domestic demand, in particular, private consumption and, to a lesser extent, investment, with firms partially benefitting from resilient demand in non-EU countries. The expected recovery in 2021 is unlikely to bring activity back to pre-crisis levels by the end of this year.

In terms of Italian GDP, we expect it to contract in the first quarter of 2021. GDP data for fourth quarter 2020 (which showed a contraction by 2.0% compared to the previous quarter) highlighted the significant impact of restrictions on economic activity and, in particular, on the services sector and the expectations are that restrictions will be maintained at least for the duration of the first quarter, before a recovery starts. The high amount of uncertainty surrounding the impact of the crisis on the labour market is likely to moderate recovery in consumer confidence and private consumption.

In December, the ECB increased the size of its Pandemic Emergency Purchase Program (PEPP) by €500 billion, to €1,850 billion, and extended the program until at least March 2022. Given that we expect underlying inflation to be weak and new debt issuance for this year to be sizeable, the ECB will probably have to remain in the market for a long time, and it is likely to remain vigilant in its efforts to maintain favourable financial conditions in the euro area.

Even in a context still strongly influenced by the uncertainty about the evolution and end of the Covid-19 pandemic crisis, the Group will continue to steer its activity to the strategic plan "Team 23" execution, maintaining a strong discipline on risks and related controls, to allow the sustainable returns' achievement. In this perspective the improvement of the pan European client franchise and, at the same time, the continuous costs and processes optimisation will continue to be key factors.

The Group will continue to keep a high level of capital, delivering growth of the tangible equity.

In this way UniCredit will prepare the best conditions for the taking office of the new Board of Directors, that will be appointed during the next Shareholders Meeting set up for 15 April and that sees respectively Pietro Carlo Padoan and Andrea Orcel as the designated Chairman and Chief Executive Officer.

Finally, as already done during 2020, the Group will keep the priority to protect the health of its employees and to support its customers and the communities in which it operates, in order to best serve its shareholders.

Milan, 10 February 2021

CHAIRMAN  
CESARE BISONI



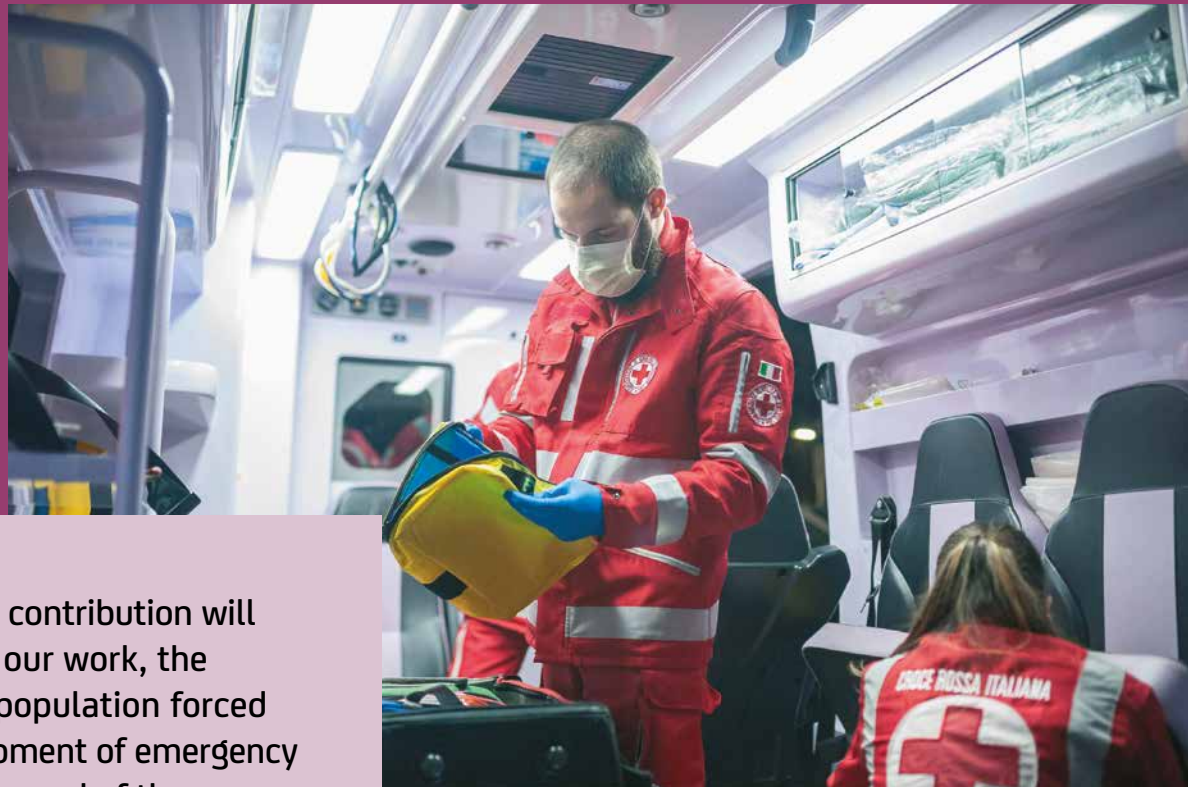
THE BOARD OF DIRECTORS

CEO  
JEAN PIERRE MUSTIER



# Do the right thing! For our Communities

UniCredit is proud to support communities in all of its countries: we launched formal and informal initiatives, with a wide range of volunteering activities and donations, employees and customers raised and donated millions of euros.



“Your generous contribution will help, through our work, the entire Italian population forced to face this moment of emergency linked to the spread of the new Coronavirus. Thanks to your donation, the Italian Red Cross continues to expand, investing in services, resources and training for volunteers and operators to be alongside those who need it most”.

**Francesco Rocca**  
President of the Italian Red Cross



# Governance organisational structure

The information in this section refers to the date of 10 February 2021 (approval date by the Board of Directors of the Report and Accounts 2020 - General Meeting Draft of UniCredit S.p.A. and of the Consolidated Report and Accounts 2020 of UniCredit group).

## 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 behaviour 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 for listed companies (hereinafter, also the "Code"). The Code, according to the major international markets' experience, identifies the corporate governance standards and best practices for Italian listed companies recommended by the Italian Corporate Governance Committee, to be applied according to the "comply or explain" principle that requires the explanation in the corporate governance report of the reasons of failure to comply with one or more recommendations contained in its principles or criteria.

Moreover, UniCredit is subject to the provisions contained in the Supervisory Regulations issued by Banca d'Italia and, in detail, with regards to corporate governance issues, to the Supervisory Regulations on banks' corporate governance (Circular No.285/2013, Part I, Title IV, Chapter 1). In compliance with the aforementioned Supervisory Regulations UniCredit, as significant bank subject to the direct prudential supervision of the ECB, as well as a listed bank, is qualifiable as bank of a major size or operational complexity and consequently complies with the provisions applicable to such kind of bank.

Since 2001, UniCredit has adopted the Code which is available to the public on the Corporate Governance Committee website (<http://www.borsaitaliana.it/comitato-corporate-governance/homepage/homepage.en.htm>).

UniCredit yearly draws up a corporate governance report meant for its shareholders, institutional and non-institutional investors and the market. The report supplies suitable information on the UniCredit own corporate governance system.

Consistently with the relevant legal and regulatory obligations, as well as in line with the provisions of the Code, in its edition as updated in July 2018, the 2020 Report on corporate governance and ownership structure has been drafted, in accordance with Section 123/bis of the Legislative Decree No.58 dated 24 February 1998 (hereinafter, also the Consolidated Law on Finance - "TUF").

The Report on corporate governance and ownership structure, approved by the Board of Directors in its meeting held on 5 March 2021, will be published at the same time as the Report on Operations on 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.

UniCredit, as issuer of shares also listed on the Frankfurt and Warsaw regulated markets, also fulfils the legal and regulatory obligations relating to listings on said markets as well as the provisions on corporate governance contained in the Polish Corporate Governance Code issued by the Warsaw Stock Exchange.

Since its establishment, UniCredit has adopted the so-called traditional management and control system.

The distinctive feature of this 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.

The reasons behind the choice of such governance model are that it has proven capable of managing the business efficiently, while ensuring effective controls. That is, it creates the conditions for UniCredit S.p.A. to be able to guarantee the sound and prudent management of a complex and global banking group, such as the UniCredit group.

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.

# Governance organisational structure

## 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, in order 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 UniCredit 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. As at the approval date of this document, UniCredit has 14 Directors.

Their 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 upon to approve the financial statements relating to the latest year in which they were in office.

The term in office of the current Board of Directors, which was appointed by the Shareholders' Meeting of 12 April 2018, ends on 15 April 2021, the date of the Shareholders' Meeting called upon to approve the 2020 financial statements.

According to the current legal and regulatory provisions, the UniCredit Directors shall be appointed on the basis of a proportional representation mechanism ("*voto di lista*") abiding by 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 UniCredit Articles of Association. The legitimate parties who are entitled to submit slates are the Board of Directors and the shareholders, who individually or collectively with others represent at least 0.5% of share capital in the form of ordinary shares with voting rights at the ordinary Shareholders' Meetings.

The UniCredit Articles of Association envisage that, regardless of the total number of the 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 to the minority shareholders 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 UniCredit Articles of Association, according to the current national and European provisions applicable on such topics, also concerning the time commitment and the limits upon the maximum number of offices that UniCredit Directors may hold.

Moreover, Directors must take into account the provisions of Section 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 in 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 to hold 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 organisational structure

## Independence of Directors

In compliance with the criteria established by the Code and the UniCredit Articles of Association, as well as the provisions in force time to time, the Directors' independence shall be assessed by the Board of Directors every time the Board is renewed, as well as on an annual basis and whenever a person is appointed as Director, on the basis of the information provided by the Director him/herself or, however, available to the Company. The outcome of the assessments of the Board shall be notified after the appointment, through a press release disclosed to the market and, subsequently, within the Corporate Governance Report.

With reference to the Board of Directors' members, the Corporate Governance, Nomination and Sustainability Committee and the Board of Directors, the latter at the annual verification carried out during its meeting held on 7 July 2020, as well as at the verification of individual Directors (5 March, 5 May and 4 November 2020), carried out the assessment of the Directors' independence requirements based on the statements made by the parties concerned and on the information available to the Company.

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

In order to assess the potential significance of the abovementioned relationships, the Board of Directors has decided not to proceed with merely identifying predefined economic targets, which if simply exceeded could automatically indicate that independence has been compromised, as such check requires an overall assessment 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 the relationship, the following information, where available, is considered by the Board:

- as far as credit relations 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 professional/commercial relations are concerned, the characteristics 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 remunerations.

In all the above cases, all the parties involved (Director or family member; UniCredit or Group company) and, for relationships with companies/entities, the related kind of "connection" (post held/control participation) with the Director or the family member were taken into account.

As a result of such assessments and on the basis of the declaration provided by the persons concerned, the number of independent Directors according to the provisions of the Code is equal to 11.

According to the Code, the Board of Statutory Auditors, in its meetings held on 10 March, 13 July and 10 November 2020, 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 organisational 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		SLATE (M/m) <sup>(*)</sup>	EXECUTIVE	NON-EXECUTIVE	INDEPENDENT AS PER ARTICLES OF ASSOCIATION AND CODE	INDEPENDENT AS PER CONSOLIDATED LAW ON FINANCE (LUF)	BOARD MEETINGS ATTENDANCE % <sup>(**)</sup>	NUMBER OF OTHER POSITIONS <sup>(***)</sup>
		SINCE	UNTIL							
Chairman	Bisoni Cesare <sup>(1)</sup>	04.12.2018	04.15.2021	M		X		X	100	--
Deputy Vice Chairman	Andreotti Lamberto <sup>(2)</sup>	04.12.2018	04.15.2021	M		X	X	X	100	1
CEO <sup>o</sup>	Mustier Jean Pierre <sup>(3)</sup>	04.12.2018	02.10.2021	M	X				100	--
Director	Al Mehairi Mohamed Hamad	04.12.2018	04.15.2021	M		X	X	X	100	6
Director	Balbinot Sergio	04.12.2018	04.15.2021	M		X		X	88.23	9
Director	Cariello Vincenzo	04.12.2018	04.15.2021	m		X	X	X	100	1
Director	Carletti Elena <sup>(4)</sup>	02.07.2019	04.15.2021	--		X	X	X	100	--
Director	De Giorgi Diego <sup>(5)</sup>	02.05.2020	04.15.2021	--		X	X	X	100	--
Director	Lara Bartolomé Beatriz Ángela <sup>(6)</sup>	02.05.2020	04.15.2021	--		X	X	X	93.33	1
Director	Micossi Stefano	04.12.2018	04.15.2021	M		X	X	X	100	--
Director	Padoan Pietro Carlo <sup>(6)</sup>	10.13.2020	04.15.2021	--		X	X	X	100	--
Director	Pierdicchi Maria	04.12.2018	04.15.2021	M		X	X	X	100	2
Director	Tondi Francesca	04.12.2018	04.15.2021	m		X	X	X	100	1
Director	Wolfgang Alexander	04.12.2018	04.15.2021	M		X	X	X	100	2
----- Directors who left during the Period -----										
Director	De Wismes Isabelle <sup>(7)</sup>	04.12.2018	03.04.2020	M		X	X	X	50	--
Director	Zambon Elena <sup>(8)</sup>	04.12.2018	10.13.2020	M		X	X	X	84.61	12
<b>Quorum required for the submission of the slates for the latest appointment: 0.5%</b>										
<b>Number of meetings held during the financial year: 17</b>										

### Notes:

(\*) M = Member elected from the slate that obtained the majority of the Shareholders' votes.

m = Member elected from the slate voted by the minority.

(\*\*) Number of meeting attended/number of meetings held during the concerned party's term of office with regard to the period.

(\*\*\*) Number of positions as Director or Auditor held in other companies listed on regulated markets (both in Italy and abroad), including financial services companies, banks, insurance companies or other large companies. There is a list of such companies for each Director attached to the Report on corporate governance and ownership structure.

◊ Director in charge of the internal controls and risks management system.

(1) Appointed as Chairman on 20 September 2019. Mr. Bisoni, as Deputy Vice Chairman, acted as pro-tempore Chairman from 8 August up to 20 September 2019.

(2) Appointed as Deputy Vice Chairman on 8 October 2019.

(3) Terminated following the anticipated ending from the position of Chief Executive Officer and General Manager (with effective from 11 February 2021). In order to ensure full managerial continuity, the Board of Directors has appointed a General Manager in accordance with Clause 21 (5) of the Articles of Association.

(4) Co-opted effective from 7 February 2019 and confirmed by the Shareholders' Meeting held on 11 April 2019.

(5) Co-opted on 5 February 2020 and confirmed by the Shareholders' Meeting held on 9 April 2020.

(6) Co-opted on 13 October 2020.

(7) Resigned effective from 4 March 2020.

(8) Resigned effective from 13 October 2020.

# Governance organisational 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 four Committees, vested with research, advisory and proposal-making powers diversified by sector of competence: the Internal Controls & Risks Committee, the Corporate Governance, Nomination and Sustainability 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 and Sustainability Committee and the Remuneration Committee, set up in compliance with the provisions of the Banca d'Italia Supervisory Regulations on banks' corporate governance, envisaging 3 specialist committees, one on appointments, one on risks and one on remuneration, are composed of non-executives Directors, mostly independent pursuant to the Articles of Association. 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 Chairman 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 Code.

The Corporate Governance, Nomination and Sustainability Committee also supervises the sustainability issues linked to the activity exercised by UniCredit and to the dynamics of the interactions of the latter with all the stakeholders.

None of the functions of one or more specialist Committees on appointments, risks and remuneration envisaged by the Code has been reserved to the Board of Directors. Moreover, none of the abovementioned Committees, per se, performs the multiple functions of two or more committees as envisaged by the Code. The Committee functions have not been allocated amongst the various Committees in a different manner vis-à-vis the provisions of the Code.

The Committee's tasks are coordinated by the Chairman, 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 Chairman with 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.

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.

At the invitation of each Committee Chairman, the CEO, 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 Statutory Auditors to attend the meetings, at the invitation of each Committee Chairman, the Chairman of the Board of Statutory Auditors, or other Auditors designated by the latter, may be called upon to attend Committee meetings. Always at the invitation of each Committee Chairman, 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 Chairman 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, as a rule, consists of 5 non-executive Directors.

The composition of the Internal Controls & Risks Committee is the following: Mr. Alexander Wolfgring (Chairman), Ms. Elena Carletti, Ms. Maria Pierdicchi and Ms. Francesca Tondi.

# Governance organisational structure

All members of the Committee meet the independence requirements prescribed by the Code and by the UniCredit Articles of Association, and are independent pursuant to article 148 of the Consolidated Law on Finance ("TUF").

All members of the Committee meet the experience required by the applicable provisions, covering the provided areas of competence related to risk and control as well as in accounting and audit.

Committee meetings are attended by the Chairman of the Board of Statutory Auditors, the Head of Internal Audit, the Chief Compliance Officer and the Group Chief Risk Officer. At the invitation of the Committee Chairman, 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. Staff 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 2020, the Committee held 16 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 and Sustainability Committee, identifies and proposes to the Board who should be appointed as Head of the corporate control functions 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 organisation 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 CEO;
- 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;
- 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 Chairman 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.

# Governance organisational structure

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.

## Corporate Governance, Nomination and Sustainability Committee

The Corporate Governance, Nomination and Sustainability Committee, as a rule, consists of 5 non-executive Directors.

The composition of the Corporate Governance, Nomination and Sustainability Committee is the following: Mr. Stefano Micossi (Chairman), Mr. Pietro Carlo Padoan, Ms. Francesca Tondi and Mr. Alexander Wolfgring.

All members of the Committee meet the independence requirements prescribed by the Code and by the UniCredit Articles of Association and are independent pursuant to Section 148 of the Consolidated Law on Finance ("TUF").

In 2020, the Committee held 15 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 Chairman 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 Chairman 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 Chairman, 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 Chairman and the Chief Executive Officer) approved by the Board itself;
- c) the appointment of the CEO, General Manager, Deputy General Managers and other Senior Executive Vice Presidents who are 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 CEO, General Manager, Deputy General Managers and other executives with strategic responsibilities, Senior Executive Vice Presidents, the Group Management Team (Executive Vice Presidents) and Leadership Team (Senior Vice Presidents);
- 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.

# Governance organisational structure

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.

Furthermore, the Committee oversees sustainability issues linked to the activities carried out by UniCredit and the dynamics underpinning interactions between UniCredit and all of its stakeholders.

Within this framework, in particular, the Committee:

- pre-examines 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, to be submitted for approval to the Board of Directors;
- drafts proposals with regard to the Group environmental and social strategy, annual objectives and targets, monitoring over time that they are implemented;
- oversees sustainability-related developments also in light of international guidelines and principles, monitoring the Group's performance.

## Remuneration Committee

The Remuneration Committee consists of 3 non-executive Directors.

The composition of the Remuneration Committee is the following: Mr. Lamberto Andreotti (Chairman), Ms. Elena Carletti and Mr. Diego De Giorgi.

All members of the Committee meet the independence requirements prescribed by the Code and the UniCredit Articles of Association, and are independent pursuant to Section 148 of the Consolidated Law on Finance ("TUF").

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 Chief 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 2020, the Committee held 10 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.

Furthermore, the Committee issues opinions to the Board on:

- a) the remuneration policy for Senior Executive Vice Presidents, the Group Management Team (Executive Vice Presidents) and the Leadership Team (Senior Vice Presidents);
- 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.



# Governance organisational structure

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 is the following: Ms. Maria Pierdicchi (Chairwoman), Mr. Vincenzo Cariello and Mr. Stefano Micossi.

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.

In 2020 the Committee held 12 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 Bank of Italy Circular No.285/2013 (Part III, 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 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 Chairman of the Board of Directors and the Committee Chairman (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 Chairman (provided he/she is not in a conflict of interest situation), the Chairman 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 for listed companies, 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 Chairman shall promptly inform the Chairman of the Board of Directors of this situation.

In any event, these circumstances must be communicated no later than the day after the Committee Chairman was informed that the majority or all Committee members were not available.

Having consulted with the CEO and determined that the transaction cannot be delayed, the Chairman 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.

# Governance organisational structure

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

MEMBERS	EXEC.	NON EXEC.	INDEP. AS PER ARTICLES OF ASSOCIATION AND CODE	INTERNAL CONTROLS & RISKS COMMITTEE		CORPORATE GOVERNANCE, NOMINATION AND SUSTAINABILITY COMMITTEE		REMUNERATION COMMITTEE		RELATED-PARTIES COMMITTEE	
				(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)
Bisoni Cesare		X				M <sup>(1)</sup>	100%				
Andreotti Lamberto		X	X					C	100%		
Mustier Jean Pierre	X										
Al Mehairi Mohamed Hamad		X	X								
Balbinot Sergio		X									
Carliello Vincenzo		X	X							M	100%
Carletti Elena		X	X	M	100%			M	100%		
De Giorgi Diego		X	X					M <sup>(2)</sup>	100%		
Lara Bartolomé Beatriz		X	X								
Micossi Stefano		X	X			C	100%			M	100%
Padoan Pietro Carlo		X	X			M <sup>(2)</sup>	100%				
Pierdicchi Maria		X	X	M	100%					C	100%
Tondi Francesca		X	X	M	100%	M	100%				
Wolfgring Alexander		X	X	C	100%	M	100%				
----- Members who left during the Period -----											
De Wismes Isabelle		X	X	M <sup>(3)</sup>	50%						
Zambon Elena		X	X			M <sup>(4)</sup>	90%	M <sup>(4)</sup>	85.71%		
<b>No. of meetings held during the financial year</b>				<b>CCI&amp;R: 16</b>		<b>CCGN&amp;S: 15</b>		<b>CR: 10</b>		<b>CPC: 12</b>	

### Notes:

(\*) A "C" (Chairman) or an "M" (Member) in this column 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 period).

(1) Office held until 27 February 2020.

(2) Office held since 4 November 2020.

(3) Office held until 4 March 2020.

(4) Office held until 13 October 2020.

# Governance organisational structure

## Board of Statutory Auditors

Pursuant to the UniCredit Articles of Association, the Ordinary Shareholders' Meeting appoints 5 permanent Statutory Auditors, among whom the Chairman, 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 accordance with the composition criteria regarding, *inter alia*, the appointment of the Chairman of the Board by the minority shareholders and the balance between genders, as established by the UniCredit 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 Chairman 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 meet the requirements envisaged by current provisions, also of a regulatory nature, in particular 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 Shareholders' Meeting of 11 April 2019 appointed the permanent and substitute Statutory Auditors for the 2019-2021 financial years, with term of office until the date of the Shareholders' Meeting called upon to approve the 2021 financial statements.

In the following chart the information regarding the members of the Board of Statutory Auditors in office.

### Statutory Auditors

POSITION	MEMBERS	IN OFFICE		SLATE (M/m) <sup>(*)</sup>	INDEPENDENT AS PER CODE	%(**)	NUMBER OF OTHERS POSITIONS <sup>(***)</sup>
		SINCE	UNTIL				
Chairman	Rigotti Marco Giuseppe Maria	04.11.2019	Approval of 2021 financial statements	m	X	100%	1
Permanent Statutory Auditor	Bonissoni Angelo Rocco	04.11.2019	Approval of 2021 financial statements	M	X	100%	--
Permanent Statutory Auditor	Navarra Benedetta	04.11.2019	Approval of 2021 financial statements	M	X	100%	2
Permanent Statutory Auditor	Paolucci Guido	04.11.2019	Approval of 2021 financial statements	M	X	100%	--
Permanent Statutory Auditor	Bientinesi Antonella	04.11.2019	Approval of 2021 financial statements	m	X	100%	1
Substitute Statutory Auditor	Pagani Raffaella	04.11.2019	Approval of 2021 financial statements	M	X		4
Substitute Statutory Auditor	Manes Paola	04.11.2019	Approval of 2021 financial statements	M	X		1
Substitute Statutory Auditor	Rimoldi Enrica	04.11.2019	Approval of 2021 financial statements	m	X		--
<b>---- Statutory Auditors that left off during the Period ----</b>							
Substitute Statutory Auditor	Franchini Roberto <sup>(1)</sup>	04.11.2019	04.28.2020	m	X		--
<b>Quorum required for the submission of the slates for the latest appointment: 0.5%</b>							
<b>Number of meetings held during the financial year: 62</b>							

#### Notes:

(\*) M = Member elected from the slate obtaining the majority of the Shareholders' votes; m = Member elected from the slate voted by a minority.

(\*\*) Meetings' attendance percentage (number of meetings attended/number of meetings held during the concerned party's term of office with regard to the period).

(\*\*\*) Number of positions as Director or Auditor held by the concerned party pursuant to Section 148/bis of the Consolidated Law on Finance ("TUF"). A complete list of such positions is published by the CONSOB on its website pursuant to Section 144-quinquiesdecies of the CONSOB Issuers Rules.

(1) Mr. Roberto Franchini resigned as Substitute Statutory Auditor, starting from April 28, 2020.

# Governance organisational structure

## Share capital

As at 31 December 2020, the fully subscribed and paid up UniCredit share capital amounted to Euro 21,059,536,950.48, divided into No.2,237,261,803 ordinary shares with no nominal value. The ordinary shares are issued in a dematerialised form and are indivisible as well as freely transferable.

No other types of shares, equity instruments or convertible or exchangeable bonds have been issued.

## Major Shareholders

At 31 December 2020, on the basis of the communications received pursuant to art. 120 of the Consolidated Law on Finance ("TUF"), registered on the Shareholders Register, the relevant direct or indirect investments in the share capital are listed below. Considering the CONSOB regulations in force on this date, the shareholders listed below hold more than 1% and they are not exempted from the reporting provided for by art. 119-bis of the CONSOB Regulation 11971/99.

DECLARANT	DIRECT SHAREHOLDER	% OF ORDINARY CAPITAL	% OF VOTING CAPITAL
<b>BlackRock Inc.</b>		<b>5.075%</b>	<b>5.075%</b>
	<i>BlackRock Institutional Trust Company, Na</i>	1.325%	1.325%
	<i>BlackRock Fund Advisors</i>	1.203%	1.203%
	<i>BlackRock Advisors (UK) Ltd</i>	0.622%	0.622%
	<i>BlackRock Advisors, LLC</i>	0.534%	0.534%
	<i>BlackRock Investment Management, LLC</i>	0.512%	0.512%
	<i>BlackRock Asset Management Deutschland Ag</i>	0.453%	0.453%
	<i>BlackRock Investment Management (UK) Ltd</i>	0.253%	0.253%
	<i>BlackRock Asset Management Canada Ltd</i>	0.066%	0.066%
	<i>BlackRock Investment Management (Australia) Ltd</i>	0.042%	0.042%
	<i>BlackRock Financial Management, Inc</i>	0.025%	0.025%
	<i>BlackRock Japan Co. Ltd</i>	0.022%	0.022%
	<i>BlackRock (Netherlands) B.V.</i>	0.012%	0.012%
	<i>BlackRock (Singapore) Ltd</i>	0.003%	0.003%
	<i>BlackRock International Ltd</i>	0.002%	0.002%
	<i>BlackRock Asset Management North Asia Ltd</i>	0.001%	0.001%
<b>Capital Research and Management Company</b>		<b>5.022%</b>	<b>5.022%</b>
	<i>EuroPacific Growth Fund</i>	3.503%	3.503%
<b>Norges Bank</b>	<b>Norges Bank</b>	<b>3.011%</b>	<b>3.011%</b>
<b>Mubadala Investment Company SPJC</b>	<b>ATIC Second International Investment Company LLC</b>	<b>2.016%</b>	<b>2.016%</b>
<b>Delfin S.a.r.l.</b>	<b>Delfin S.a.r.l.</b>	<b>1.925%</b>	<b>1.925%</b>
<b>Fondazione Cassa di Risparmio di VE-VI-BL e AN</b>	<b>Fondazione Cassa di Risparmio di VE-VI-BL e AN</b>	<b>1.792%</b>	<b>1.792%</b>
<b>Fondazione Cassa di Risparmio di Torino</b>	<b>Fondazione Cassa di Risparmio di Torino</b>	<b>1.643%</b>	<b>1.643%</b>
<b>Allianz SE</b>		<b>1.130%</b>	<b>1.130%</b>
	<i>Generation Vie S.A.</i>	0.000%	0.000%
	<i>Allianz Benelux S.A.</i>	0.001%	0.001%
	<i>Allianz Life Luxembourg S.A.</i>	0.001%	0.001%
	<i>Allianz S.p.A.</i>	0.110%	0.110%
	<i>Investitori SGR S.p.A.</i>	0.015%	0.015%
	<i>AZ Euro Investments S.A.</i>	0.007%	0.007%
	<i>Allianz Finance II Luxembourg S.a.r.l.</i>	0.994%	0.994%
	<i>Allianz Global Life dac</i>	0.002%	0.002%

# Governance organisational 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.

# Executive Management Committee



**JEAN PIERRE  
MUSTIER**

Chief Executive Officer



**FRANCESCO  
GIORDANO**

Co-CEO of Commercial  
Banking WEU



**OLIVIER  
KHAYAT**

Co-CEO of Commercial  
Banking WEU



**GIANFRANCO  
BISAGNI**

Co-CEO of Commercial  
Banking CEE



**NICCOLÒ  
UBERTALLI**

Co-CEO of Commercial  
Banking CEE



**RANIERI  
DE MARCHIS**

Co-Chief Operating  
Officer



**CARLO  
VIVALDI**

Co-Chief Operating  
Officer



**WOUTER  
DEVRIENDT**

Head of Finance  
& Controls



**GIANPAOLO  
ALESSANDRO**

Head of Group Legal  
Secretary of the BoD



**MAURIZIO  
BERETTA**

Head of Group Institutional  
& Cultural Affairs



**MIRKO BIANCHI**

CEO of Group Wealth  
Management & Private  
Banking



**MARCO  
BRESSAN**

Group Data & Analytics  
Officer



**RICHARD BURTON**

CEO of CIB Division



**ANDREA CASINI**

Co-CEO of Commercial Banking Italy



**PAOLO CORNETTA**

Head of Group Human Capital



**SERENELLA DE CANDIA**

Chief Compliance Officer



**ADELINE DE METZ**

Head of Group Regulatory Affairs



**MICHAEL DIEDERICH**

CEO of Commercial Banking Germany



**MAXIMILIAN HOHENBERG**

Head of Group Identity & Communication



**FINJA CAROLIN KUTZ**

Group Chief Transformation Officer & Deputy COO



**TJ LIM**

Group Chief Risk Officer



**AURELIO MACCARIO**

Group Chief Lending Officer



**ANDREA FRANCESCO MAFFEZZONI**

Head of Strategy and M&A



**ROBERTA MARRACINO**

Head of Group ESG Strategy & Impact Banking



**STEFANO PORRO**

Group Chief Financial Officer



**REMO TARICANI**

Co-CEO of Commercial Banking Italy



**GUGLIELMO ZADRA**

Head of Internal Audit\*



**ROBERT ZADRZIL**

CEO of Commercial Banking Austria

\* Not EMC Member

# Group Management Team

## List of other members of Group Management Team\*

	<i>COUNTRY GERMANY – UNICREDIT BANK AG</i>	<i>COMMERCIAL BANKING CENTRAL EASTERN EUROPE</i>
	<b>Christoph Auerbach</b> Head of Human Capital and Co-Head of Corporate Office	<b>Davide Bazzarello</b> CRO Central Eastern Europe
	<b>Markus Beumer</b> Board Member - Head of Commercial Banking Germany	<b>Graziano Cameli</b> Head of CEE Business Development
	<b>Joachim Dobrikat</b> Head of Accounting, Shareholdings & Reg. Reporting	<b>Romeo Collina</b> CEO - Croatia
	<b>Jorg Frischholz</b> Board Member - Head of Commercial Banking (Pbk)	<b>Dalibor Cubela</b> General Manager - Croatia
	<b>Andreas Frueh</b> Head of Legal, Corporate Affairs & Documentation	<b>Andrea Diamanti</b> Deputy CEO/GM - Russia
	<b>Juergen Kullnigg</b> Board Member - CRO Germany	<b>Jakub Dusilek</b> CEO of UniCredit Bank Czech Republic and Slovakia
	<b>Simone Marcucci</b> Board Member - CFO Germany and CEE CFO	<b>Fabio Fornaroli</b> Head of CEE CIB & PB
	<b>Barbara Roth</b> Head of Compliance Germany	<b>Pierre Yves Guegan</b> Head of CEE Retail
	<i>COMMERCIAL BANKING ITALY</i>	<b>Marco Iannaccone</b> General Manager of UniCredit Bank Czech Republic and Slovakia
	<b>Mario Agostini</b> CEO UniCredit Leasing	<b>Tsvetanka Mintcheva</b> Deputy CEO - Romania
	<b>Annalisa Areni</b> Regional Manager Sud	<b>Teodora Petkova</b> CEO - Bulgaria
	<b>Andrea Burchi</b> Regional Manager Centro Nord	<b>Septimiu Postelnicu</b> General Manager - Bulgaria
	<b>Lucio Izzi</b> Co-Head Corporate Sales & Marketing	<b>Rasvan Radu</b> CEO - Romania
	<b>Salvatore Malandrino</b> Regional Manager Sicilia	<b>Feza Tan</b> CEO of UniCredit Serbia
	<b>Salvatore Pisconti</b> Regional Manager Centro	<b>Balazs Toth</b> CEO - Hungary
	<b>Francesco Salvatori</b> Co-Head Corporate Sales & Marketing	<b>Luba Uram</b> Head of COO CEE & CIO CEE
	<b>Fabrizio Simonini</b> Regional Manager Nord Ovest	<b>Ivan Vlaho</b> General Manager - Hungary
	<i>WEALTH MANAGEMENT</i>	<i>CORPORATE &amp; INVESTMENT BANKING</i>
	<b>Manuela D'Onofrio</b> Head of Group Investments and Solutions	<b>Luca Corsini</b> Global Co-Head of Global Transaction Banking (GTB)
	<b>Dieter Hengl</b> Head of Wealth Management Bank Austria and CEO of Schoellerbank	<b>Alfredo Maria De Falco</b> Head of CIB Italy & Deputy Head of CIB
	<b>Stefano Vecchi</b> Head of Wealth Management Italy and CEO of Cordusio Sim	<b>Laurence Fraissinet-Dubois</b> Head of Multinationals & Deputy Head of CIB Germany
		<b>Goffredo Guizzardi</b> Co-Head Global F&A
<b>EXECUTIVE VICE PRESIDENT</b>		
<i>COMMERCIAL BANKING WESTERN EUROPE</i>		
<b>Giuseppe Aquaro</b> Head of Business Operational Excellence		
<b>Enrica Elena Belli</b> Head of CB WEU Strategic Marketing & Business Development		
<b>Jérôme Frizé</b> Head of Investment Products CB WEU		
<i>COUNTRY AUSTRIA – UNICREDIT BANK AUSTRIA AG</i>		
<b>Gregor Hofstaetter Pobst</b> Chief Financial Officer		
<b>Georgiana Lazar</b> Head of Human Capital - Austria		
<b>Mauro Maschio</b> Head of Retail Banking		
<b>Wolfgang Schilk</b> Chief Risk Officer		
<b>Susanne Wendler</b> Head of Corporate Banking (Unternehmerbank)		



**Francesco Iannella**  
Deputy Head of CIB Italy

**Jan Kupfer**  
Board Member UCB AG - Head of Corporate  
& Investment Banking / Markets Germany

**Guy Laffineur**  
Deputy Head of CIB

**Maria Chiara Manzoni**  
Head of HR CIB and Head of CIB Business  
& Process Transformation

**Christian Reusch**  
Co-Head Global F&A

**Marcello Vittorio Ronco**  
Head of Digital Platforms and Ecosystems

**Guenter Schubert**  
Head of CIB Austria

**Giovanni Solaroli**  
Co-Head of Global Transaction Banking (GTB)

**Patrick Soulard**  
Head of CIB France

#### CHIEF OPERATING OFFICE

**Fabio Cesaretti**  
CIO Western Europe

**Paolo Chiaverini**  
Head of Group Operations

**Marco Cravario**  
Head of Group Procurement & Cost  
Management

**Salvatore Greco**  
Head of Group Real Estate

**Artur Gruca**  
CIO Finance & Controls

**Tina Pogacic**  
Head of COO Austria and CEO UniCredit  
Services Austria

**Luca Rubaga**  
General Manager UniCredit Services

**Boris Scukanec**  
Board Member UCB AG - Chief Operating  
Officer Germany

**Daniele Tonella**  
Group CIO & CEO UniCredit Services

**Stefan Vogt**  
Head of Group Chief Security Office

#### GROUP HUMAN CAPITAL

**Carlo Appetiti**  
Staff Group Human Capital\*\*

**Tommaso Campana**  
Head of Group Organizational Development  
& Governance

**Angelo Carletta**  
Head of HR COO Area

**Dalila Dabbicco**  
Head of HC Service and Transformation  
Management

**Luigi Luciani**  
Head of HR WEU

**Georg Rohleder**  
Head of Group Human Capital Strategies

**Ivan Tardivo**  
Head of HR Governance Functions

**Andrea Vintani**  
Head of CEE Human Capital

#### INTERNAL AUDIT

**Fabio Arnaboldi**  
Head of Group Audit Compliance,  
Operational, Credit & Finance Risks

#### FINANCE & CONTROLS

##### GROUP CHIEF FINANCIAL OFFICE

**Alessandro Brusadelli**  
Head of Group Finance

**Bonifacio Di Francescantonio**  
Head of Group Accounting & Regulatory Reporting

**Mihaela-Alina Lupu**  
Co-Head Group Planning & Capital Management

**Roberto Monachino**  
Group Data and Analytics

**Jorg Pietzner**  
Head of Group Relation Investor

**Ljubisa Tesic**  
Co-Head Group Planning and Capital  
Management & CEE CFO

**Giuseppe Zingaro**  
Head of Group Tax Affairs

##### GROUP COMPLIANCE

**Martin Boehm**  
Head of Group CIB Compliance

**Michele Valeriani**  
Head of Group Anti Financial Crime Compliance

#### GROUP LEGAL

**Shannon Lazzarini**  
Head of Group Litigation

##### GROUP LENDING OFFICE

**Corrado Pavanati**  
Head of CLO Italy

**Alexander Tumminelli**  
Head of Group Credit Transaction

##### GROUP RISK MANAGEMENT

**Jose Brena**  
Head of Non Core Asset Management

**Andrea Cesaroni**  
Head of Group Risk Models &  
Credit Risk Governance

**Giandomenico Miceli**  
Head of Group Operational  
& Reputational Risks

\* Data as at 10 February 2021  
\*\* SEVP Group Title



# Consolidated accounts

## Consolidated balance sheet

ASSETS	AMOUNTS AS AT	
	(€ million)	
	12.31.2020	12.31.2019
10. Cash and cash balances	101,707	17,305
20. Financial assets at fair value through profit or loss:	87,825	81,880
a) financial assets held for trading	72,705	63,280
b) financial assets designated at fair value	226	-
c) other financial assets mandatorily at fair value	14,894	18,600
30. Financial assets at fair value through other comprehensive income	72,737	79,702
40. Financial assets at amortised cost:	623,501	626,463
a) loans and advances to banks	117,489	101,669
b) loans and advances to customers	506,012	524,794
50. Hedging derivatives	3,802	5,934
60. Changes in fair value of portfolio hedged items (+/-)	3,886	3,296
70. Equity investments	4,354	4,787
80. Insurance reserves charged to reinsurers	-	-
90. Property, plant and equipment	9,939	11,097
100. Intangible assets	2,117	2,800
<i>of which: goodwill</i>	-	886
110. Tax assets:	13,098	12,922
a) current	1,737	793
b) deferred	11,361	12,129
120. Non-current assets and disposal groups classified as held for sale	2,017	2,512
130. Other assets	6,473	6,949
<b>Total assets</b>	<b>931,456</b>	<b>855,647</b>

LIABILITIES AND SHAREHOLDERS' EQUITY	AMOUNTS AS AT	
	(€ million)	
	12.31.2020	12.31.2019
10. Financial liabilities at amortised cost:	775,747	704,840
a) deposits from banks	172,473	135,572
b) deposits from customers	500,750	472,967
c) debt securities in issue	102,524	96,301
20. Financial liabilities held for trading	47,787	41,483
30. Financial liabilities designated at fair value	10,568	9,678
40. Hedging derivatives	5,699	7,186
50. Value adjustment of hedged financial liabilities (+/-)	6,065	4,964
60. Tax liabilities:	1,358	1,378
a) current	792	685
b) deferred	566	693
70. Liabilities associated with assets classified as held for sale	761	725
80. Other liabilities	12,749	12,549
90. Provision for employee severance pay	592	661
100. Provisions for risks and charges:	10,188	10,398
a) commitments and guarantees given	1,388	1,089
b) post-retirement benefit obligations	5,677	5,619
c) other provisions for risks and charges	3,123	3,690
110. Technical reserves	-	-
120. Valuation reserves	(6,159)	(6,120)
130. Redeemable shares	-	-
140. Equity instruments	6,841	5,602
150. Reserves	31,167	24,344
160. Share premium	9,386	13,225
170. Share capital	21,060	20,995
180. Treasury shares (-)	(3)	(3)
190. Minority shareholders' equity (+/-)	435	369
200. Profit (Loss) of the year (+/-)	(2,785)	3,373
<b>Total liabilities and shareholders' equity</b>	<b>931,456</b>	<b>855,647</b>

# Consolidated accounts

## Consolidated income statement

ITEMS	YEAR	
	2020	2019
10. Interest income and similar revenues	13,182	14,793
<i>of which: interest income calculated with the effective interest method</i>	11,095	13,186
20. Interest expenses and similar charges	(3,685)	(4,521)
<b>30. Net interest margin</b>	<b>9,497</b>	<b>10,272</b>
40. Fees and commissions income	7,169	7,606
50. Fees and commissions expenses	(1,212)	(1,288)
<b>60. Net fees and commissions</b>	<b>5,957</b>	<b>6,318</b>
70. Dividend income and similar revenues	208	295
80. Net gains (losses) on trading	678	1,298
90. Net gains (losses) on hedge accounting	(54)	42
100. Gains (Losses) on disposal and repurchase of:	230	287
a) financial assets at amortised cost	80	138
b) financial assets at fair value through other comprehensive income	144	160
c) financial liabilities	6	(11)
110. Net gains (losses) on other financial assets/liabilities at fair value through profit or loss:	225	(370)
a) financial assets/liabilities designated at fair value	242	(530)
b) other financial assets mandatorily at fair value	(17)	160
<b>120. Operating income</b>	<b>16,741</b>	<b>18,142</b>
130. Net losses/recoveries on credit impairment relating to:	(4,656)	(3,489)
a) financial assets at amortised cost	(4,640)	(3,478)
b) financial assets at fair value through other comprehensive income	(16)	(11)
140. Gains/Losses from contractual changes with no cancellations	(20)	(20)
<b>150. Net profit from financial activities</b>	<b>12,065</b>	<b>14,633</b>
160. Net premiums	-	-
170. Other net insurance income/expenses	-	-
<b>180. Net profit from financial and insurance activities</b>	<b>12,065</b>	<b>14,633</b>
190. Administrative expenses:	(11,479)	(10,684)
a) staff costs	(7,388)	(6,588)
b) other administrative expenses	(4,091)	(4,096)
200. Net provisions for risks and charges:	(488)	(103)
a) commitments and financial guarantees given	(330)	45
b) other net provisions	(158)	(148)
210. Net value adjustments/write-backs on property, plant and equipment	(960)	(1,425)
220. Net value adjustments/write-backs on intangible assets	(471)	(746)
230. Other operating expenses/income	513	897
<b>240. Operating costs</b>	<b>(12,885)</b>	<b>(12,061)</b>
250. Gains (Losses) of equity investments	(1,297)	316
260. Net gains (losses) on property, plant and equipment and intangible assets measured at fair value	10	4
270. Goodwill impairment	(886)	-
280. Gains (Losses) on disposals on investments	488	129
<b>290. Profit (Loss) before tax from continuing operations</b>	<b>(2,505)</b>	<b>3,021</b>
300. Tax expenses (income) of the year from continuing operations	(322)	(862)
<b>310. Profit (Loss) after tax from continuing operations</b>	<b>(2,827)</b>	<b>2,159</b>
320. Profit (Loss) after tax from discontinued operations	49	1,332
<b>330. Profit (Loss) of the year</b>	<b>(2,778)</b>	<b>3,491</b>
340. Minority profit (loss) of the year	(7)	(118)
<b>350. Parent Company's profit (loss) of the year</b>	<b>(2,785)</b>	<b>3,373</b>
Earnings per share (€)	(1.306)	1.462
Diluted earnings per share (€)	(1.298)	1.453

## Consolidated accounts

## Consolidated statement of other comprehensive income

(€ million)

ITEMS	AS AT	
	12.31.2020	12.31.2019
<b>10. Profit (Loss) for the year</b>	<b>(2,778)</b>	<b>3,491</b>
<b>Other comprehensive income after tax not reclassified to profit or loss</b>	<b>(462)</b>	<b>469</b>
20. Equity instruments designated at fair value through other comprehensive income	(112)	39
30. Financial liabilities designated at fair value through profit or loss (own creditworthiness changes)	(83)	(125)
40. Hedge accounting of equity instruments designated at fair value through other comprehensive income	-	-
50. Property, plant and equipment	30	1,445
60. Intangible assets	-	-
70. Defined-benefit plans	(288)	(867)
80. Non-current assets and disposal groups classified as held for sale	(5)	-
90. Portion of valuation reserves from investments valued at equity method	(4)	(23)
<b>Other comprehensive income after tax reclassified to profit or loss</b>	<b>560</b>	<b>899</b>
100. Foreign investments hedging	-	-
110. Foreign exchange differences	(922)	309
120. Cash flow hedging	(40)	(55)
130. Hedging instruments (non-designated items)	-	-
140. Financial assets (different from equity instruments) at fair value through other comprehensive income	136	806
150. Non-current assets and disposal groups classified as held for sale	656	-
160. Part of valuation reserves from investments valued at equity method	730	(161)
<b>170. Total other comprehensive income after tax</b>	<b>98</b>	<b>1,368</b>
<b>180. Other comprehensive income (Item 10+170)</b>	<b>(2,680)</b>	<b>4,859</b>
190. Minority consolidated other comprehensive income	2	(127)
<b>200. Parent Company's consolidated other comprehensive income</b>	<b>(2,678)</b>	<b>4,732</b>

## Consolidated accounts

## Statement of changes in the consolidated shareholders' equity as at 31 December 2020

(€ million)

	BALANCE AS AT 12.31.2019	CHANGE IN OPENING BALANCE	BALANCE AS AT 01.01.2020	PREVIOUS YEAR PROFIT (LOSS) ALLOCATION		CHANGES IN THE YEAR										TOTAL SHAREHOLDERS' EQUITY AS AT 12.31.2020	GROUP SHAREHOLDERS' EQUITY AS AT 12.31.2020	MINORITY SHAREHOLDERS' EQUITY AS AT 12.31.2020	
				RESERVES	DIVIDENDS AND OTHER ALLOCATIONS	CHANGES IN RESERVES	SHAREHOLDERS' EQUITY TRANSACTIONS								OTHER COMPREHENSIVE INCOME 2020				
							ISSUE OF NEW SHARES	PURCHASE OF TREASURY SHARES	ADVANCED DIVIDENDS	DIVIDENDS EXTRAORDINARY DISTRIBUTION	CHANGE IN EQUITY INSTRUMENTS	TREASURY SHARES DERIVATIVES	STOCK OPTIONS	CHANGES IN EQUITY INVESTMENTS					
Share capital:	21,166	-	21,166	-	-	(2)	65	-	-	-	-	-	-	-	-	-	21,229	21,060	169
- ordinary shares	21,166	-	21,166	-	-	(2)	65	-	-	-	-	-	-	-	-	-	21,229	21,060	169
- other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premium	13,311	-	13,311	(555)	-	(3,280)	-	-	-	-	-	-	-	-	-	-	9,476	9,386	90
Reserves:	24,327	-	24,327	4,043	-	2,979	(65)	-	-	-	-	-	50	-	-	-	31,334	31,167	167
- from profits	16,694	-	16,694	4,043	-	2,823	(65)	-	-	-	-	-	-	-	-	-	23,495	23,455	40
- other	7,633	-	7,633	-	-	156	-	-	-	-	-	-	50	-	-	-	7,839	7,712	127
Valuation reserves	(6,109)	-	(6,109)	-	-	(146)	-	-	-	-	-	-	-	-	98	-	(6,157)	(6,159)	2
Advanced dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity instruments	5,602	-	5,602	-	-	-	-	-	-	-	1,239	-	-	-	-	-	6,841	6,841	-
Treasury shares	(3)	-	(3)	-	-	-	-	-	-	-	-	-	-	-	-	-	(3)	(3)	-
Profit (Loss) for the year	3,491	-	3,491	(3,488)	(3)	-	-	-	-	-	-	-	-	-	(2,778)	-	(2,778)	(2,785)	7
<b>Total shareholders' equity</b>	<b>61,785</b>	-	<b>61,785</b>	-	(3)	(449)	-	-	-	-	1,239	-	50	-	(2,680)	-	<b>59,942</b>	<b>59,507</b>	<b>435</b>
Group shareholders' equity	61,416	-	61,416	-	(2)	(518)	-	-	-	-	1,239	-	50	-	(2,678)	-	59,507	59,507	-
Minority shareholders' equity	369	-	369	-	(1)	69	-	-	-	-	-	-	-	-	(2)	-	435	-	-

The amounts disclosed in column "Stock Options" represent the effects of the delivery of shares (Stock Options, Performance Shares, Discount and Matching Shares connected with the ESOP Plans and other Group Executive Incentive Plans).

The cumulated change of valuation reserves, for -€48 million, includes the effect of the variation for:

- +€726 million of investments valued at net equity and +€658 million of non-current assets classified as held for sale, mainly due to the disposal of respectively 11.93% and 9.02% stake of Yapi Ve Kredi Bankasi AS with the consequent recycle mostly to profit or loss of these reserves basically referred to exchange rate differences on Turkish Lira;
- +€25 million of property, plant and equipment related to the properties used in business, ruled by IAS16 "Property, plant and machinery";
- -€41 million of cash-flow hedges;
- -€60 million of financial asset and liabilities at fair value;
- -€434 million of defined-benefit plans related to pensions and other post-retirement benefits obligations and provision for employee severance pay (-€264 million for liability remeasurement and the residual mainly for temporary Deferred Tax asset sustainability test);
- -€922 million of exchange differences, mainly related to effect of Russian Ruble for -€681 million, Hungarian Forint for -€99 million and Czech Crown for -€81 million.

The change in Group share capital refers to the increase for +€65 million following the resolution of the Board of Directors of 5 February 2020 of UniCredit S.p.A. 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 UniCredit S.p.A. of 9 April 2020 occurred: (i) coverage the entire loss of UniCredit S.p.A. from the 2019 financial year through the use of the Share Premium Reserve (€555 million); (ii) coverage of the negative reserves totaling €3,408 million, partly by use of Share premium reserve to eliminate the negative components related to the payment of AT1 coupons (€525 million) and to the first time adoption of the IFRS9 (€2,759 million) and partly by use of the Statutory reserve to cover the negative reserve arising from the payment of usufruct contract signed with Mediobanca S.p.A. on UniCredit shares supporting the issuance of convertible securities denominated "Cashes" (€124 million). It should be noted that, following the Recommendation 2020/35 published by ECB on 27 March 2020 not to pay dividends until October 2020, 2019 Group result of +€3,373 million has been entirely allocated to the reserves without proceeding with the dividend distribution during 2020, following the resolutions of the Shareholders' Meeting of UniCredit S.p.A. of 9 April 2020. On 15 December 2020, the European Central Bank issued the Recommendation 2020/62 "on dividend distributions during the Covid-19 pandemic and repealing Recommendation ECB/2020/35"; the recommendation asks banks to "refrain from or limit dividends until September 2021".

## Consolidated accounts

For the implications related to its application at UniCredit group, refer to the paragraph "Capital and value management - Capital ratios" of the Consolidated report on operations.

Moreover, the change of the other reserves includes the payment of coupons on AT1 equity instruments for -€326 million.

For further details about the Shareholders' equity changes refer to Part B - Consolidated balance sheet - Liabilities, Section 13 of the Notes to the consolidated accounts.

### Statement of changes in the consolidated shareholders' equity as at 31 December 2019

(€ million)

	BALANCE AS AT 12.31.2018	CHANGE IN OPENING BALANCE	BALANCE AS AT 01.01.2019	PREVIOUS YEAR PROFIT (LOSS) ALLOCATION		CHANGES IN THE YEAR										TOTAL SHAREHOLDERS' EQUITY AS AT 12.31.2019	GROUP SHAREHOLDERS' EQUITY AS AT 12.31.2019	MINORITY SHAREHOLDERS' EQUITY AS AT 12.31.2019	
				RESERVES	DIVIDENDS AND OTHER ALLOCATIONS	CHANGES IN RESERVES	SHAREHOLDERS' EQUITY TRANSACTIONS												
							ISSUE OF NEW SHARES	PURCHASE OF TREASURY SHARES	ADVANCED DIVIDENDS	DIVIDENDS EXTRAORDINARY DISTRIBUTION	CHANGE IN EQUITY INSTRUMENTS	TREASURY SHARES DERIVATIVES	STOCK OPTIONS	CHANGES IN EQUITY INVESTMENTS	OTHER COMPREHENSIVE INCOME 2019				
Share capital:	21,248	-	21,248	-	-	(137)	55	-	-	-	-	-	-	-	-	-	21,166	20,995	171
- ordinary shares	21,248	-	21,248	-	-	(137)	55	-	-	-	-	-	-	-	-	-	21,166	20,995	171
- other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premium	13,480	-	13,480	-	-	(169)	-	-	-	-	-	-	-	-	-	-	13,311	13,225	86
Reserves:	21,184	-	21,184	3,548	-	(419)	(55)	-	-	-	-	-	69	-	-	-	24,327	24,344	(17)
- from profits	13,776	-	13,776	3,548	-	(575)	(55)	-	-	-	-	-	-	-	-	-	16,694	16,838	(144)
- other	7,408	-	7,408	-	-	156	-	-	-	-	-	-	69	-	-	-	7,633	7,506	127
Valuation reserves	(7,494)	-	(7,494)	-	-	17	-	-	-	-	-	-	-	-	1,368	-	(6,109)	(6,120)	11
Advanced dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity instruments	4,610	-	4,610	-	-	-	-	-	-	992	-	-	-	-	-	-	5,602	5,602	-
Treasury shares	(18)	-	(18)	-	-	15	-	-	-	-	-	-	-	-	-	-	(3)	(3)	-
Profit (Loss) for the year	4,340	-	4,340	(3,548)	(792)	-	-	-	-	-	-	-	-	3,491	-	3,491	3,491	3,373	118
<b>Total shareholders' equity</b>	<b>57,350</b>	<b>-</b>	<b>57,350</b>	<b>-</b>	<b>(792)</b>	<b>(693)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>992</b>	<b>-</b>	<b>69</b>	<b>-</b>	<b>4,859</b>	<b>-</b>	<b>61,785</b>	<b>61,416</b>	<b>61,416</b>	<b>369</b>
Group shareholders' equity	56,389	-	56,389	-	(604)	(162)	-	-	-	992	-	69	-	4,732	-	61,416			
Minority shareholders' equity	961	-	961	-	(188)	(531)	-	-	-	-	-	-	-	127	-	369			

The amounts disclosed in column "Stock Options" represent the effects of the delivery of shares (Stock Options, Performance Shares, Discount and Matching Shares connected with the ESOP Plans and other Group Executive Incentive Plans).

The cumulated change of valuation reserves includes the effect of the variation mostly for:

- +€1,445 million of property, plant and equipment due to the transition from the cost model to the revaluation model for the properties used in business, ruled by IAS16 "Property, plant and machinery";
- +€720 million of financial asset and liabilities at fair value;
- +€501 million of investments valued at net equity mainly due to the change of Turkish Lira for -€110 million and +€677 million of non-current assets classified as held for sale due to the reclassification of 9.02% of the valuation reserve of Yapi Ve Kredi Bankasi AS for -€660 million (mainly referred to cumulated change of Turkish Lira for -€643 million);
- +€292 million of exchange differences, mainly related to effect of Russian Ruble for +€324 million;
- -€55 million of cash-flow hedges;
- -€858 million of actuarial gain (losses) on defined-benefit plans.

The change in Group share capital refers to the increase of +€55 million following the resolution of the Board of Directors of 6 February 2019 of UniCredit S.p.A. 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 11 April 2019 of UniCredit S.p.A., the coverage of the negative other reserves for +€293 million was executed by using: i) the share premium reserve for the component related to the payment of AT1 coupons in 2017 for -€168 million; ii) the statutory reserve, included in reserves from profit, to cover the negative reserve arising from the payment of usufruct contract signed with Mediobanca S.p.A. on UniCredit shares supporting the issuance of convertible securities denominated "Cashes" for -€125 million.

Moreover, the change of the other reserves includes the payment of coupons on AT1 equity instruments for -€285 million.

The change in net equity of minorities is mainly due to the sale of FinecoBank S.p.A. This transaction has impacted mainly share capital and reserves from profits.

# Consolidated accounts

## Consolidated cash flow statement (indirect method)

(€ million)

	YEAR	
	2020	2019
<b>A. OPERATING ACTIVITIES</b>		
<b>1. Operations:</b>	<b>8,486</b>	<b>11,140</b>
- profit (loss) for the year (+/-)	(2,778)	3,491
- gains/losses on financial assets held for trading and on other financial assets/liabilities at fair value through profit or loss (-/+)	(453)	571
- gains (losses) on hedge accounting (-/+)	54	(42)
- net impairment losses/writebacks on impairment for credit risk (+/-)	7,010	5,288
- net value adjustments/write-backs on property, plant and equipment and intangible assets (+/-)	1,420	2,167
- net provisions for risks and charges and other expenses/income (+/-)	1,211	(174)
- uncollected net premiums (-)	-	-
- other uncollected insurance income/expenses (-/+)	-	-
- unpaid duties, taxes and tax credits (+/-)	118	687
- impairment/write-backs after tax on discontinued operations (+/-)	19	(1,235)
- other adjustments (+/-)	1,885	387
<b>2. Liquidity generated/absorbed by financial assets:</b>	<b>1,999</b>	<b>(58,982)</b>
- financial assets held for trading	(1,593)	1,889
- financial assets designated at fair value	(224)	-
- other financial assets mandatorily at fair value	3,333	3,647
- financial assets at fair value through other comprehensive income	6,452	8,863
- financial assets at amortised cost	(7,476)	(75,408)
- other assets	1,507	2,027
<b>3. Liquidity generated/absorbed by financial liabilities:</b>	<b>72,838</b>	<b>31,635</b>
- financial liabilities at amortised cost	76,034	38,352
- financial liabilities held for trading	(1,095)	(2,045)
- financial liabilities designated at fair value	930	(158)
- other liabilities	(3,031)	(4,514)
<b>Net liquidity generated/absorbed by operating activities</b>	<b>83,323</b>	<b>(16,207)</b>
<b>B. INVESTMENT ACTIVITIES</b>		
<b>1. Liquidity generated by:</b>	<b>2,025</b>	<b>5,020</b>
- sales of equity investments	508	844
- collected dividends on equity investments	61	64
- sales of property, plant and equipment	1,417	2,978
- sales of intangible assets	-	11
- sales of subsidiaries and business units	39	1,123
<b>2. Liquidity absorbed by:</b>	<b>(1,456)</b>	<b>(2,205)</b>
- purchases of equity investments	(10)	(20)
- purchases of property, plant and equipment	(730)	(1,543)
- purchases of intangible assets	(700)	(642)
- purchases of subsidiaries and business units	(16)	-
<b>Net liquidity generated/absorbed by investment activities</b>	<b>569</b>	<b>2,815</b>
<b>C. FUNDING ACTIVITIES</b>		
- issue/purchase of treasury shares	-	-
- issue/purchase of equity instruments	1,239	992
- dividend distribution and other	(579)	(1,307)
- sale/purchase of minority control	-	-
<b>Net liquidity generated/absorbed by funding activities</b>	<b>660</b>	<b>(315)</b>
<b>NET LIQUIDITY GENERATED/ABSORBED IN THE YEAR</b>	<b>84,552</b>	<b>(13,707)</b>

Key:

 (+) generated;  
 (-) absorbed.



## Consolidated accounts

## Reconciliation

ITEMS	YEAR	
	2020	2019
<b>Cash and cash balances at the beginning of the year</b>	<b>17,305</b>	<b>30,991</b>
Net liquidity generated/absorbed in the year	84,552	(13,707)
Cash and cash balances: foreign exchange effect	(150)	21
<b>Cash and cash balances at the end of the year</b>	<b>101,707</b>	<b>17,305</b>

(€ million)

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). 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 2020, pursuant to EU Regulation No.1606/2002 which was incorporated into Italian legislation through Legislative Decree No.38 of 28 February 2005 (see 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 of Banca d'Italia (and subsequent amendments), with regard to the banks and financial institution 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.

Banca d'Italia issued on 30 November 2018 with its Circular No.262 adjusting the formats for the consolidated accounts and Notes to the consolidated accounts to the requirements of IFRS16: Leasing. Such update has been integrated by the 15 December 2020 Banca d'Italia Communication "Integration to Circular No.262 requirements - Banks financial statements: schemes and compilation rules" which has mainly foreseen the need to provide further information regarding impacts coming from Covid-19 and related relief and support measures.

#### Section 2 - General preparation criteria

As mentioned above, these "Consolidated financial statements as at 31 December 2020" 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 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 any other documents prepared by the IASB (including the IFRS Foundation communication of 27 March 2020 concerning "IFRS9 and Covid-19") or 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 (OIC) and Associazione Bancaria Italiana (ABI);
- ESMA (European Securities and Markets Authority), European Banking Authority, European Central Bank and Consob documents on the application of specific IFRS provisions also with specific reference to the presentation of the effects arising from Covid-19 pandemic and their effects on the evaluation processes. In particular, refer to the statement of ESMA dated 25 March 2020, 20 May 2020 and 28 October 2020, to the statement of European Central Bank dated 1 April 2020 and 4 December 2020, to the statement of European Banking Authority dated 25 March 2020, 2 April 2020, 2 June 2020 and 2 December 2020 and to Consob Call for attention. The content of these statements, when relevant, has been reported in "Section 5 - Other matters" of the Consolidated financial statements of UniCredit group, Notes to consolidated accounts Part A - Accounting policies, A.1 General, in the context of the description of the evaluation choices made by the Group as at 31 December 2020.

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.

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 and 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 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 changes resulting from these reviews are recognised in the period in which the review was carried out, provided the change only concerns that period. If the revision 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 largest items in the Consolidated financial statements as at 31 December 2020, as required by the accounting policies, statements and regulations described above.

## Part A - Accounting policies

The current market environment is furthermore affected, compared with the past, by an increased risk of a lower predictivity of the macro-economic projections arising from a substantial degree of uncertainty about the evolution of the pandemic and the consequent uncertainty of predicting timing and extent of the economic recovery which may occur in future periods. The existence of a higher uncertainty represents, in fact, a key factor of the statements issued by supranational authoritative bodies such as the International Monetary Fund ("IMF") and the European Commission ("EC"):

- in its statement "October 2020 World Economic Outlook", the IMF has stated, among other things, that "there remains tremendous uncertainty around the outlook"; "the uncertainty surrounding the baseline projection is unusually large"; "the growing restrictions on trade and investment and rising geopolitical uncertainty could harm the recovery";
- in its statement of November 2020<sup>7</sup> "Autumn 2020 Economic Forecast: Rebound interrupted as resurgence of pandemic deepens uncertainty", the EC has stated, among other things, that "the epidemiological situation means that growth projections over the forecast horizon are subject to an extremely high degree of uncertainty and risks" and that "a high degree of uncertainty with downside risks to the outlook".

Additionally, as already stated, through the communication issued on 28 October 2020, ESMA published a Public Statement ("*European common enforcement priorities for 2020 Annual Financial Reports*") addressing the enforcement priorities on measurement and disclosure, in light of Covid-19 pandemic for 2020 year-end financial statements.

Among the others, for the topics under discussions in the present section, the following are worth to be mentioned, as they refer to uncertainty:

- impairment test: in order to reflect the higher level of uncertainties, the adoption of multiple scenarios might be required in calculating future cash-flows;
- estimation uncertainties: the issuers shall disclose sources of estimation uncertainties in the measurement of items of financial statements.

In the context of high level of uncertainty explained above and considering the aforementioned ESMA communication, UniCredit group has defined different macro-economic scenarios, to be used for the purposes of the evaluation processes of 2020 Financial statements.

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

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

The paragraphs below provide a detailed description of the characteristics associated with the above scenarios.

### Goodwill and deferred tax assets

As shown above and in light of the aforementioned considerations, UniCredit group has defined certain macro-economic scenarios, used for the measurement of goodwill and deferred tax assets:

- **Baseline scenario:** on the basis of this macro-economic scenario, prepared last October 2020, were determined the budget for year 2021, approved by the Board of Directors (BoD) at meeting held on 13 January 2021, and the projections for years 2022 and 2023, presented to the BoD at the same meeting on 13 January 2021. This macro-economic scenario foresees a gradual recovery starting from spring 2021, also supported by a higher distribution of vaccines and a reduction of restrictions on mobility and on some economic activities introduced in Europe to manage Covid-19 infections. Moreover, this scenario foresees that central banks maintain favorable monetary policy measures. In 2022 and 2023 a normalization of economic activities is expected with a moderate recovery of rates, in particular of medium-long term rates (Mid Swap 10Y). For details refer to the table below.
- **"Downturn" scenario,** also in light of the context of uncertainty considered by ESMA and supranational bodies (e.g. IMF) the "Downturn" scenario has been stressed considering worse macro-economic conditions compared to the "Baseline", in particular foreseeing a halving in the Eurozone GDP in 2021 and a stable trend in long-term rates, thus leading to a downward revision of the results forecast in the 2021 budget and in the 2022-23 projections. In particular, the "Downturn" scenario considers a new phase of infections for Covid-19 at the beginning of 2021 with a consequent increase in restrictions on mobility and on economic activities compared to the "Baseline" scenario. The 2021 GDP therefore reaches in the main countries a growth in 2021 equal to about half of the base case (e.g. Western Europe +2.4% vs. +4.8% of the base case), settling at the same growth as the base case in 2022-23, thus not recovering the variation seen in 2021 against a long-term impact on the economy. Consistently with a reduced economic growth, it is assumed that central banks maintain favorable monetary policy measures and that interest rates therefore remain at lower levels compared to the "Baseline" scenario, with a significant impact also on medium- and long-term rates, resulting in a flatter rate curve than in the base case.

<sup>7</sup> [https://ec.europa.eu/commission/presscorner/detail/it/ip\\_20\\_2021](https://ec.europa.eu/commission/presscorner/detail/it/ip_20_2021).

## Part A - Accounting policies

The table below shows the most significant macro-economic data characterising the "Baseline" and "Downturn" scenarios, also in order to highlight the different assumptions underlying these scenarios.

Interest rates and yield environment, EoP%		2020 <sup>(1)</sup>	2021	2022	2023
Baseline Scenario 2020	Euribor 3M (bps)	-50	-50	-45	-40
	Mid Swap 10Y (bps)	-23	+20	+40	+55
	Spread BTP – Bund (bps)	+150	+160	+160	+160
	<b>Real GDP growth y/y, %</b>				
	Western Europe <sup>(2)</sup>	-6.8%	4.8%	2.5%	2%
CEE (excluding Turkey)	-4.9%	3.2%	2.6%	2.5%	
Downturn Scenario 2020	Euribor 3M (bps)	-	-60	-55	-50
	Mid Swap 10Y (bps)	-	-10	0	+10
	Spread BTP – Bund (bps)	-	+160	+160	+160
	<b>Real GDP growth y/y, %</b>				
	Western Europe <sup>(2)</sup>	-	2.4%	2.5%	2.0%
CEE (excluding Turkey)	-	1.6%	2.6%	2.5%	

**Notes:**

(1) Data 2020 are shown only for the Baseline scenario for information purposes, data referred to the real GDP for Western Europe and the CEE are forecasts prepared during the fourth quarter of 2020.  
(2) Western Europe calculated as a weighted average considering the nominal GDP of the countries relevant for UniCredit (Italy, Germany and Austria).

It is worth to note that, for comparative purposes, the macro-economic data used for the assessments performed for Consolidated financial statements as at 31 December 2019 foresaw: (i) for 2020, real GDP growth of 0.6% for Western Europe and 1.4% for the CEE (excluding Turkey); (ii) for 2023 real GDP growth of 1.2% for Western Europe and 2.1% for the CEE (excluding Turkey).

With reference to goodwill and deferred tax assets, the measurement is significantly influenced by assumptions on future cash flows, which in turn incorporate assumptions on the evolution of the macro-economic scenario. As a result, for the measurement and with the aim to reflect the aforementioned degree of uncertainty, pursuant to requirements of ESMA public statement of 28 October 2020, both the scenarios outlined above have been considered. In particular future cash flows have been estimated by weighting the "Baseline" scenario and the "Downturn" scenario with a higher probability attributed to the "Baseline" scenario (60% vs. 40%).

Moreover, additional parameters impact on measurement: (i) for goodwill, the measurement is influenced by Cost of Equity, CET1 ratio target and long term growth rate; (ii) the sustainability of deferred tax assets is influenced by the volatility of expected results and by the confidence level used. In the context of measurement as at 31 December 2020, the evaluation of these items has been updated through the redetermination, if needed, of the underlying parameters.

For further information on the methodology, results and base assumptions used in the impairment test of goodwill and deferred tax assets, refer respectively to sections Section 10 - Intangible assets - Item 100", "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.

The results of these evaluation might be subject to changes not foreseeable at the moment depending on the evolution of the pandemic, the effect of the relief measures adopted and, ultimately, on the existence and degree of the economic recovery. Possible deviations of the actual economic recovery compared with the assumptions which form the basis of the evaluations might require a re-determination of the parameters used for valuation purposes, in particular with regard to the future cash flows, and the consequent change in the valuation.

In this context it should be noted that an update of the strategic plan Team 23, that reflects current conditions, may be approved by the new Board of Directors, that will be appointed by the shareholder's meeting to be held on 15 April 2021, during 2021.

### Measurement of Real estate portfolio

Always with reference to the valuation of the non-financial assets, it is worth to mention the valuation of the real estate portfolio which 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 2020, fair value has been determined through external appraisals. Further information has been reported in 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.

In this context it is worth to note that in the upcoming financial years, fair value of these assets might be different from the fair value observed as at 31 December 2020 as a result of the possible evolution of real estate market which will also depend on the new practice, in terms of remote working, that could prevail once the lock-down measures will be lifted.

## Part A - Accounting policies

### Measurement of Credit Exposures

With reference to credit exposures, it must be noted that the slow-down of the economic activity resulting from the pandemic Covid-19 and the associated lock-down measures has also affected the estimates on their recoverability and the calculation of the associated loan loss provisions. In this regard it must be noted that the amount of loan loss provisions is determined considering the classification, current and expected, of credit exposures as non-performing, the sale prices, for those non performing exposure whose recovery is expected through sale to external counterparties, and credit parameters (Probability of Default, Loss Given Default and Exposure at Default) which, in accordance with IFRS9, incorporates, among other factors, forward looking information and the expected evolution of the macro-economic scenario.

In this context, the Group has updated macro-economic scenarios as at 31 December 2020 considering, as already underlined, in addition to a base scenario (as already mentioned in the section on Goodwill and deferred tax assets), a negative scenario and a positive scenario and applying proper weighting factors.

- Negative Scenario, which reflects the assumption that Europe will face a further prolonged pandemic wave at the beginning of 2021. Although, with the mild climate, the economy may recover during spring, the distribution of vaccines, under this scenario, will proceed slower than expected in the Baseline scenario. As a result, mass immunity will only be achieved gradually at the end of the three-year forecast period. Such factor will cause a higher reduction in growth mainly in 2021 (e.g. Western Europe +1.2% vs 4.8% in the base case). Governments will maintain expansionist economic policies to mitigate the negative effects of the pandemic and to maintain social stability. The rate curve will have a more gradual normalization (*steepening*) compared to the “Baseline” scenario. Compared to a hypothesis of a flat rate curve until 2023, in this scenario the increase, however existing, of the long-term component influences the prospective credit risk by affecting the cost of financing for clients. For details refer to table below.
- Positive Scenario is based on the assumption that an effective distribution of vaccines increases the confidence and that GDP grows more than what has been foreseen in the “Baseline” scenario. In this scenario, although the 2021 trend remains in line with the base scenario, the pace of recovery in 2022 is expected significantly more solid, driving an increase in demand that will bring GDP back to pre-pandemic levels by the end of 2022. In this context, it is assumed that governments will gradually reduce support measures. In detail, annual real GDP growth for Western Europe would stand at +5.4% in 2021, rising to +5.9% in 2022 to stabilise at +2.5% in 2023 in a context of short-term rates (3-month Euribor) foreseen still negative in the three-year period 2021-2023.

For details refer to table below.

Interest rates and yield environment, EoP <sup>(1)</sup>		2021	2022	2023
Negative Scenario 2020	Euribor 3M (bps)	-52	-52	-50
	Mid Swap 10Y (bps)	-8	+13	+33
	Spread BTP – Bund (bps)	+164	+175	+160
	<b>Real GDP growth yly, %</b>			
	Wester Europe <sup>(2)</sup>	1.2%	2.8%	2.9%
	CEE (excluding Turkey)	1.2%	2.6%	2.3%
Positive Scenario 2020	Euribor 3M (bps)	-52	-52	-50
	Mid Swap 10Y (bps)	+15	+30	+40
	Spread BTP – Bund (bps)	+130	+141	+127
	<b>Real GDP growth yly, %</b>			
	Wester Europe <sup>(2)</sup>	5.4%	5.9%	2.5%
	CEE (excluding Turkey)	4.4%	3.6%	2.6%

**Notes:**

(1) For Baseline Scenario data refer to the table above.

(2) Western Europe calculated as a weighted average considering the nominal GDP of the countries relevant for UniCredit (Italy, Germany and Austria).

Considering that a high degree of uncertainty still exists and that economic forecasts show a high degree of volatility where the main uncertainties refer to the continuation of the pandemic together with the effectiveness of the vaccines and their distribution, the probability of the negative scenario in December 2020 has been raised by 10% (thus brought to 40% from 30% in the first half of 2020) so to incorporate the risks of downturns. The probabilities used for the base scenario and the positive scenario have been decreased by 5% each and set, respectively, at 55% (60% in the first half of 2020) and at 5% (from 10% in the first half of 2020).

For additional information on the measurement of credit exposure 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 hedging policies, Section 2 - Risks of the prudential consolidated perimeter.

Also, in this case the measurement is affected by the already mentioned degree of uncertainty on the evolution of the pandemic, the effect of the relief measures and, ultimately, the existence and degree of economic recovery.

## Part A - Accounting policies

The evolution of these factors may, indeed, require in future financial years the classification of additional credit exposures as non-performing thus determining the recognition of additional loan loss provisions related to both these exposures as well as performing exposures following the update in credit parameters. In this context it will be relevant, among other factors, the ability of the customers to service their debt once moratoria measures granted by governments in which the Group operates or provided voluntarily by the Banks of the Group will expire.

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 could impact on the value of properties received as collateral and may require an adjustment to the loan loss provisions.

### Other measurements

In addition to the assets mentioned above, the slow-down of economic activity and the associated degree of uncertainty on the economic recovery has also affected the valuation of the following items:

- fair value of financial instruments not listed in active markets;
- severance pay (in Italy) and other employee's benefits;
- 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 2020, they might be subject to changes not foreseeable at the moment, as a result of the evolution in the parameters used for the evaluation.

Further elements, in addition to Covid-19 pandemic, that determine uncertainty in the evaluations are (i) domestic and international socio-economic conditions and subsequent impact on the Group's profitability and customers' creditworthiness, (ii) financial markets which affect changes in interest rates, prices and actuarial assumptions.

### Statement of going concern

In their joint Document No.4 of 3 March 2010, Banca d'Italia, Consob and ISVAP made a few observations on the current 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.

The Directors observed that the emergence of Covid-19 pandemic during the financial year 2020 and the associated lock-down measures, have determined, as mentioned above, negative effects that are offset, only in part, by the economic relief measures put in place by the Governments. The Directors have considered these circumstances in the assessments of significant items of the financial statements, and on the basis of these assessments, also acknowledging the current uncertainty surrounding the economic recovery and the long-term impact of the lock-down measures adopted, believe with reasonable certainty that the Group will continue to operate profitably in the foreseeable future; as a result, in accordance with the provisions of IAS1, the document "Consolidated financial statements as at 31 December 2020" was prepared on a going concern basis.

Based upon the aforementioned evaluations, the main regulatory ratios have been taken into account at 31 December 2020, in terms of: (i) the exact figures at 31 December 2020 (CET1 ratio transitional equal to 15.96%; TLAC ratio equal to 26.97%; Liquidity Coverage Ratio at 171% 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 693 basis points; TLAC Ratio: excess of 743 basis points; Liquidity Coverage Ratio: excess of more than 71 percentage points); (iii) the expected evolution of the same ratios during 2021 (in particular, in 2021, it is expected to maintain a significant margin above the capital requirements, i.e. the so called CET1 ratio "MDA buffer", above the range of 200-250 basis points that the Group has set as target in the medium/long term).

Consistently with such evidences, taking into consideration the recommendations issued by European Central Bank in December 2020 and further corroborating the going concern, the Directors intend to propose in 2021 to the Shareholders' Meeting to authorise the distribution of a remuneration, in part in cash and in part through shares buy back, the latter conditional on the reception of the proper authorization by the European Central Bank.

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 2020 are described below.

#### Consolidated Accounts

For the preparation of the Consolidated financial statements as at 31 December 2020 the following sources have been used:

- UniCredit S.p.A. general meeting draft accounts as at 31 December 2020;
- the accounts as at 31 December 2020, 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 2020 of Nuova Compagnia di Partecipazioni Group, including Nuova Compagnia di Partecipazioni S.p.A. (formerly Compagnia Italtipetroli 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 subject to limited review 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.

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.



## Part A - Accounting policies

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% 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 only companies which are governed through voting rights can 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.

## Part A - Accounting policies

## 1. Investments in Subsidiaries

COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP <sup>(1)</sup>	OWNERSHIP RELATIONSHIP		VOTING RIGHTS % <sup>(2)</sup>
				HELD BY	HOLDING %	
<b>A. LINE BY LINE METHOD</b>						
1 UNICREDIT SPA Issued capital EUR 21,059,536,950.48	MILAN	MILAN		PARENT COMPANY		
2 A&T-PROJEKTENTWICKLUNGS GMBH & CO. POTSDAMER PLATZ BERLIN KG Issued capital EUR 613,550	MUNICH	MUNICH	1	GRUNDSTUCKSAKTIENGESELLSCHAFT AM POTSDAMER PLATZ (HAUS VATERLAND)	100.00	
3 ACIS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. OBERBAUM CITY KG Issued capital EUR 26,000	GRUENWALD	GRUENWALD	1	SIRIUS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH	100.00	98.11
4 ACIS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. PARKKOLONNADEN KG Issued capital EUR 26,000	GRUENWALD	GRUENWALD	1	A&T-PROJEKTENTWICKLUNGS GMBH & CO. POTSDAMER PLATZ BERLIN KG	100.00	98.11
5 ACIS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. STUTTGART KRONPRINZSTRASSE KG Issued capital EUR 26,000	GRUENWALD	GRUENWALD	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	100.00	98.11
6 ALLEGRO LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	0.20 99.80	
7 ALLIB LEASING S.R.O. Issued capital CZK 100,000	PRAGUE	PRAGUE	1	UNICREDIT LEASING CZ, A.S.	100.00	
8 ALLIB NEKRETNINE D.O.O. ZA POSLOVANJE NEKRETNINAMA Issued capital HRK 20,000	ZAGREB	ZAGREB	1	LOCAT CROATIA DOO	100.00	
9 ALMS LEASING GMBH. Issued capital EUR 36,000	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
10 ALPINE CAYMAN ISLANDS LTD. Issued capital EUR 798	GRAND CAYMAN	GEORGE TOWN	1	UNICREDIT BANK AUSTRIA AG	100.00	
11 ALTUS ALPHA PLC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	<sup>(3)</sup>
12 ALV IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	0.20 99.80	
13 AMBASSADOR PARC DEDINJE D.O.O. BEOGRAD Issued capital RSD 98,672,974	BELGRADE	BELGRADE	1	UCTAM D.O.O. BEOGRAD	100.00	
14 ANTARES IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	0.20 99.80	
15 ANTHEMIS EVO LLP	LONDON	LONDON	4	UNICREDIT SPA	..	<sup>(3)</sup>
16 AO UNICREDIT BANK Issued capital RUB 41,787,805,174	MOSCOW	MOSCOW	1	UNICREDIT SPA	100.00	
17 ARABELLA FINANCE DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	<sup>(3)</sup>
18 ARENA NPL ONE S.R.L. (CARTOLARIZZAZIONE 2014)	VERONA	VERONA	4	UNICREDIT SPA	..	<sup>(3)</sup>
19 ARGENTAUROS IMMOBILIEN-VERMIETUNGS- UND VERWALTUNGS GMBH Issued capital EUR 511,300	MUNICH	MUNICH	1	HVB PROJEKT GMBH	100.00	
20 ARNO GRUNDSTUECKSVERWALTUNGS GESELLSCHAFT M.B.H. Issued capital EUR 36,337	VIENNA	VIENNA	1	GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H. UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	99.80 0.20	
21 ATLANTERRA IMMOBILIENVERWALTUNGS GMBH Issued capital EUR 1,023,000	MUNICH	MUNICH	1	HVB PROJEKT GMBH	90.00	
22 AUSTRIA LEASING GMBH Issued capital EUR 36,336	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H. UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.40 99.40 0.20	
23 BA ALPINE HOLDINGS, INC. Issued capital USD 74,435,918	WILMINGTON	WILMINGTON	1	UNICREDIT BANK AUSTRIA AG	100.00	
24 BA BETRIEBSOBJEKTE GMBH Issued capital EUR 5,630,000	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	

## Part A - Accounting policies

COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP		VOTING RIGHTS % (2)
				HELD BY	HOLDING %	
25 BA CA SECUND LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	0.20 99.80	
26 BA EUROLEASE BETEILIGUNGSGESELLSCHAFT M.B.H. Issued capital EUR 363,364	VIENNA	VIENNA	1	UNICREDIT ZEGA LEASING-GESELLSCHAFT M.B.H.	100.00	
27 BA GEBAEUVERMIETUNGSGMBH Issued capital EUR 36,336	VIENNA	VIENNA	1	BA GVG-HOLDING GMBH BA-CA MARKETS & INVESTMENT BETEILIGUNG GES.M.B.H. PAYTRIA UNTERNEHMENSBETEILIGUNGEN GMBH	89.00 10.00 1.00	
28 BA GVG-HOLDING GMBH Issued capital EUR 18,168	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
29 BA-CA ANDANTE LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
30 BA-CA FINANCE (CAYMAN) II LIMITED Issued capital EUR 15,000	GEORGE TOWN	GEORGE TOWN	1	ALPINE CAYMAN ISLANDS LTD.	100.00	
31 BA-CA FINANCE (CAYMAN) LIMITED Issued capital EUR 15,000	GEORGE TOWN	GEORGE TOWN	1	ALPINE CAYMAN ISLANDS LTD.	100.00	
32 BA-CA LEASING DREI GARAGEN GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	99.80 0.20	
33 BA-CA LEASING MAR IMMOBILIEN LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	0.20 99.80	
34 BA-CA MARKETS & INVESTMENT BETEILIGUNG GES.M.B.H. Issued capital EUR 127,177	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
35 BA-CA PRESTO LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	0.20 99.80	
36 BA-CA WIEN MITTE HOLDING GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
37 BA/CA-LEASING BETEILIGUNGEN GMBH Issued capital EUR 454,000	VIENNA	VIENNA	1	CALG DELTA GRUNDSTUECKVERWALTUNG GMBH UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	99.80 0.20	
38 BACA CENA IMMOBILIEN LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	0.20 99.80	
39 BACA HYDRA LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	0.20 99.80	
40 BACA KOMMUNALLEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
41 BACA LEASING ALFA S.R.O. Issued capital CZK 110,000	PRAGUE	PRAGUE	1	UNICREDIT LEASING CZ, A.S.	100.00	
42 BACA LEASING UND BETEILIGUNGSANAGEMENT GMBH Issued capital EUR 18,287	VIENNA	VIENNA	1	CALG IMMOBILIEN LEASING GMBH UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	98.80 0.20 1.00	
43 BACAL ALPHA DOO ZA POSLOVANJE NEKRETNINAMA Issued capital HRK 20,000	ZAGREB	ZAGREB	1	LOCAT CROATIA DOO	100.00	
44 BAH-KAPPA KFT. V.A. Issued capital HUF 10,000,000	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
45 BAH-OMEGA ZRT. Issued capital HUF 70,000,000	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
46 BAHBETA INGATLANHASZNOSITO KFT. Issued capital HUF 30,000,000	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
47 BAL CARINA IMMOBILIEN LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	0.20 99.80	
48 BAL HESTIA IMMOBILIEN LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	0.20 99.80	

## Part A - Accounting policies

	COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP		VOTING RIGHTS % (2)
					HELD BY	HOLDING %	
49	BAL HORUS IMMOBILIEN LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	CALG DELTA GRUNDSTUECKVERWALTUNG GMBH UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	99.80 0.20	
50	BAL HYPNOS IMMOBILIEN LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	CALG DELTA GRUNDSTUECKVERWALTUNG GMBH UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	99.80 0.20	
51	BAL LETO IMMOBILIEN LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	0.20 99.80	
52	BAL OSIRIS IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	0.20 99.80	
53	BAL SOBEK IMMOBILIEN LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT ZEGA LEASING-GESELLSCHAFT M.B.H.	0.20 99.80	
54	BANK AUSTRIA CREDITANSTALT LEASING IMMOBILIENANLAGEN GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H. UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	99.80 0.20	
55	BANK AUSTRIA FINANZSERVICE GMBH Issued capital EUR 490,542	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
56	BANK AUSTRIA LEASING ARGO IMMOBILIEN LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG WOEM GRUNDSTUECKSVORWALTUNGS-GESELLSCHAFT M.B.H.	0.20 99.80	
57	BANK AUSTRIA LEASING HERA IMMOBILIEN LEASING GMBH Issued capital EUR 36,337	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	0.20 99.80	
58	BANK AUSTRIA LEASING IKARUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	0.20 99.80	
59	BANK AUSTRIA LEASING MEDEA IMMOBILIEN LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	0.20 99.80	
60	BANK AUSTRIA REAL INVEST CLIENT INVESTMENT GMBH Issued capital EUR 145,500	VIENNA	VIENNA	1	BANK AUSTRIA REAL INVEST IMMOBILIEN-MANAGEMENT GMBH	100.00	
61	BANK AUSTRIA REAL INVEST IMMOBILIEN-KAPITALANLAGE GMBH Issued capital EUR 5,000,000	VIENNA	VIENNA	1	BANK AUSTRIA REAL INVEST IMMOBILIEN-MANAGEMENT GMBH	100.00	
62	BANK AUSTRIA REAL INVEST IMMOBILIEN-MANAGEMENT GMBH Issued capital EUR 10,900,500	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	94.95	
63	BANK AUSTRIA WOHNBAUBANK AG Issued capital EUR 18,765,944	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
64	BARD ENGINEERING GMBH	EMDEN	EMDEN	4	BARD HOLDING GMBH	..	(3)
65	BARD HOLDING GMBH	EMDEN	EMDEN	4	UNICREDIT BANK AG	..	(3)
66	BAULANDENTWICKLUNG GDST 1682/8 GMBH & CO OEG Issued capital EUR 0	VIENNA	VIENNA	1	CALG ANLAGEN LEASING GMBH CALG IMMOBILIEN LEASING GMBH	1.00 99.00	
67	BAYERISCHE WOHNUNGSGESELLSCHAFT FUER HANDEL UND INDUSTRIE, GESELLSCHAFT MIT BESCHRAENKTER HAFTUNG Issued capital EUR 51,150	MUNICH	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	100.00	
68	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
69	BF NINE HOLDING GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	ALLEGRO LEASING GESELLSCHAFT M.B.H.	100.00	
70	BIL LEASING-FONDS GMBH & CO VELUM KG Issued capital EUR 2,556	GRUENWALD	GRUENWALD	1	BIL LEASING-FONDS VERWALTUNGS-GMBH UNICREDIT BANK AG	.. 100.00	33.33 33.33
71	BIL LEASING-FONDS VERWALTUNGS-GMBH Issued capital EUR 26,000	GRUENWALD	GRUENWALD	1	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	
72	BORGIO DI PEROLLA SRL Issued capital EUR 2,043,952	MASSA MARITTIMA	MASSA MARITTIMA	1	FONDIARIA LASA SPA	100.00	
73	BREWO GRUNDSTUECKSVORWALTUNGS-GESELLSCHAFT M.B.H. Issued capital EUR 36,337	VIENNA	VIENNA	1	UNICREDIT PEGASUS LEASING GMBH	100.00	

## Part A - Accounting policies

COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP <sup>(1)</sup>	OWNERSHIP RELATIONSHIP		VOTING RIGHTS % <sup>(2)</sup>
				HELD BY	HOLDING %	
74	BUITENGAATS HOLDING B.V.	EEMSHAVEN	EEMSHAVEN	4	BARD ENGINEERING GMBH	.. <sup>(3)</sup>
75	CA-LEASING OVUS S.R.O. Issued capital CZK 100,000	PRAGUE	PRAGUE	1	UNICREDIT LEASING CZ, A.S.	100.00
76	CA-LEASING SENIOREN PARK GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	99.80
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20
77	CA-ZETA REAL ESTATE DEVELOPMENT LIMITED LIABILITY COMPANY Issued capital HUF 3,000,000	BUDAPEST	BUDAPEST	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00
78	CABET-HOLDING GMBH Issued capital EUR 290,909	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00
79	CABO BETEILIGUNGSGESELLSCHAFT M.B.H. Issued capital EUR 35,000	VIENNA	VIENNA	1	CABET-HOLDING GMBH	100.00
80	CALG 307 MOBILIEN LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UNICREDIT ZEGA LEASING-GESELLSCHAFT M.B.H.	100.00
81	CALG 443 GRUNDSTUECKVERWALTUNG GMBH Issued capital EUR 36,336	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	98.80
					CALG IMMOBILIEN LEASING GMBH	1.00
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20
82	CALG 445 GRUNDSTUECKVERWALTUNG GMBH Issued capital EUR 18,168	VIENNA	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	99.60
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.40
83	CALG 451 GRUNDSTUECKVERWALTUNG GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	CALG DELTA GRUNDSTUECKVERWALTUNG GMBH	99.80
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20
84	CALG ALPHA GRUNDSTUECKVERWALTUNG GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	CALG DELTA GRUNDSTUECKVERWALTUNG GMBH	99.80
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20
85	CALG ANLAGEN LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20
					UNICREDIT LEASING (AUSTRIA) GMBH	99.80
86	CALG ANLAGEN LEASING GMBH & CO GRUNDSTUECKVERMIETUNG UND - VERWALTUNG KG Issued capital EUR 2,326,378	MUNICH	MUNICH	1	CALG ANLAGEN LEASING GMBH	99.90
87	CALG DELTA GRUNDSTUECKVERWALTUNG GMBH Issued capital EUR 36,336	VIENNA	VIENNA	1	CALG ANLAGEN LEASING GMBH	99.80
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20
88	CALG GAMMA GRUNDSTUECKVERWALTUNG GMBH Issued capital EUR 36,337	VIENNA	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	99.80
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20
89	CALG GRUNDSTUECKVERWALTUNG GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	74.80
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20
					UNICREDIT LEASING (AUSTRIA) GMBH	25.00
90	CALG IMMOBILIEN LEASING GMBH Issued capital EUR 254,355	VIENNA	VIENNA	1	CALG ANLAGEN LEASING GMBH	99.80
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20
91	CALG MINAL GRUNDSTUECKVERWALTUNG GMBH Issued capital EUR 18,286	VIENNA	VIENNA	1	CALG ANLAGEN LEASING GMBH	99.80
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20
92	CAPITAL MORTGAGE SRL (CARTOLARIZZAZIONE: BIPCA CORDUSIO RMBS)	VERONA	VERONA	4	UNICREDIT SPA	.. <sup>(3)</sup>
93	CAPITAL MORTGAGE SRL (CARTOLARIZZAZIONE: CAPITAL MORTGAGE 2007 - 1)	VERONA	VERONA	4	UNICREDIT SPA	.. <sup>(3)</sup>
94	CARD COMPLETE SERVICE BANK AG Issued capital EUR 6,000,000	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	50.10
95	CASTELLANI LEASING GMBH Issued capital EUR 1,800,000	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	10.00
					UNICREDIT ZEGA LEASING-GESELLSCHAFT M.B.H.	90.00

## Part A - Accounting policies

	COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP		VOTING RIGHTS % (2)
					HELD BY	HOLDING %	
96	CHARADE LEASING GESELLSCHAFT M.B.H.  Issued capital EUR 36,500	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	74.80 0.20 25.00	
97	CHEFREN LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
98	CIVITAS IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	0.20 99.80	
99	COMMUNA - LEASING GRUNDSTUECKSVERWALTUNGSGESELLSCHAFT M.B.H. Issued capital EUR 36,337	VIENNA	VIENNA	1	REAL-LEASE GRUNDSTUECKSVERWALTUNGSGESELLSCHAFT M.B.H. UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	99.80 0.20	
100	COMPAGNIA FONDARIARIA ROMANA - SOCIETA' A RESPONSABILITA' LIMITATA Issued capital EUR 103,400	ROME	ROME	1	NUOVA COMPAGNIA DI PARTECIPAZIONI SPA	100.00	
101	CONSUMER THREE SRL (CARTOLARIZZAZIONE: CONSUMER THREE)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
102	CONTRA LEASING-GESELLSCHAFT M.B.H.  Issued capital EUR 36,500	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH JAUSERN-LEASING GESELLSCHAFT M.B.H. UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	74.80 25.00 0.20	
103	CORDUSIO RMBS - UCFIN SRL (CARTOLARIZZAZIONE: CORDUSIO RMBS UCFIN - SERIE 2006)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
104	CORDUSIO RMBS SECURITISATION SRL (CARTOLARIZZAZIONE: CORDUSIO RMBS SECURITISATION - SERIE 2007)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
105	CORDUSIO SIM SPA Issued capital EUR 76,282,051	MILAN	MILAN	1	UNICREDIT SPA	97.12	(4)
106	CORDUSIO SOCIETA' FIDUCIARIA PER AZIONI  Issued capital EUR 520,000	MILAN	MILAN	1	UNICREDIT SPA	100.00	
107	CRIVELLI SRL Issued capital EUR 10,000	MILAN	MILAN	1	UNICREDIT SPA	100.00	
108	DC BANK AG Issued capital EUR 5,000,000	VIENNA	VIENNA	1	CARD COMPLETE SERVICE BANK AG	100.00	
109	DC ELEKTRONISCHE ZAHLUNGSSYSTEME GMBH  Issued capital EUR 35,000	VIENNA	VIENNA	1	KSG KARTEN-VERRECHNUNGS- UND SERVICEGESELLSCHAFT M.B.H.	100.00	
110	DEBO LEASING SRL Issued capital RON 724,400	BUCHAREST	BUCHAREST	1	UNICREDIT CONSUMER FINANCING IFN S.A. UNICREDIT LEASING CORPORATION IFN S.A.	0.01 99.99	
111	DELPHA IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. GROSSKUGEL BAUABSCHNITT ALPHA MANAGEMENT KG Issued capital EUR 255,650	MUNICH	MUNICH	1	HVB PROJEKT GMBH	100.00	
112	DELPHA IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. GROSSKUGEL BAUABSCHNITT GAMMA MANAGEMENT KG Issued capital EUR 255,650	MUNICH	MUNICH	1	HVB PROJEKT GMBH	100.00	
113	DINERS CLUB CS, S.R.O. Issued capital EUR 995,000	BRATISLAVA	BRATISLAVA	1	DC BANK AG	100.00	
114	DINERS CLUB POLSKA SP.Z.O.O. Issued capital PLN 7,500,000	WARSAW	WARSAW	1	DC BANK AG	100.00	
115	DIRANA LIEGENSCHAFTSVERTWERTUNGSGESELLSCHAFT M.B.H. Issued capital EUR 17,500	VIENNA	VIENNA	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
116	DLV IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	10.00 90.00	
117	DUODEC Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	0.20 99.80	
118	ELEKTRA PURCHASE NO. 28 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
119	ELEKTRA PURCHASE NO. 31 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
120	ELEKTRA PURCHASE NO. 32 S.A.	LUXEMBOURG	LUXEMBOURG	4	UNICREDIT BANK AG	..	(3)

## Part A - Accounting policies

COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP		VOTING RIGHTS % (2)
				HELD BY	HOLDING %	
121	ELEKTRA PURCHASE NO. 33 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	.. (3)
122	ELEKTRA PURCHASE NO. 36 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	.. (3)
123	ELEKTRA PURCHASE NO. 37 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	.. (3)
124	ELEKTRA PURCHASE NO. 38 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	.. (3)
125	ELEKTRA PURCHASE NO. 39 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	.. (3)
126	ELEKTRA PURCHASE NO. 41 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	.. (3)
127	ELEKTRA PURCHASE NO. 43 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	.. (3)
128	ELEKTRA PURCHASE NO. 44 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	.. (3)
129	ELEKTRA PURCHASE NO. 46 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	.. (3)
130	ELEKTRA PURCHASE NO. 54 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	.. (3)
131	ELEKTRA PURCHASE NO. 55 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	.. (3)
132	ELEKTRA PURCHASE NO. 56 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	.. (3)
133	ELEKTRA PURCHASE NO. 57 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	.. (3)
134	ELEKTRA PURCHASE NO. 64 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	.. (3)
135	ELEKTRA PURCHASE NO. 69 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	.. (3)
136	ELEKTRA PURCHASE NO. 71 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	.. (3)
137	ELEKTRA PURCHASE NO. 718 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	.. (3)
138	ELEKTRA PURCHASE NO. 74 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	.. (3)
139	ELEKTRA PURCHASE NO. 911 LTD	ST. HELIER	ST. HELIER	4	UNICREDIT BANK AG	.. (3)
140	EUROLEASE ANUBIS IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	0.20 99.80
141	EUROLEASE ISIS IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	0.20 99.80
142	EUROLEASE MARDUK IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	0.20 99.80
143	EUROLEASE RA IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	0.20 99.80
144	EUROLEASE RAMSES IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,336	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	0.20 99.80
145	EUROPA BEFETTESI ALAPKEZELŐ ZRT (EUROPA INVESTMENT FUND MANAGEMENT LTD.) Issued capital HUF 100,000,000	BUDAPEST	BUDAPEST	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00
146	EUROPA INGATLANBEFETTESI ALAP (EUROPE REAL-ESTATE INVESTMENT FUND)	BUDAPEST	BUDAPEST	4	UNICREDIT BANK HUNGARY ZRT.	.. (3)
147	EUROPEAN-OFFICE-FONDS	MUNICH	MUNICH	4	UNICREDIT BANK AG	.. (3)
148	EXPANDA IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	0.20 99.80
149	F-E MORTGAGES SRL (CARTOLARIZZAZIONE: F-E MORTGAGES 2005)	VERONA	VERONA	4	UNICREDIT SPA	.. (3)
150	F-E MORTGAGES SRL (CARTOLARIZZAZIONE: F-E MORTGAGES SERIES 1 - 2003)	VERONA	VERONA	4	UNICREDIT SPA	.. (3)
151	FACTORBANK AKTIENGESELLSCHAFT Issued capital EUR 3,000,000	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00
152	FINN ARSENAL LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	99.60 0.20 0.20
153	FMZ SAVARIA SZOLGÁLTATÓ KORLÁTOLT FELELŐSÉGG TÁRSASÁG Issued capital HUF 3,000,000	BUDAPEST	BUDAPEST	1	BAHBETA INGATLANHASZNOSÍTÓ KFT.	75.00
154	FMZ SIGMA PROJEKTENTWICKLUNGS GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	0.20 99.80
155	FOLIA LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,336	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	99.80 0.20
156	FONDIARIA LASA SPA Issued capital EUR 3,102,000	ROME	ROME	1	NUOVA COMPAGNIA DI PARTECIPAZIONI SPA	100.00

## Part A - Accounting policies

	COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP		VOTING RIGHTS % (2)
					HELD BY	HOLDING %	
157	FOOD & MORE GMBH Issued capital EUR 100,000	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
158	FUGATO LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,336	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	100.00	
159	GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H. Issued capital EUR 27,434	VIENNA	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	99.80	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
160	GEBAEUDELEASING GRUNDSTUECKVERWALTUNGSGESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	98.80	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	1.00	
161	GELDILUX-TS-2015 S.A.	LUXEMBOURG	LUXEMBOURG	4	UNICREDIT BANK AG	..	(3)
162	GEMEINDELEASING GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H. Issued capital EUR 18,333	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	37.30	
					CALG IMMOBILIEN LEASING GMBH	37.50	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
163	GEMMA VERWALTUNGSGESELLSCHAFT MBH & CO. VERMIETUNGS KG	PULLACH	PULLACH	4	ORESTOS IMMOBILIEN-VERWALTUNGS GMBH	..	(3)
164	GRUNDSTUECKSAKTIEGESELLSCHAFT AM POTSDAMER PLATZ (HAUS VATERLAND) Issued capital EUR 4,086,245	MUNICH	MUNICH	1	TERRENO GRUNDSTUECKVERWALTUNG GMBH & CO. ENTWICKLUNGS- UND FINANZIERUNGSVERMITTLUNGS-KG	98.24	
165	GRUNDSTUECKSGESELLSCHAFT SIMON BESCHRANKT HAFTENDE KOMMANDITGESELLSCHAFT Issued capital EUR 51,500	MUNICH	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	100.00	
166	GRUNDSTUECKSVERWALTUNG LINZ-MITTE GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
167	H.F.S. IMMOBILIENFONDS GMBH Issued capital EUR 25,565	MUNICH	MUNICH	1	WEALTHCAP INVESTMENT SERVICES GMBH	100.00	
168	H.F.S. LEASINGFONDS DEUTSCHLAND 1 GMBH & CO. KG (IMMOBILIENLEASING) Issued capital EUR 97,755,806	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	100.00	
169	H.F.S. LEASINGFONDS DEUTSCHLAND 7 GMBH & CO. KG Issued capital EUR 85,430,630	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	99.41	
170	H.F.S. LEASINGFONDS GMBH Issued capital EUR 26,000	GRUENWALD	GRUENWALD	1	WEALTHCAP INVESTMENT SERVICES GMBH	100.00	
171	H.F.S. LEASINGFONDS GMBH & CO. DEUTSCHLAND 10 KG I.L.	EBERSBERG	EBERSBERG	4	WEALTH MANAGEMENT CAPITAL HOLDING GMBH	..	(3)
172	H.F.S. LEASINGFONDS GMBH & CO. DEUTSCHLAND 11 KG I.L.	EBERSBERG	EBERSBERG	4	WEALTH MANAGEMENT CAPITAL HOLDING GMBH	..	(3)
173	H.F.S. LEASINGFONDS GMBH & CO. DEUTSCHLAND 12 KG	EBERSBERG	EBERSBERG	4	WEALTH MANAGEMENT CAPITAL HOLDING GMBH	..	(3)
174	H.F.S. LEASINGFONDS GMBH & CO. DEUTSCHLAND 8 KG I.L.	EBERSBERG	EBERSBERG	4	WEALTH MANAGEMENT CAPITAL HOLDING GMBH	..	(3)
175	H.F.S. LEASINGFONDS GMBH & CO. DEUTSCHLAND 9 KG I.L.	EBERSBERG	EBERSBERG	4	WEALTH MANAGEMENT CAPITAL HOLDING GMBH	..	(3)
176	HAWA GRUNDSTUECKS GMBH & CO OHG IMMOBILIENVERWALTUNG Issued capital EUR 54,300	MUNICH	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	99.50	
					TIVOLI GRUNDSTUECKS-AKTIENGESELLSCHAFT	0.50	
177	HAWA GRUNDSTUECKS GMBH & CO. OHG HOTELVERWALTUNG Issued capital EUR 276,200	MUNICH	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	99.50	
					TIVOLI GRUNDSTUECKS-AKTIENGESELLSCHAFT	0.50	
178	HELICONUS SRL (CARTOLARIZZAZIONE: HELICONUS)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
179	HERKU LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	74.80	
					UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
					UNICREDIT LEASING (AUSTRIA) GMBH	25.00	



## Part A - Accounting policies

COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP		VOTING RIGHTS % (2)
				HELD BY	HOLDING %	
180 HONEU LEASING GESELLSCHAFT M.B.H.  Issued capital EUR 36,336	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	74.80 0.20 25.00	
181 HUMAN RESOURCES SERVICE AND DEVELOPMENT GMBH  Issued capital EUR 18,168	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
182 HVB CAPITAL LLC  Issued capital USD 10,000	WILMINGTON	WILMINGTON	1	UNICREDIT BANK AG	100.00	
183 HVB CAPITAL LLC II  Issued capital USD 14	WILMINGTON	WILMINGTON	1	UNICREDIT BANK AG	100.00	
184 HVB CAPITAL LLC III  Issued capital USD 10,000	WILMINGTON	WILMINGTON	1	UNICREDIT BANK AG	100.00	
185 HVB FUNDING TRUST	WILMINGTON	WILMINGTON	4	UNICREDIT BANK AG	..	(3)
186 HVB FUNDING TRUST II  Issued capital USD 2,451	WILMINGTON	WILMINGTON	1	UNICREDIT BANK AG	100.00	
187 HVB FUNDING TRUST III	WILMINGTON	WILMINGTON	4	UNICREDIT BANK AG	..	(3)
188 HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG  Issued capital EUR 10,000,000	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
189 HVB HONG KONG LIMITED  Issued capital USD 129	HONG KONG	HONG KONG	1	UNICREDIT BANK AG	100.00	
190 HVB IMMOBILIEN AG  Issued capital EUR 520,000	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
191 HVB LEASING CZECH REPUBLIC S.R.O.  Issued capital CZK 49,632,000	PRAGUE	PRAGUE	1	UNICREDIT LEASING CZ, A.S.	100.00	
192 HVB PROJEKT GMBH  Issued capital EUR 24,543,000	MUNICH	MUNICH	1	HVB IMMOBILIEN AG UNICREDIT BANK AG	94.00 6.00	
193 HVB SECUR GMBH  Issued capital EUR 50,000	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
194 HVB TECTA GMBH  Issued capital EUR 1,534,000	MUNICH	MUNICH	1	HVB IMMOBILIEN AG UNICREDIT BANK AG	94.00 6.00	
195 HVB VERWA 4 GMBH  Issued capital EUR 128,300	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
196 HVB VERWA 4.4 GMBH  Issued capital EUR 25,000	MUNICH	MUNICH	1	HVB VERWA 4 GMBH	100.00	
197 HVZ GMBH & CO. OBJEKT KG  Issued capital EUR 148,090,766	MUNICH	MUNICH	1	PORTIA GRUNDSTUECKS-VERWALTUNGSGESELLSCHAFT MBH & CO. OBJEKT KG	100.00	
198 HYPO-BANK VERWALTUNGSZENTRUM GMBH & CO. KG OBJEKT ARABELLASTRASSE  Issued capital EUR 25,600	MUNICH	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	100.00	
199 ICE CREEK POOL NO.1 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
200 ICE CREEK POOL NO.2 DAC	DUBLIN	DUBLIN	4	UNICREDIT BANK AG	..	(3)
201 IDEA FIMIT SGR FONDO SIGMA IMMOBILIARE	ROME	ROME	4	UNICREDIT SPA	..	(3)
202 IMMOBILIEN HOLDING GMBH  Issued capital EUR 36,336	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
203 IMMOBILIEN RATING GMBH IN LIQU.  Issued capital EUR 50,000	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
204 IMMOBILIENLEASING GRUNDSTUECKSVERWALTUNGSGESELLSCHAFT M.B.H.  Issued capital EUR 36,500	VIENNA	VIENNA	1	ARNO GRUNDSTUECKSVERWALTUNGSGESELLSCHAFT M.B.H. UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	74.80 0.20 25.00	
205 IMPRESA TWO SRL (CARTOLARIZZAZIONE: IMPRESA TWO)	CONEGLIANO	CONEGLIANO	4	UNICREDIT SPA	..	(3)
206 INTERRA GESELLSCHAFT FUR IMMOBILIENVERWALTUNG MBH  Issued capital EUR 26,000	MUNICH	MUNICH	1	HVB IMMOBILIEN AG UNICREDIT BANK AG	93.85 6.15	
207 INTRO LEASING GESELLSCHAFT M.B.H.  Issued capital EUR 36,336	VIENNA	VIENNA	1	PROJEKT-LEASE GRUNDSTUECKSVERWALTUNGSGESELLSCHAFT M.B.H.	100.00	

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COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP		VOTING RIGHTS % (2)
				HELD BY	HOLDING %	
208 ISB UNIVERSALE BAU GMBH Issued capital EUR 6,288,890	BERLIN	BERLIN	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
209 JAUSERN-LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,336	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
210 KAISERWASSER BAU- UND ERRICHTUNGS GMBH UND CO OG Issued capital EUR 36,336	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	99.80	0.00
211 KSG KARTEN-VERRECHNUNGS- UND SERVICEGESELLSCHAFT M.B.H. Issued capital EUR 44,000	VIENNA	VIENNA	1	CARD COMPLETE SERVICE BANK AG	100.00	
212 KUTRA GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H. Issued capital EUR 36,337	VIENNA	VIENNA	1	CALG DELTA GRUNDSTUECKVERWALTUNG GMBH	99.80	
				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
213 LAGERMAX LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
214 LAGEV IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
215 LARGE CORPORATE ONE SRL (CARTOLARIZZAZIONE: LARGE CORPORATE ONE)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
216 LARGO LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT LEASING (AUSTRIA) GMBH	1.00	
				VAPE COMMUNA LEASINGGESELLSCHAFT M.B.H.	98.80	
217 LEASFINANZ ALPHA ASSETVERMIETUNG GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	LEASFINANZ GMBH	100.00	
218 LEASFINANZ BANK GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	BACA LEASING UND BETEILIGUNGSMANAGEMENT GMBH	100.00	
219 LEASFINANZ GMBH Issued capital EUR 218,019	VIENNA	VIENNA	1	BACA LEASING UND BETEILIGUNGSMANAGEMENT GMBH	100.00	
220 LEGATO LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	74.80	
				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
221 LELEV IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	
				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
222 LINO HOTEL-LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
				BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	74.80	
223 LIPARK LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
				BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	74.80	
224 LIVA IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
225 LOCAT CROATIA DOO Issued capital HRK 39,000,000	ZAGREB	ZAGREB	1	ZAGREBACKA BANKA D.D.	100.00	
226 LOCAT SV SRL (CARTOLARIZZAZIONE: SERIE 2016)	CONEGLIANO	CONEGLIANO	4	UNICREDIT LEASING SPA	..	(3)
227 M. A. V. 7., BANK AUSTRIA LEASING BAUTRAEGER GMBH & CO. OG. Issued capital EUR 3,707	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	1.96	
				UNICREDIT LUNA LEASING GMBH	98.04	
228 MBC IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
229 MENUETT GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H. Issued capital EUR 36,337	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	

## Part A - Accounting policies

COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP <sup>(1)</sup>	OWNERSHIP RELATIONSHIP		VOTING RIGHTS % <sup>(2)</sup>
				HELD BY	HOLDING %	
230 MERKURHOF GRUNDSTUECKSGESELLSCHAFT MIT BESCHRANKTER HAFTUNG  Issued capital EUR 5,112,919	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
231 MM OMEGA PROJEKTENTWICKLUNGS GMBH  Issued capital EUR 35,000	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	0.20 99.80	
232 MOC VERWALTUNGS GMBH & CO. IMMOBILIEN KG	MUNICH	MUNICH	4	HVB PROJEKT GMBH	..	(3)
233 MOEGRA LEASING GESELLSCHAFT M.B.H.  Issued capital EUR 36,500	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	74.80 0.20 25.00	
234 MOMENTUM ALLWEATHER STRATEGIES - LONG TERM STRATEG	HAMILTON	HAMILTON	4	UNICREDIT SPA	..	(3)
235 MOMENTUM LONG TERM VALUE FUND	HAMILTON	HAMILTON	4	UNICREDIT SPA	..	(3)
236 NAGE LOKALVERMIETUNGSGESELLSCHAFT M.B.H.  Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	0.20 99.80	
237 NF OBJEKT FFM GMBH  Issued capital EUR 25,000	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	100.00	
238 NF OBJEKTE BERLIN GMBH  Issued capital EUR 25,000	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	100.00	
239 NOE HYPO LEASING ASTRICTA GRUNDSTUECKVERMIETUNGS GESELLSCHAFT M.B.H.  Issued capital EUR 36,337	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	95.00	
240 NUOVA COMPAGNIA DI PARTECIPAZIONI SPA  Issued capital EUR 200,000	ROME	ROME	1	UNICREDIT SPA	100.00	
241 OCT Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H.  Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	0.20 99.80	
242 OLG HANDELS- UND BETEILIGUNGSVERWALTUNGSGESELLSCHAFT M.B.H.  Issued capital EUR 36,336	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	100.00	
243 OMNIA GRUNDSTUECKSGMBH & CO. OBJEKT HAIDENAUPLATZ KG  Issued capital EUR 26,000	MUNICH	MUNICH	1	HVB IMMOBILIEN AG UNICREDIT BANK AG	94.00 6.00	
244 OMNIA GRUNDSTUECKSGMBH & CO. OBJEKT PERLACH KG  Issued capital EUR 5,125,701	MUNICH	MUNICH	1	ORESTOS IMMOBILIEN-VERWALTUNGS GMBH WEALTHCAP LEASING GMBH	94.78 5.22	93.87 5.14
245 OOO UNICREDIT GARANT  Issued capital RUB 106,998,000	MOSCOW	MOSCOW	1	OOO UNICREDIT LEASING	100.00	
246 OOO UNICREDIT LEASING  Issued capital RUB 149,160,248	MOSCOW	MOSCOW	1	AO UNICREDIT BANK	100.00	
247 ORBIT PERFORMANCE STRATEGIES - ORBIT US CLASSE I U	HAMILTON	HAMILTON	4	UNICREDIT SPA	..	(3)
248 ORESTOS IMMOBILIEN-VERWALTUNGS GMBH  Issued capital EUR 10,149,150	MUNICH	MUNICH	1	HVB PROJEKT GMBH	100.00	
249 OTHMARSCHEN PARK HAMBURG GMBH & CO. CENTERPARK KG  Issued capital EUR 51,129	MUNICH	MUNICH	1	HVB PROJEKT GMBH T & P FRANKFURT DEVELOPMENT B.V. T & P VASTGOED STUTTGART B.V.	10.00 30.00 60.00	
250 OTHMARSCHEN PARK HAMBURG GMBH & CO. GEWERBEPARK KG  Issued capital EUR 51,129	MUNICH	MUNICH	1	HVB PROJEKT GMBH T & P FRANKFURT DEVELOPMENT B.V. T & P VASTGOED STUTTGART B.V.	10.00 30.00 60.00	
251 PAI (BERMUDA) LIMITED  Issued capital USD 12,000	HAMILTON	HAMILTON	1	UNICREDIT SPA	100.00	
252 PAI MANAGEMENT LTD  Issued capital EUR 1,032,000	DUBLIN	DUBLIN	1	UNICREDIT SPA	100.00	
253 PALAIS ROTHSCHILD VERMIETUNGS GMBH & CO OG  Issued capital EUR 2,180,185	VIENNA	VIENNA	1	SCHOELLERBANK AKTIENGESELLSCHAFT	100.00	
254 PAYTRIA UNTERNEHMENSBETEILIGUNGEN GMBH  Issued capital EUR 36,336	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	

## Part A - Accounting policies

COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP		VOTING RIGHTS % (2)
				HELD BY	HOLDING %	
255 PELOPS LEASING GESELLSCHAFT M.B.H.  Issued capital EUR 36,337	VIENNA	VIENNA	1	EUROLEASE RAMSES IMMOBILIEN LEASING GESELLSCHAFT M.B.H.  UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	99.80  0.20	
256 PENSIONSASSE DER HYPO VEREINSBANK VWAG	MUNICH	MUNICH	4	UNICREDIT BANK AG	..	(3)
257 PIANA LEASING GESELLSCHAFT M.B.H.  Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG  UNICREDIT LEASING (AUSTRIA) GMBH	0.20  99.80	
258 PIRTA VERWALTUNGS GMBH Issued capital EUR 2,067,138	VIENNA	VIENNA	1	UNICREDIT SPA	100.00	
259 POLLUX IMMOBILIEN GMBH  Issued capital EUR 36,500	VIENNA	VIENNA	1	PAYTRIA UNTERNEHMENS BETEILIGUNGEN GMBH  UNICREDIT BANK AUSTRIA AG	0.20  99.80	
260 POMINVEST DD Issued capital HRK 17,434,000	SPLIT	SPLIT	1	ZAGREBACKA BANKA D.D.	97.00	97.33
261 PORTIA GRUNDSTUECKS- VERWALTUNGSGESELLSCHAFT MBH & CO. OBJEKT KG Issued capital EUR 500,013,550	MUNICH	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	100.00	
262 POSATO LEASING GESELLSCHAFT M.B.H.  Issued capital EUR 36,500	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH  UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG  UNICREDIT LEASING (AUSTRIA) GMBH	74.80  0.20  25.00	
263 PRELUDE GRUNDSTUECKSVERWALTUNGSGESELLSCHAFT M.B.H.  Issued capital EUR 36,500	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH  UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG  UNICREDIT LEASING (AUSTRIA) GMBH	98.80  0.20  1.00	
264 PRO WOHNBAU GMBH  Issued capital EUR 35,000	VIENNA	VIENNA	1	BA-CA MARKETS & INVESTMENT BETEILIGUNG GES.M.B.H.  IMMOBILIEN HOLDING GMBH	0.31  99.69	
265 PROJEKT-LEASE GRUNDSTUECKSVERWALTUNGSGESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	ARNO GRUNDSTUECKSVERWALTUNGSGESELLSCHAFT M.B.H.  UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG  UNICREDIT LEASING (AUSTRIA) GMBH	74.80  0.20  25.00	
266 QUADEC Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG  UNICREDIT LEASING (AUSTRIA) GMBH	0.20  99.80	
267 QUART Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	CALG ANLAGEN LEASING GMBH  UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	99.80  0.20	
268 QUINT Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG  UNICREDIT LEASING (AUSTRIA) GMBH	0.20  99.80	
269 RANA-LIEGENSCHAFTSVERWERTUNG GMBH  Issued capital EUR 72,700	VIENNA	VIENNA	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	99.90	
270 REAL INVEST EUROPE DER BANK AUSTRIA REAL INVEST IMMOBILIEN- KAPI	VIENNA	VIENNA	4	UNICREDIT BANK AUSTRIA AG	..	(3)
271 REAL INVEST IMMOBILIEN GMBH  Issued capital EUR 36,400	VIENNA	VIENNA	1	TREUCONSULT BETEILIGUNGSGESELLSCHAFT M.B.H.	99.00	
272 REAL-LEASE GRUNDSTUECKSVERWALTUNGSGESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG  UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	0.20  99.80	
273 REAL-RENT LEASING GESELLSCHAFT M.B.H.  Issued capital EUR 73,000	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG  UNICREDIT LEASING (AUSTRIA) GMBH	0.20  99.80	
274 REGEV REALITAETENVERWERTUNGSGESELLSCHAFT M.B.H. Issued capital EUR 726,728	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG  UNICREDIT LEASING (AUSTRIA) GMBH	0.20  99.80	
275 ROLIN GRUNDSTUECKSPLANUNGS- UND - VERWALTUNGSGESELLSCHAFT MBH Issued capital EUR 30,677	MUNICH	MUNICH	1	WEALTHCAP INVESTMENT SERVICES GMBH	100.00	
276 ROSENKAVALIER 2008 GMBH	FRANKFURT	FRANKFURT	4	UNICREDIT BANK AG	..	(3)
277 ROSENKAVALIER 2015 UG	FRANKFURT	FRANKFURT	4	UNICREDIT BANK AG	..	(3)

## Part A - Accounting policies

COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP <sup>(1)</sup>	OWNERSHIP RELATIONSHIP		VOTING RIGHTS % <sup>(2)</sup>
				HELD BY	HOLDING %	
278 ROSENKAVALIER 2020 UG	FRANKFURT	FRANKFURT	4	UNICREDIT BANK AG	..	(3)
279 SALVATORPLATZ-GRUNDSTUECKSGESELLSCHAFT MBH & CO. OHG SAARLAND Issued capital EUR 1,533,900	MUNICH	MUNICH	1	HVB GESELLSCHAFT FUR GEBAUDE MBH & CO KG	100.00	
280 SALVATORPLATZ-GRUNDSTUECKSGESELLSCHAFT MBH & CO. OHG VERWALTUNGSZENTRUM Issued capital EUR 2,300,850	MUNICH	MUNICH	1	PORTIA GRUNDSTUECKS-VERWALTUNGSGESELLSCHAFT MBH & CO. OBJEKT KG	97.78	
				TIVOLI GRUNDSTUECKS-AKTIENGESELLSCHAFT	2.22	
281 SANITA' - S.R.L. IN LIQUIDAZIONE Issued capital EUR 5,164,333	ROME	ROME	1	UNICREDIT SPA	99.60	
282 SCHOELLERBANK AKTIENGESELLSCHAFT Issued capital EUR 20,000,000	VIENNA	VIENNA	1	PAYTRIA UNTERNEHMENSBETEILIGUNGEN GMBH	0.01	
				UNICREDIT BANK AUSTRIA AG	99.99	
283 SCHOELLERBANK INVEST AG Issued capital EUR 2,543,549	SALZBURG	SALZBURG	1	SCHOELLERBANK AKTIENGESELLSCHAFT	100.00	
284 SECA-LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	CALG DELTA GRUNDSTUECKVERWALTUNG GMBH	74.80	
				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
285 SEDEC Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
286 SELFLOSS BETEILIGUNGSGESELLSCHAFT MBH Issued capital EUR 25,000	GRUENWALD	GRUENWALD	1	HVB PROJEKT GMBH	100.00	
287 SEXT Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	CALG DELTA GRUNDSTUECKVERWALTUNG GMBH	99.80	
				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
288 SIA UNICREDIT INSURANCE BROKER Issued capital EUR 15,080	RIGA	RIGA	1	SIA UNICREDIT LEASING	100.00	
289 SIA UNICREDIT LEASING Issued capital EUR 15,569,120	RIGA	RIGA	1	UNICREDIT SPA	100.00	
290 SIGMA LEASING GMBH Issued capital EUR 18,286	VIENNA	VIENNA	1	CALG ANLAGEN LEASING GMBH	99.40	
				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT LEASING (AUSTRIA) GMBH	0.40	
291 SIMON VERWALTUNGS-AKTIENGESELLSCHAFT I.L. Issued capital EUR 2,556,459	MUNICH	MUNICH	1	UNICREDIT BANK AG	99.98	
292 SIRIUS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH Issued capital EUR 30,000	MUNICH	MUNICH	1	HVB PROJEKT GMBH	5.00	
				SOLOS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. SIRIUS BETEILIGUNGS KG	95.00	
293 SOCIETA' DI GESTIONI ESATTORIALI IN SICILIA SO.G.E.SI. S.P.A. IN LIQ. Issued capital EUR 36,151,500	PALERMO	PALERMO	1	UNICREDIT SPA	80.00	
294 SOFIGERE SOCIETE PAR ACTIONS SIMPLIFIEE (IN LIQUIDAZIONE) Issued capital EUR 40,000	PARIS	PARIS	1	UNICREDIT SPA	100.00	
295 SOLOS IMMOBILIEN- UND PROJEKTENTWICKLUNGS GMBH & CO. SIRIUS BETEILIGUNGS KG Issued capital EUR 12,537,500	MUNICH	MUNICH	1	HVB PROJEKT GMBH	100.00	
296 SONATA LEASING-GESELLSCHAFT M.B.H. Issued capital EUR 36,336	VIENNA	VIENNA	1	ARNO GRUNDSTUECKSVERWALTUNGS GESELLSCHAFT M.B.H.	1.00	
				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT LEASING (AUSTRIA) GMBH	98.80	
297 SPECTRUM GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H. Issued capital EUR 36,336	VIENNA	VIENNA	1	WOEM GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	100.00	
298 SPREE GALERIE HOTELBETRIEBSGESELLSCHAFT MBH Issued capital EUR 511,300	MUNICH	MUNICH	1	ARGENTAUROS IMMOBILIEN-VERMIETUNGS-UND VERWALTUNGS GMBH	100.00	
299 STEWE GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H. Issued capital EUR 36,337	VIENNA	VIENNA	1	PROJEKT-LEASE GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	24.00	
				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	75.80	

## Part A - Accounting policies

COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP		VOTING RIGHTS % (2)
				HELD BY	HOLDING %	
300 STRUCTURED INVEST SOCIETE ANONYME Issued capital EUR 125,500	LUXEMBOURG	LUXEMBOURG	1	UNICREDIT BANK AG	100.00	
301 SUCCESS 2015 B.V.	AMSTERDAM	AMSTERDAM	4	UNICREDIT LEASING (AUSTRIA) GMBH	..	(3)
302 T & P FRANKFURT DEVELOPMENT B.V. Issued capital EUR 4,938,271	AMSTERDAM	MUNICH	1	HVB PROJEKT GMBH	100.00	
303 T & P VASTGOED STUTTGART B.V. Issued capital EUR 10,769,773	AMSTERDAM	MUNICH	1	HVB PROJEKT GMBH	87.50	
304 TERRENO GRUNDSTUECKSVRWALTUNG GMBH & CO. ENTWICKLUNGS- UND FINANZIERUNGSVERMITTLUNGS-KG Issued capital EUR 920,400	MUNICH	MUNICH	1	HVB TECTA GMBH	75.00	
305 TERZ Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	0.20 99.80	
306 TIVOLI GRUNDSTUECKS-AKTIEGESELLSCHAFT Issued capital EUR 6,240,000	MUNICH	MUNICH	1	PORTIA GRUNDSTUECKS-VERWALTUNGSGESELLSCHAFT MBH & CO. OBJEKT KG	100.00	
307 TREDEC Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	0.20 99.80	
308 TREUCONSULT BETEILIGUNGSGESELLSCHAFT M.B.H. Issued capital EUR 365,000	VIENNA	VIENNA	1	BANK AUSTRIA REAL INVEST IMMOBILIEN-MANAGEMENT GMBH	100.00	
309 TRICASA GRUNDBESITZ GESELLSCHAFT MBH & CO. 1. VERMIETUNGS KG Issued capital EUR 6,979,476	MUNICH	MUNICH	1	ORESTOS IMMOBILIEN-VERWALTUNGS GMBH	100.00	99.99
310 TRICASA GRUNDBESITZGESELLSCHAFT DES BÜRGERLICHEN RECHTS NR. 1 Issued capital EUR 13,687,272	MUNICH	MUNICH	1	ORESTOS IMMOBILIEN-VERWALTUNGS GMBH	100.00	
311 UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG Issued capital EUR 10,000	VIENNA	VIENNA	1	BA EUROLEASE BETEILIGUNGSGESELLSCHAFT M.B.H. BA-CA ANDANTE LEASING GMBH	90.00 10.00	
312 UCTAM BALTICS SIA Issued capital EUR 4,265,585	RIGA	RIGA	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
313 UCTAM BH D.O.O. Issued capital BAM 2,000	MOSTAR	MOSTAR	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
314 UCTAM BULGARIA EOOD Issued capital BGN 20,000	SOFIA	SOFIA	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
315 UCTAM CZECH REPUBLIC SRO Issued capital CZK 45,500,000	PRAGUE	PRAGUE	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
316 UCTAM D.O.O. BEOGRAD Issued capital RSD 631,564,325	BELGRADE	BELGRADE	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
317 UCTAM HUNGARY KFT Issued capital HUF 10,300,000	BUDAPEST	BUDAPEST	1	EUROPA BEFEKTETESI ALAPKEZELOE ZRT (EUROPA INVESTMENT FUND MANAGEMENT LTD.) UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	1.00 99.00	
318 UCTAM RETAIL HUNGARY KFT. Issued capital HUF 10,000,000	BUDAPEST	BUDAPEST	1	EUROPA BEFEKTETESI ALAPKEZELOE ZRT (EUROPA INVESTMENT FUND MANAGEMENT LTD.) UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	1.00 99.00	
319 UCTAM RO S.R.L. Issued capital RON 30,560,080	BUCHAREST	BUCHAREST	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
320 UCTAM RU LIMITED LIABILITY COMPANY Issued capital RUB 4,000,000	MOSCOW	MOSCOW	1	UCTAM BALTICS SIA UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	.. 100.00	
321 UCTAM SVK S.R.O. Issued capital EUR 5,000	BRATISLAVA	BRATISLAVA	1	UCTAM BALTICS SIA UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	15.00 85.00	0.01 99.99
322 UCTAM UPRAVLJANJE D.O.O. Issued capital EUR 7,500	LJUBLJANA	LJUBLJANA	1	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
323 UFFICIUM IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,337	VIENNA	VIENNA	1	KUTRA GRUNDSTUECKSVRWALTUNGS-GESELLSCHAFT M.B.H. UNICREDIT LEASING (AUSTRIA) GMBH	5.00 95.00	

## Part A - Accounting policies

COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP		VOTING RIGHTS % (2)
				HELD BY	HOLDING %	
324 UNICOM IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	0.20 99.80	
325 UNICREDIT AURORA LEASING GMBH Issued capital EUR 219,000	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
326 UNICREDIT BANK A.D. BANJA LUKA Issued capital BAM 97,055,000	BANJA LUKA	BANJA LUKA	1	UNICREDIT SPA	99.42	
327 UNICREDIT BANK AG Issued capital EUR 2,407,151,016	MUNICH	MUNICH	1	UNICREDIT SPA	100.00	
328 UNICREDIT BANK AUSTRIA AG Issued capital EUR 1,681,033,521	VIENNA	VIENNA	1	UNICREDIT SPA	100.00	
329 UNICREDIT BANK CZECH REPUBLIC AND SLOVAKIA, A.S. Issued capital CZK 8,754,617,898	PRAGUE	PRAGUE	1	UNICREDIT SPA	100.00	
330 UNICREDIT BANK D.D. Issued capital BAM 119,195,000	MOSTAR	MOSTAR	1	ZAGREBACKA BANKA D.D.	99.35	99.31
331 UNICREDIT BANK HUNGARY ZRT. Issued capital HUF 24,118,220,000	BUDAPEST	BUDAPEST	1	UNICREDIT SPA	100.00	
332 UNICREDIT BANK IRELAND PLC Issued capital EUR 1,343,118,650	DUBLIN	DUBLIN	1	UNICREDIT SPA	100.00	
333 UNICREDIT BANK S.A. Issued capital RON 1,177,748,253	BUCHAREST	BUCHAREST	1	UNICREDIT SPA	98.63	
334 UNICREDIT BANK SERBIA JSC Issued capital RSD 23,607,620,000	BELGRADE	BELGRADE	1	UNICREDIT SPA	100.00	
335 UNICREDIT BANKA SLOVENIJA D.D. Issued capital EUR 20,383,698	LJUBLJANA	LJUBLJANA	1	UNICREDIT SPA	100.00	
336 UNICREDIT BETEILIGUNGS GMBH Issued capital EUR 1,000,000	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
337 UNICREDIT BIZTOSITASKOEZVETITO KFT Issued capital HUF 5,000,000	BUDAPEST	BUDAPEST	1	UNICREDIT BANK HUNGARY ZRT.	100.00	
338 UNICREDIT BPC MORTGAGE SRL (COVERED BONDS)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
339 UNICREDIT BPC MORTGAGE S.R.L. Issued capital EUR 12,000	VERONA	VERONA	1	UNICREDIT SPA	60.00	
340 UNICREDIT BROKER S.R.O. Issued capital EUR 8,266	BRATISLAVA	BRATISLAVA	1	UNICREDIT LEASING SLOVAKIA A.S.	100.00	
341 UNICREDIT BULBANK AD Issued capital BGN 285,776,674	SOFIA	SOFIA	1	UNICREDIT SPA	99.45	
342 UNICREDIT CAPITAL MARKETS LLC Issued capital USD 100,100	NEW YORK	NEW YORK	1	UNICREDIT U.S. FINANCE LLC	100.00	
343 UNICREDIT CENTER AM KAISERWASSER GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
344 UNICREDIT CONSUMER FINANCING EAD Issued capital BGN 2,800,000	SOFIA	SOFIA	1	UNICREDIT BULBANK AD	100.00	
345 UNICREDIT CONSUMER FINANCING IFN S.A. Issued capital RON 103,269,200	BUCHAREST	BUCHAREST	1	UNICREDIT BANK S.A. UNICREDIT SPA	50.10 49.90	
346 UNICREDIT DIRECT SERVICES GMBH Issued capital EUR 767,000	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
347 UNICREDIT FACTORING CZECH REPUBLIC AND SLOVAKIA, A.S. Issued capital CZK 222,600,000	PRAGUE	PRAGUE	1	UNICREDIT BANK CZECH REPUBLIC AND SLOVAKIA, A.S.	100.00	
348 UNICREDIT FACTORING EAD Issued capital BGN 1,000,000	SOFIA	SOFIA	1	UNICREDIT BULBANK AD	100.00	
349 UNICREDIT FACTORING SPA Issued capital EUR 414,348,000	MILAN	MILAN	1	UNICREDIT SPA	100.00	
350 UNICREDIT FLEET MANAGEMENT EOOD Issued capital BGN 100,000	SOFIA	SOFIA	1	UNICREDIT BULBANK AD	100.00	
351 UNICREDIT FLEET MANAGEMENT S.R.O. Issued capital CZK 5,000,000	PRAGUE	PRAGUE	1	UNICREDIT LEASING CZ, A.S.	100.00	
352 UNICREDIT FLEET MANAGEMENT S.R.O. Issued capital EUR 6,639	BRATISLAVA	BRATISLAVA	1	UNICREDIT LEASING SLOVAKIA A.S.	100.00	
353 UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH Issued capital EUR 57,000	VIENNA	VIENNA	1	EUROLEASE RAMSES IMMOBILIEN LEASING GESELLSCHAFT M.B.H. UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	99.80 0.20	
354 UNICREDIT GLOBAL LEASING EXPORT GMBH Issued capital EUR 36,336	VIENNA	VIENNA	1	UNICREDIT SPA	100.00	

## Part A - Accounting policies

COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP		VOTING RIGHTS % (2)
				HELD BY	HOLDING %	
355 UNICREDIT GLOBAL LEASING PARTICIPATION MANAGEMENT GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	UNICREDIT LEASING SPA	100.00	
356 UNICREDIT GUSTRA LEASING GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	10.00	
				UNICREDIT PEGASUS LEASING GMBH	90.00	
357 UNICREDIT HAMRED LEASING GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	10.00	
				UNICREDIT PEGASUS LEASING GMBH	90.00	
358 UNICREDIT INSURANCE BROKER EOOD Issued capital BGN 5,000	SOFIA	SOFIA	1	UNICREDIT LEASING EAD	100.00	
359 UNICREDIT INSURANCE BROKER SRL Issued capital RON 150,000	BUCHAREST	BUCHAREST	1	UNICREDIT LEASING CORPORATION IFN S.A.	100.00	
360 UNICREDIT INSURANCE MANAGEMENT CEE GMBH Issued capital EUR 156,905	VIENNA	VIENNA	1	PIRTA VERWALTUNGS GMBH	100.00	
361 UNICREDIT INTERNATIONAL BANK (LUXEMBOURG) SA Issued capital EUR 13,406,600	LUXEMBOURG	LUXEMBOURG	1	UNICREDIT SPA	100.00	
362 UNICREDIT JELZALOGBANK ZRT. Issued capital HUF 3,000,000,000	BUDAPEST	BUDAPEST	1	UNICREDIT BANK HUNGARY ZRT.	100.00	
363 UNICREDIT KFZ LEASING GMBH Issued capital EUR 648,000	VIENNA	VIENNA	1	GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	100.00	
364 UNICREDIT LEASED ASSET MANAGEMENT SPA Issued capital EUR 1,000,000	MILAN	MILAN	1	UNICREDIT LEASING SPA	100.00	
365 UNICREDIT LEASING (AUSTRIA) GMBH Issued capital EUR 17,296,134	VIENNA	VIENNA	1	BA-CA MARKETS & INVESTMENT BETEILIGUNG GES.M.B.H.	10.00	
				PAYTRIA UNTERNEHMENS BETEILIGUNGEN GMBH	0.02	
				UNICREDIT BANK AUSTRIA AG	89.98	
366 UNICREDIT LEASING ALPHA ASSETVERMIETUNG GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	100.00	
367 UNICREDIT LEASING AVIATION GMBH Issued capital EUR 1,600,000	HAMBURG	HAMBURG	1	UNICREDIT LEASING GMBH	100.00	
368 UNICREDIT LEASING CORPORATION IFN S.A. Issued capital RON 90,989,013	BUCHAREST	BUCHAREST	1	UNICREDIT BANK S.A.	99.96	
				UNICREDIT CONSUMER FINANCING IFN S.A.	0.04	
369 UNICREDIT LEASING CROATIA D.O.O. ZA LEASING Issued capital HRK 28,741,800	ZAGREB	ZAGREB	1	ZAGREBACKA BANKA D.D.	100.00	
370 UNICREDIT LEASING CZ, A.S. Issued capital CZK 981,452,000	PRAGUE	PRAGUE	1	UNICREDIT BANK CZECH REPUBLIC AND SLOVAKIA, A.S.	100.00	
371 UNICREDIT LEASING EAD Issued capital BGN 2,605,000	SOFIA	SOFIA	1	UNICREDIT BULBANK AD	100.00	
372 UNICREDIT LEASING FINANCE GMBH Issued capital EUR 17,580,000	HAMBURG	HAMBURG	1	UNICREDIT LEASING GMBH	100.00	
373 UNICREDIT LEASING FLEET MANAGEMENT S.R.L. Issued capital RON 680,000	BUCHAREST	BUCHAREST	1	PIRTA VERWALTUNGS GMBH	90.02	
				UNICREDIT LEASING CORPORATION IFN S.A.	9.98	
374 UNICREDIT LEASING GMBH Issued capital EUR 15,000,000	HAMBURG	HAMBURG	1	UNICREDIT BANK AG	100.00	
375 UNICREDIT LEASING HUNGARY ZRT Issued capital HUF 50,000,000	BUDAPEST	BUDAPEST	1	UNICREDIT BANK HUNGARY ZRT.	100.00	
376 UNICREDIT LEASING INSURANCE SERVICES S.R.O. Issued capital EUR 5,000	BRATISLAVA	BRATISLAVA	1	UNICREDIT LEASING SLOVAKIA A.S.	100.00	
377 UNICREDIT LEASING SLOVAKIA A.S. Issued capital EUR 26,560,000	BRATISLAVA	BRATISLAVA	1	UNICREDIT LEASING CZ, A.S.	100.00	
378 UNICREDIT LEASING SPA Issued capital EUR 1,106,877,000	MILAN	MILAN	1	UNICREDIT SPA	100.00	
379 UNICREDIT LEASING SRBIJA D.O.O. BEOGRAD Issued capital RSD 1,078,133,000	BELGRADE	BELGRADE	1	UNICREDIT BANK SERBIA JSC	100.00	
380 UNICREDIT LEASING TECHNIKUM GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	LEASFINANZ GMBH	99.80	
				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	



## Part A - Accounting policies

COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP <sup>(1)</sup>	OWNERSHIP RELATIONSHIP		VOTING RIGHTS % <sup>(2)</sup>
				HELD BY	HOLDING %	
381 UNICREDIT LEASING VERSICHERUNGSSERVICE GMBH & CO KG Issued capital EUR 36,500	VIENNA	VIENNA	1	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
382 UNICREDIT LEASING, LEASING, D.O.O. Issued capital EUR 25,039,658	LJUBLJANA	LJUBLJANA	1	UNICREDIT BANKA SLOVENIJA D.D.	100.00	
383 UNICREDIT LUNA LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
384 UNICREDIT MOBILIEN UND KFZ LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	98.80	
				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT LEASING (AUSTRIA) GMBH	1.00	
385 UNICREDIT OBG S.R.L. Issued capital EUR 10,000	VERONA	VERONA	1	UNICREDIT SPA	60.00	
386 UNICREDIT OBG SRL (COVERED BONDS)	VERONA	VERONA	4	UNICREDIT SPA	..	(3)
387 UNICREDIT OK1 LEASING GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	10.00	
				UNICREDIT ZEGA LEASING-GESELLSCHAFT M.B.H.	90.00	
388 UNICREDIT OPERATIV LIZING KFT Issued capital HUF 3,000,000	BUDAPEST	BUDAPEST	1	UNICREDIT BANK HUNGARY ZRT.	100.00	
389 UNICREDIT PARTNER D.O.O. BEOGRAD Issued capital RSD 2,001,875	BELGRADE	BELGRADE	1	UNICREDIT BANK SERBIA JSC	100.00	
390 UNICREDIT PEGASUS LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	CALG IMMOBILIEN LEASING GMBH	74.80	
				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
391 UNICREDIT POJISTOVACI MAKLERSKA SPOL.S R.O. Issued capital CZK 510,000	PRAGUE	PRAGUE	1	UNICREDIT LEASING CZ, A.S.	100.00	
392 UNICREDIT POLARIS LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
393 UNICREDIT RENT D.O.O. BEOGRAD Issued capital RSD 3,285,948,900	BELGRADE	BELGRADE	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
394 UNICREDIT SERVICES GMBH Issued capital EUR 1,200,000	VIENNA	VIENNA	1	UNICREDIT SERVICES S.C.P.A.	100.00	
395 UNICREDIT SERVICES S.C.P.A. Issued capital EUR 194,159,415	MILAN	MILAN	1	CORDUSIO SIM SPA	..	
				CORDUSIO SOCIETA' FIDUCIARIA PER AZIONI	..	
				UNICREDIT BANK AG	..	
				UNICREDIT FACTORING SPA	..	
				UNICREDIT SPA	100.00	100.00
396 UNICREDIT STERNECK LEASING GMBH Issued capital EUR 35,000	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	10.00	
				UNICREDIT PEGASUS LEASING GMBH	90.00	
397 UNICREDIT SUBITO CASA SPA Issued capital EUR 500,000	MILAN	MILAN	1	UNICREDIT SPA	100.00	
398 UNICREDIT TECHRENT LEASING GMBH Issued capital EUR 36,336	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	99.00	
				UNICREDIT LEASING (AUSTRIA) GMBH	1.00	
399 UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH Issued capital EUR 750,000	VIENNA	VIENNA	1	UNICREDIT SPA	100.00	
400 UNICREDIT U.S. FINANCE LLC Issued capital USD 130	WILMINGTON	NEW YORK	1	UNICREDIT BANK AG	100.00	
401 UNICREDIT ZEGA LEASING-GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	99.80	
				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
402 UNIVERSALE INTERNATIONAL REALITAETEN GMBH Issued capital EUR 32,715,000	VIENNA	VIENNA	1	UNICREDIT BANK AUSTRIA AG	100.00	
403 V.M.G. VERMIETUNGSGESELLSCHAFT MBH Issued capital EUR 25,565	MUNICH	MUNICH	1	WEALTHCAP INVESTMENT SERVICES GMBH	100.00	

## Part A - Accounting policies

COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP		VOTING RIGHTS % (2)
				HELD BY	HOLDING %	
404 VAPE COMMUNA LEASINGGESELLSCHAFT M.B.H.  Issued capital EUR 36,500	VIENNA	VIENNA	1	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH  UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG  UNICREDIT LEASING (AUSTRIA) GMBH	74.80  0.20  25.00	
405 VERMIETUNGSGESELLSCHAFT MBH & CO OBJEKT MOC KG  Issued capital EUR 48,728,161	MUNICH	MUNICH	1	HVB IMMOBILIEN AG	89.28	89.23
406 VERWALTUNGSGESELLSCHAFT KATHARINENHOF MBH  Issued capital EUR 511,292	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
407 VISCONTI SRL  Issued capital EUR 11,000,000	MILAN	MILAN	1	UNICREDIT SPA	76.00	
408 WEALTHCAP MANAGEMENT CAPITAL HOLDING GMBH  Issued capital EUR 26,000	MUNICH	MUNICH	1	UNICREDIT BANK AG	100.00	
409 WEALTHCAP ENTITY SERVICE GMBH  Issued capital EUR 25,000	MUNICH	MUNICH	1	WEALTHCAP REAL ESTATE MANAGEMENT GMBH	100.00	
410 WEALTHCAP EQUITY GMBH  Issued capital EUR 500,000	MUNICH	MUNICH	1	WEALTHCAP INITIATOREN GMBH	100.00	
411 WEALTHCAP EQUITY MANAGEMENT GMBH  Issued capital EUR 25,000	MUNICH	MUNICH	1	WEALTHCAP EQUITY GMBH	100.00	
412 WEALTHCAP FONDS GMBH  Issued capital EUR 512,000	MUNICH	MUNICH	1	WEALTHCAP INITIATOREN GMBH	100.00	
413 WEALTHCAP IMMOBILIEN 1 GMBH & CO. KG  Issued capital EUR 5,000	MUNICH	MUNICH	1	WEALTHCAP REAL ESTATE MANAGEMENT GMBH  WEALTHCAP VORRATS-2 GMBH	100.00  ..	50.00  50.00
414 WEALTHCAP IMMOBILIEN 2 GMBH & CO. KG  Issued capital EUR 10,600	MUNICH	MUNICH	1	WEALTHCAP REAL ESTATE MANAGEMENT GMBH  WEALTHCAP VORRATS-2 GMBH	94.34  5.66	50.00  50.00
415 WEALTHCAP IMMOBILIEN 43 KOMPLEMENTAER GMBH  Issued capital EUR 25,000	MUNICH	MUNICH	1	WEALTHCAP ENTITY SERVICE GMBH	100.00	
416 WEALTHCAP IMMOBILIENANKAUF KOMPLEMENTAER GMBH  Issued capital EUR 25,000	MUNICH	MUNICH	1	WEALTHCAP ENTITY SERVICE GMBH	100.00	
417 WEALTHCAP IMMOBILIENFONDS DEUTSCHLAND 36 KOMPLEMENTAR GMBH  Issued capital EUR 25,565	MUNICH	MUNICH	1	H.F.S. LEASINGFONDS GMBH	100.00	
418 WEALTHCAP IMMOBILIENFONDS DEUTSCHLAND 38 KOMPLEMENTAR GMBH  Issued capital EUR 25,000	MUNICH	MUNICH	1	WEALTHCAP ENTITY SERVICE GMBH	100.00	
419 WEALTHCAP INITIATOREN GMBH  Issued capital EUR 1,533,876	MUNICH	MUNICH	1	WEALTH MANAGEMENT CAPITAL HOLDING GMBH	100.00	
420 WEALTHCAP INVESTMENT SERVICES GMBH  Issued capital EUR 4,000,000	MUNICH	MUNICH	1	UNICREDIT BANK AG  WEALTH MANAGEMENT CAPITAL HOLDING GMBH	10.00  90.00	
421 WEALTHCAP INVESTMENTS INC.  Issued capital USD 312,000	WILMINGTON	ATLANTA	1	WEALTHCAP FONDS GMBH	100.00	
422 WEALTHCAP INVESTORENBETREUUNG GMBH  Issued capital EUR 60,000	MUNICH	MUNICH	1	WEALTHCAP INVESTMENT SERVICES GMBH	100.00	
423 WEALTHCAP KAPITALVERWALTUNGSGESELLSCHAFT MBH  Issued capital EUR 125,000	GRUENWALD	GRUENWALD	1	WEALTH MANAGEMENT CAPITAL HOLDING GMBH	100.00	
424 WEALTHCAP LEASING GMBH  Issued capital EUR 25,000	GRUENWALD	GRUENWALD	1	WEALTH MANAGEMENT CAPITAL HOLDING GMBH	100.00	
425 WEALTHCAP MANAGEMENT SERVICES GMBH  Issued capital EUR 50,000	MUNICH	MUNICH	1	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	
426 WEALTHCAP OBJEKT DRESDEN GMBH & CO. KG  Issued capital EUR 10,000	MUNICH	MUNICH	1	WEALTHCAP IMMOBILIEN 2 GMBH & CO. KG  WEALTHCAP KAPITALVERWALTUNGSGESELLSCHAFT MBH	10.10  89.90	33.33  33.33

## Part A - Accounting policies

COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP		VOTING RIGHTS % (2)	
				HELD BY	HOLDING %		
427	WEALTHCAP OBJEKT ESSEN II GMBH & CO. KG	MUNICH	MUNICH	1	WEALTHCAP IMMOBILIEN 1 GMBH & CO. KG	10.10	33.33
	Issued capital EUR 10,000				WEALTHCAP KAPITALVERWALTUNGSGESELLSCHAFT MBH	89.90	33.33
428	WEALTHCAP OBJEKT MAINZ GMBH & CO. KG	MUNICH	MUNICH	1	WEALTHCAP IMMOBILIEN 2 GMBH & CO. KG	10.10	33.33
	Issued capital EUR 10,000				WEALTHCAP KAPITALVERWALTUNGSGESELLSCHAFT MBH	89.90	33.33
429	WEALTHCAP OBJEKT STUTT GART III GMBH & CO. KG	MUNICH	MUNICH	1	WEALTHCAP IMMOBILIEN 1 GMBH & CO. KG	10.10	33.33
	Issued capital EUR 10,000				WEALTHCAP IMMOBILIEN 43 KOMPLEMENTAER GMBH	..	33.33
					WEALTHCAP REAL ESTATE MANAGEMENT GMBH	89.90	33.33
430	WEALTHCAP OBJEKT-VORRAT 25 GMBH & CO. KG	MUNICH	MUNICH	1	WEALTHCAP IMMOBILIEN 1 GMBH & CO. KG	10.10	25.00
	Issued capital EUR 10,000				WEALTHCAP IMMOBILIEN 2 GMBH & CO. KG	10.10	25.00
					WEALTHCAP KAPITALVERWALTUNGSGESELLSCHAFT MBH	79.80	25.00
431	WEALTHCAP PEIA KOMPLEMENTAR GMBH	GRUENWALD	GRUENWALD	1	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	
	Issued capital EUR 26,000						
432	WEALTHCAP PEIA MANAGEMENT GMBH	MUNICH	MUNICH	1	UNICREDIT BANK AG	6.00	
	Issued capital EUR 1,023,000				WEALTH MANAGEMENT CAPITAL HOLDING GMBH	94.00	
433	WEALTHCAP REAL ESTATE MANAGEMENT GMBH	MUNICH	MUNICH	1	WEALTHCAP INVESTMENT SERVICES GMBH	100.00	
	Issued capital EUR 60,000						
434	WEALTHCAP SPEZIAL- AIF-SV BUERO 8	GRUENWALD	GRUENWALD	4	WEALTH MANAGEMENT CAPITAL HOLDING GMBH	..	(3)
435	WEALTHCAP VORRATS-2 GMBH	MUNICH	MUNICH	1	WEALTHCAP FONDS GMBH	100.00	
	Issued capital EUR 25,000						
436	WEICKER S. A R.L.	LUXEMBOURG	LUXEMBOURG	1	UNICREDIT BANK AG	100.00	
	Issued capital EUR 20,658,840						
437	WOEM GRUNDSTUECKSVORWALTUNGSGESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,336				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
438	Z LEASING ALFA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
439	Z LEASING ARKTUR IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
440	Z LEASING AURIGA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
441	Z LEASING CORVUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	BA EUROLEASE BETEILIGUNGSGESELLSCHAFT M.B.H.	99.80	
	Issued capital EUR 36,500				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
442	Z LEASING DORADO IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	CALG GRUNDSTUECKVERWALTUNG GMBH	99.80	
	Issued capital EUR 36,500				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
443	Z LEASING DRACO IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	
	Issued capital EUR 36,500				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
444	Z LEASING GAMA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
445	Z LEASING GEMINI IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
446	Z LEASING HEBE IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	GEBAEUDELEASING GRUNDSTUECKSVORWALTUNGSGESELLSCHAFT M.B.H.	99.80	
	Issued capital EUR 36,500				UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
447	Z LEASING HERCULES IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500				UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	

## Part A - Accounting policies

COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP (1)	OWNERSHIP RELATIONSHIP		VOTING RIGHTS % (2)
				HELD BY	HOLDING %	
448 Z LEASING IPSILON IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	0.20 99.80	
449 Z LEASING ITA IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H. UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	99.80 0.20	
450 Z LEASING JANUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H. UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	99.80 0.20	
451 Z LEASING KALLISTO IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	0.20 99.80	
452 Z LEASING KAPA IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H. UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	99.80 0.20	
453 Z LEASING LYRA IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H. UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	99.80 0.20	
454 Z LEASING NEREIDE IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	0.20 99.80	
455 Z LEASING OMEGA IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	CALG DELTA GRUNDSTUECKVERWALTUNG GMBH UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	99.80 0.20	
456 Z LEASING PERSEUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT ZEGA LEASING-GESELLSCHAFT M.B.H.	10.00 90.00	
457 Z LEASING SCORPIUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	0.20 99.80	
458 Z LEASING TAURUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 73,000	VIENNA	VIENNA	1	BA EUROLEASE BETEILIGUNGSGESELLSCHAFT M.B.H. UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	99.80 0.20	
459 Z LEASING VENUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT LEASING (AUSTRIA) GMBH	0.20 99.80	
460 Z LEASING VOLANS IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	1	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG UNICREDIT PEGASUS LEASING GMBH	0.20 99.80	
461 ZABA PARTNER D.O.O. ZA BROKERSKE POSLOVE U OSIGURANJU I REOSIGURANJU Issued capital HRK 1,500,000	ZAGREB	ZAGREB	1	ZAGREBACKA BANKA D.D.	100.00	
462 ZAGREB NEKRETNINE D.O.O. ZA POSLOVANJE NEKRETNINAMA Issued capital HRK 300,000	ZAGREB	ZAGREB	1	ZAGREBACKA BANKA D.D.	100.00	
463 ZAGREBACKA BANKA D.D. Issued capital HRK 6,404,839,100	ZAGREB	ZAGREB	1	UNICREDIT SPA	84.48	
464 ZANE BH DOO Issued capital BAM 131,529	SARAJEVO	SARAJEVO	1	ZAGREB NEKRETNINE D.O.O. ZA POSLOVANJE NEKRETNINAMA	100.00	
465 ZAPADNI TRGOVACKI CENTAR D.O.O. Issued capital HRK 20,000	RIJEKA	RIJEKA	1	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
466 ZB INVEST D.O.O. ZA UPRAVLJANJE INVESTICIJSKIM FONDOVIMA Issued capital HRK 4,000,000	ZAGREB	ZAGREB	1	ZAGREBACKA BANKA D.D.	100.00	

**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) The equity investment in Cordusio SIM S.p.A. is consolidated at 100% by virtue of UniCredit S.p.A.'s 97.123% and its option on minority interests representing 2.877% of the share capital.

## 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 16 entities compared with 31 December 2019 (17 inclusions and 33 exclusions as a result of disposals, changes of the consolidation method and mergers), from 482 as at 31 December 2019 to 466 as at 31 December 2020.

### 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
<b>A. Opening balance (from previous year)</b>	<b>482</b>
<b>B. Increased by</b>	<b>17</b>
B.1 Newly established companies	13
B.2 Change of the consolidation method	4
B.3 Entities consolidated for the first time in the year	-
<b>C. Reduced by</b>	<b>33</b>
C.1 Disposal/Liquidation	13
C.2 Change of the consolidation method	19
C.3 Absorption by other Group entities	1
<b>D. Closing balance</b>	<b>466</b>

The tables below analyse the other increases and decreases occurred during the year by company.

### Increases

#### Newly established companies

COMPANY NAME	MAIN OFFICE
UNICREDIT STERNECK LEASING GMBH	VIENNA
ELEKTRA PURCHASE NO. 69 DAC	DUBLIN
WEALTHCAP OBJEKT TUEBINGEN GMBH & CO. KG	MUNICH
ROSENKAVALIER 2020 UG	FRANKFURT
H.F.S. LEASINGFONDS GMBH & CO. DEUTSCHLAND 9 KG I.L.	EBERSBERG
H.F.S. LEASINGFONDS GMBH & CO. DEUTSCHLAND 11 KG I.L.	EBERSBERG
ELEKTRA PURCHASE NO. 74 DAC	DUBLIN

COMPANY NAME	MAIN OFFICE
UNICREDIT OK1 LEASING GMBH	VIENNA
ICE CREEK POOL NO.2 DAC	DUBLIN
WEALTHCAP SPEZIAL- AIF-SV BUERO 8	GRUENWALD
H.F.S. LEASINGFONDS GMBH & CO. DEUTSCHLAND 8 KG I.L.	EBERSBERG
H.F.S. LEASINGFONDS GMBH & CO. DEUTSCHLAND 10 KG I.L.	EBERSBERG
H.F.S. LEASINGFONDS GMBH & CO. DEUTSCHLAND 12 KG	EBERSBERG

#### Change of the consolidation method

COMPANY NAME	MAIN OFFICE
WEALTHCAP OBJEKT MAINZ GMBH & CO. KG	MUNICH
WEALTHCAP OBJEKT STUTT GART III GMBH & CO. KG	MUNICH

COMPANY NAME	MAIN OFFICE
WEALTHCAP WOHNEN SPEZIAL-AIF 1 GMBH & CO. GESCHLOSSENE INVESTMENT KG	MUNICH
WEALTHCAP IMMOBILIEN 43 KOMPLEMENTAER	MUNICH

## Part A - Accounting policies

### Reductions

The above table refers to disposals and liquidations of inactive companies.

#### Disposal/Liquidation

COMPANY NAME	MAIN OFFICE
KUNSTHAUS LEASING GMBH	VIENNA
CAVE NUOVE SPA	ROME
ELEKTRA PURCHASE NO. 63 DAC	DUBLIN
RSB ANLAGENVERMIETUNG GESELLSCHAFT M.B.H.	VIENNA
UNICREDIT LEASING FUHRPARKMANAGEMENT GMBH	VIENNA
BAVARIA SERVICOS DE REPRESENTACAO COMERCIAL LTDA.	SAO PAULO
FINECO VERWALTUNG AG	MUNICH

COMPANY NAME	MAIN OFFICE
PISANA S.P.A.	ROME
SVILUPPO IMMOBILIARE PESCACCIO - SOCIETA' A RESPONSABILITA' LIMITATA	ROME
CARDS & SYSTEMS EDV-DIENSTLEISTUNGS GMBH	VIENNA
GENERAL LOGISTIC SOLUTIONS LLC	MOSCOW
CORDUSIO RMBS SECURITISATION SRL (CARTOLARIZZAZIONE: CORDUSIO RMBS SECURITISATION - SERIE 2006)	VERONA
ELEKTRA PURCHASE NO. 34 DAC	DUBLIN

#### Change of the consolidation method

COMPANY NAME	MAIN OFFICE
BERTRAM PROJEKT UNODECIMA TECHNIKZENTRUM GMBH & CO. KG	MUNICH
REAL INVEST PROPERTY GMBH & CO SPB JOTA KG	VIENNA
BA CA LEASING (DEUTSCHLAND) GMBH	HAMBURG
WEALTHCAP WOHNEN 1 GMBH & CO. KG	MUNICH
CAPITAL DEV SPA	ROME
PARSEC 6 SPA	ROME
ISTITUTO PER L'EDILIZIA POPOLARE DI SAN BERILLO SRL IN LIQUIDAZIONE	CATANIA
SAMAR SPA	ROME
VICOVARO RE SRL	ROME
WEALTHCAP OBJEKT LUDWIGSBURG GMBH & CO. KG	MUNICH

COMPANY NAME	MAIN OFFICE
AI BETEILIGUNGS GMBH	VIENNA
SHOPPING PALACE BRATISLAVA, V.O.S. V LIKVIDACII	BRATISLAVA
WEALTHCAP WOHNEN SPEZIAL-AIF 1 GMBH & CO. GESCHLOSSENE INVESTMENT KG	MUNICH
WEALTHCAP WOHNEN 1A GMBH & CO. KG	MUNICH
ISTITUTO IMMOBILIARE DI CATANIA SPA	CATANIA
C.E.CO.S. COMPLETAMENTO EDILIZIO CORSO SICILIA SPA	CATANIA
S. MARIA DELLA GUARDIA S.R.L.	CATANIA
PARCO DELLE ACACIE DUE S.P.A.	ROME
WEALTHCAP OBJEKT TUEBINGEN GMBH & CO. KG	MUNICH

#### Absorption by other Group entities

COMPANY NAME OF THE MERGERED ENTITY	MAIN OFFICE
HJS 12 BETEILIGUNGSGESELLSCHAFT MBH	MUNICH

COMPANY NAME OF THE TAKING IN ENTITY	MAIN OFFICE
UNICREDIT BANK AG	MUNICH

#### Entities line by line which changed the company name during the year

COMPANY NAME	MAIN OFFICE
WEALTHCAP WOHNEN 1 GMBH & CO. KG (ex. WEALTHCAP OBJEKT-VOHNEN 1 GMBH & CO. KG)	MUNICH
UNICREDIT OK1 LEASING GMBH (ex. OK IMMO GMBH)	VIENNA
WEALTHCAP OBJEKT MAINZ GMBH & CO. KG (ex. WEALTHCAP OBJEKT-VORRAT 38 GMBH & CO. KG)	MUNICH
BAH-OMEGA ZRT. (ex. UNICREDIT LEASING IMMOTRUCK ZRT.)	BUDAPEST

COMPANY NAME	MAIN OFFICE
UNICREDIT STERNECK LEASING GMBH (ex. STERNECK26 GMBH)	VIENNA
IMMOBILIEN RATING GMBH IN LIQU. (ex. IMMOBILIEN RATING GMBH)	VIENNA
BAH-KAPPA KFT. V.A. (ex. BAH-KAPPA KFT.)	BUDAPEST

## 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 2020 the Group holds the majority of the voting rights in all the operating entities subject to consolidation, with the exception of two companies for which the Group, although not holding the majority of voting rights, (i) has signed shareholders' agreements which enable it to appoint the majority of members of the governing body, or contractual agreements which determine the possibility of managing the company's business unilaterally, and (ii) is exposed to the variability of the said company's returns.

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, and
- 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 favour 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.

## Part A - Accounting policies

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.

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 2020, it should be noted that 196 controlled entities (of which 15 belonging to the Banking Group) were not consolidated pursuant to IFRS10, of which 189 for materiality threshold and/or liquidation procedures.

Among the 7 remaining non consolidated entities it should be noted:

- 5 operating entities deriving from restructuring procedures or work-out, whose risks are measured as part of the overall credit exposures;
- 2 entities with total assets lower than €10 million, which do not have an operating structure that may allow them to prepare IAS/IFRS Financial Statements and that the Group has decided not to consolidate on a cost/benefits basis.

Based on available information, it should be considered that their consolidation would not have impacted significantly the Group shareholders' 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.	15.53	15.53	-

#### 3.2 Equity investments with significant non-controlling interests: accounting information

COMPANY NAME	TOTAL ASSETS	CASH AND CASH EQUIVALENTS	FINANCIAL ASSETS	TANGIBLE AND INTANGIBLE ASSETS	FINANCIAL LIABILITIES	NET EQUITY	NET INTEREST MARGIN
							(€ million)
ZAGREBACKA BANKA D.D.	16,449	3,854	12,321	167	13,928	2,214	318

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.	489	(268)	56	46	-	46	(27)	19

The exposures above refer to the amounts of individual accounts of subsidiary as at 31 December 2020.



## 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 and/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 to UniCredit S.p.A. effected in 2016, UniCredit S.p.A. undertook vis-a-vis its co-shareholders in UniCredit Bank Austria AG and UniCredit Bank Austria AG 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 Directive (EU) 2019/878 of the European Parliament and of the Council (so called CRD V), amending Directive 2013/36/EU on "access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms" and by Regulation (EU) 2019/876 of the European Parliament and of the Council (so called CRR2), amending Regulation (EU) No 575/2013 on "prudential requirements for credit institutions and investment firms" and that controls financial institutions subject to the same regulation.

The ability of the controlled banks, and of the other regulated entities, to distribute capital or dividends may be restricted to the fulfilment of these requirements in terms of both capital ratios and "Maximum Distributable Amount" as well as further eventual regulation applicable at national level and recommendation by competent authorities provided time by time.

In particular, with reference to the measures adopted in the context of the Covid-19 epidemic by the European Supervisory Authorities, the European Central Bank (ECB) on 15 December 2020 has issued a recommendation "on dividend distributions during the Covid-19 pandemic and repealing Recommendation ECB/2020/35 (ECB/2020/62)" asking banks to refrain from dividend distribution and shares buy-back until 30 September 2021. According to this recommendation, dividends shall remain below 15% of the cumulated profit for 2019 and 2020 adjusted for certain components CET1 neutral and shall not be higher than 20 basis points of the CET1 ratio. This recommendation repeals the previous measures issued by ECB dated 27 July 2020 and 27 March 2020, that complementing EBA measure dated 31 March 2020, suspended dividend distributions for 2019.

Finally, also in consideration of recommendations received from the local supervisory authorities, some subsidiaries of the UniCredit group, during the 2020, canceled the resolution to distribute the 2019 dividend.

The capital ratios requested for 2021 from UniCredit group and agreed upon with the European Central Bank (ECB), also as a result of the Supervisory Review and Evaluation Process (SREP) performed in 2020, are higher than the minimum requirements set by the mentioned regulations.

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 as a result 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 with the aim to face the recent health emergency: consequently, a portion of available liquidity may suffer impediments that hinder its transfer among group entities. Further details are reported in the Notes to the consolidated accounts as at 31 December 2020, Part E - Information on risks and hedging policies, Section 2 - Risk of the prudential consolidated perimeter, 2.4 Liquidity risk.

With reference to contractual agreements, UniCredit group has also 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 2020 is equal to €40,199 million and includes capital instruments and TLAC eligible instruments.

### 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 2020, 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 Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part B - Consolidated balance sheet - Assets, Section 7 - Equity investments - Item 70.

## Part A - Accounting policies

### Section 4 - Subsequent events

No material events 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 2020.

For a description of the significant events after year-end refer to the information below.

On 4 January 2021, following the signing of the binding agreement on December 2019 and the obtaining of the relevant regulatory approvals, the parent company UniCredit S.p.A. completed the disposal of SIA UniCredit Leasing and its subsidiary SIA UniCredit Insurance Broker to AS Citadele banka. The intragroup funding has been fully reimbursed at closing.

On 12 January 2021 the parent company UniCredit S.p.A. launched a dual tranche Senior Preferred €1 billion with 5 years maturity and €1 billion with 10 years maturity. The combined amount represents the largest Euro institutional Senior Preferred issuance ever done by UniCredit.

On 27 January 2021 the Board of Directors of UniCredit S.p.A. unanimously nominated Andrea Orcel as designated Chief Executive Officer (CEO), for inclusion in the list for the renewal of the Board of Directors, to replace the outgoing CEO, Jean Pierre Mustier. The list will be presented for approval at the upcoming AGM on 15 April 2021. Upon AGM approval of the list, the Board will confirm his appointment as CEO.

### Section 5 - Other matters

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

- Amendment to IFRS16 Leases Covid-19 Related Rent Concessions (EU Regulation 2020/1434);
  - Amendments to IFRS3 Business Combinations (EU Regulation 2020/551);
  - Amendments to IFRS9, IAS39 and IFRS7: Interest Rate Benchmark Reform (EU Regulation 2020/34);
  - Amendments to IAS1 and IAS8: Definition of Material (EU Regulation 2019/2104);
  - Amendments to References to the Conceptual Framework in IFRS Standards (EU Regulation 2019/2075).
- whose adoption has not determined substantial effects on the amounts recognised in balance sheet or income statement. With reference to the "Amendment to IFRS16 Leases Covid-19 Related Rent Concessions", additional explanations are provided below in this section.

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

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

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

#### Risks, uncertainties and impacts of Covid-19 pandemic

Reference is made to "Section 2 - General preparation criteria" for a description of risks and uncertainty relating to Covid-19 pandemic.

#### Contractual modifications arising from Covid-19

##### 1) Contractual modifications and accounting derecognition (IFRS9)

In order to limit the effects of the restriction measures put in place to contain the Covid-19 pandemic, starting from the first half 2020, the Group has granted to its customers debt moratoria measures. These measures have been granted both following the approval of specific laws by the governments in which the Group operates and as a result of specific initiatives of Group's credit institutions so to complement government initiatives or in those countries in which the local government has not issued specific laws.

These moratoria measures generally allowed to postpone the payment of instalments for a period comprised between 3 and 12 months, either upon request by the customers or, in some countries, automatically for all the loans in scope of local laws, with the consequent increase in the maturity of the loan and the accrual of interests on the capital being postponed.

As a result of the continuing health emergencies, restrictions measures have not been lifted and these initiatives have been renewed in the second half of 2020 allowing the possibility to further postpone payments at a future date defined by local measures which is within 31 December 2021.

## Part A - Accounting policies

In accordance with ESMA's declaration<sup>8</sup> which clarified that it is unlikely that the contractual changes resulting from these moratoria can be considered as substantial, the Group has not derecognised the related credit exposures<sup>9</sup>. A modification loss is consequently recognised in item "140. Gains/Losses from contractual changes with no cancellations" if the increase in future payments is not sufficient to remunerate the Group for the postponement period also in light of local laws and regulations. As at 31 December 2020 the amount deriving from the modification loss recognizing through Profit & Loss was equal to €13 million.

### 2) Amendment to IFRS16 accounting standard

The IASB published 28 May 2020 the "Amendment to IFRS16 Leases Covid-19 Related Rent Concessions" which has been endorsed on 15 December 2020.

Such amendments provide lessees with an exemption (permitted and not required) from assessing whether a Covid-19-related rent concession is a lease modification. Entities applying the exemption, available from 1 June 2020, would account for the changes as if they were not lease modifications.

If the exemption is applied by the lessee then:

- forgiveness or waiver of lease payments are accounted for as a variable lease payment against the derecognition of the part of lease liability forgiven or waived;
- change in lease payments that reduces payments in one period but proportionally increases payments in another, requires interest to be accrued on the lease liability and lease liability to be reduced in order to reflect lease payments made to the lessor.

The exemption can be used only if the following conditions are met:

- rent concessions occur as a direct consequence of the Covid-19 pandemic;
- the revised consideration for the lease is the same as, or less than, the consideration for the lease immediately preceding the change;
- the reduction in lease payments affects only payments originally due on or before 30 June 2021;
- there is no substantive change to other terms and conditions of the lease.

The Group has not applied the exemption foreseen by the IFRS16 amendment.

### Reorganization of Wien Permanent establishment ("WPE") of UniCredit S.p.A. ("UCI")

In the context of Team 23 Strategic plan the Group is implementing a re-organization of CEE activities executed through the streamlining of the functions attributed to the "WPE" of "UCI", so to achieve the cost efficiency provided by Team 23.

In September 2020 "UCI" agreed, coherently with the obligations toward UniCredit Bank Austria ("UCBA"), in the context of re-organization of activities within CEE made in 2016, to review existing intercompany agreements, indemnifying UCBA for costs which it will incur in the context of "WPE" re-organization.

The re-organization has implied during 2020:

- the free-up of office space for which the rentals obtained from subleasing with third parties, are lower than the rentals paid under the head-lease. As a result, an impairment of right of use associated to this office space for €5.3 million has been recognised as the difference between its carrying value and the present value of the rentals set up by such subleasing contract;
- the mandatory purchases, under existing contracts, having limited possibility of renegotiation, of services that will be not more used in the context of business operations. As a result, the benefits expected from such contracts are lower than their cost and therefore an expense for €29.5 million (including VAT) has been recognised.

### TLTRO

On 6 January 2021, ESMA published a document which, referring to the changes introduced by the ECB during 2020 due to the Covid-19 emergency with particular reference to the interest rates applicable to the third series of targeted longer term refinancing operations (TLTRO III), recommends an adequate level of transparency regarding the accounting treatment applied for the purposes of preparing the financial statements, with particular reference to considerations regarding the qualification of transactions as loans at market rates (IFRS9) or at an interest rate lower than the market rate (IAS20), method of calculating the effective interest rate and any changes in the estimate of payments for changes in the valuation regarding compliance with the "eligibility" criteria. In such document ESMA, also specifies that, taking into account the different accounting treatments observed on the market, it will send a question to the IFRIC on this matter. Therefore, the accounting treatment adopted by the Group, described below, may be subject in the future to different interpretations by the competent bodies.

The TLTRO liabilities are banking book funding instruments to be subsequently measured at amortised cost according to IFRS9.4.2.1.

The prospect for the borrowing bank to be charged of a variable negative interest margin on "long term refinancing operations", additional to the average Deposit Facility Rate ("DFR") or Main Refinancing Operation ("MRO") rate, is linked to the achievement of specific threshold on Cumulative Net Lending toward eligible counterparties<sup>10</sup>.

In particular, financial conditions incorporated into TLTROs are reflecting ECB monetary policy initiatives to prospectively reduce market "cost of funding" for banking institutions by using "non-conventional" tools and reflected in money market operations.

<sup>8</sup> ESMA public statement: "Accounting implications of the Covid-19 outbreak on the calculation of expected credit losses in accordance with IFRS9" of 25 March 2020.

<sup>9</sup> According to IFRS9, the contractual modifications must be accounted for (i) if significant, through the derecognition, (ii) if not significant, through the recalculation of the gross exposure by discounting the contractual cash flows after the modification at the original effective interest rate. The standard does not provide any indication as to whether a change is significant or not. For further information on accounting principles used by the Group on this matter, refer to Part A - Accounting policies, A.2 - Main items of the accounts.

<sup>10</sup> Loans to non-financial corporations & Loans to households, excluding loans for house purchase.

## Part A - Accounting policies

As a result, accounting analysis rejected such a margin would have been assimilated to either (i) a *government grants* (being ECB TLTRO a "limited access & banking specific" market by its own), or (ii) an *embedded derivative* (not filling with IFRS9 derivative definition).

Therefore, such contractual term must be seen as contractual clause included into a one-coupon floating-rate<sup>11</sup> financial liability (the refinancing operation), and to be considered part of the calculation of the liability's interest revenues according to IFRS9.

Under the said accounting principle, the interests shall be calculated using the "effective interest method" that allocates interest revenues over the application period of the "effective interest rate". The latter is defined as the rate that discounts estimated future cash flows through the expected life of the financial instruments to the net carrying amount.

Accordingly, having introduced a new/prospective "performance-related" remuneration within the ECB TLTRO "market" specific financial features are handled similarly to changes in market-index for floating-rate liabilities.

Therefore, referencing EIR rules for "markets-driven" variable remunerations, changes in "market index" (e.g. base rate and spread) are reflected by adjusting instruments' carrying amount calculated by reference to the evolution of the "TLTRO index" and limited to the accrued (to-date) portion<sup>12</sup>.

As a result, TLTRO III effective interest rate for a 3y funding is comprised between -0.33% and -0.83%<sup>13</sup>, coherently with (i) benchmark achievements for Cumulative Net Lending ("CNL") as at March 2021 and December 2021 and (ii) current MRO and DFR levels.

With reference to 2020, a Net Interest Income contribution equal to +€165 million, additional to "DFR", has been recognised for the outstanding €94 billion TLTRO funding, fully subscribed in June 2020, reflecting expected CNL threshold achievements as supported by (i) outstanding CNL production and (ii) expected business developments incorporated into FY2021 budget plan, also corroborated by statistical model used for calculating the probability related to the achievement of the relevant "minimum thresholds".

### 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 DL 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 applies to households or businesses, are commensurate with a percentage of the expenditure incurred (which in some cases even reaches 110%) and 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 State, can use them to offset taxes and contributions or they can further transfer them (in whole or in part) to third parties.

Starting from the third quarter of 2020 UniCredit S.p.A. launched commercial initiatives aimed at:

- providing "bridge" loans 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.

The specific features of these tax credits are such that these assets are not in the scope of specific IAS/IFRS.

Therefore, the paragraph of IAS8<sup>14</sup> which require the management to define an accounting policy suitable for providing relevant and reliable information is applied.

In accordance with what is indicated in the paper published by the OIC on 17 May 2020<sup>15</sup> and in Document No.9 jointly published by Banca d'Italia, CONSOB, IVASS on 5 January 2021<sup>16</sup>, it is believed that an accounting model based on IFRS9 is the accounting model more suitable for providing relevant and reliable information.

As a result of the above, on initial recognition tax credits are booked among assets in item "130. Other assets" for a value equal to the purchase price assumed equal to a Level 3 fair value of the fair value hierarchy.

On subsequent measurement, the provisions of IFRS9 relating to the "Held to collect portfolio" are applied. As a result, these tax credits are measured at amortised costs recognising in the Income statement in item "10. Interest income and similar revenues" the portion, accrued in the period, of the difference between the value at initial recognition and the value that is expected to be utilised through the offsetting with tax liabilities. This latter value is subject to periodical re-assessment with recognition into income statement, item "10. Interest income and similar revenues" of the associated difference in term of carrying amount to such tax credits.

As at 31 December 2020, the tax credit recognised in "Other assets" amounts to €0.1 million.

<sup>11</sup> Either for the base rate (Avg DRF or Avg MRO) and the spread (up to -50bps with a minimum of -1% for a portion of the liability's expected duration).

<sup>12</sup> Similarly, to other "market indexed" variable rate notes.

<sup>13</sup> Early termination would result in lower (i.e. more negative) EIR with additional NII effect.

<sup>14</sup> IAS8 paragraph 10.

<sup>15</sup> "Cessione del credito d'imposta" - Law 17 July 2020 No.77.

<sup>16</sup> 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

The commitments connected with the purchase of the future tax credit are recognised, for a value equal to the price that will be paid when the commitment will be used by the customer, among "Other commitments" (€1.9 million at the end of 2020) and will be subject to impairment tests in relation to their effectively offset value with recognition in Income statement under item "200. Net provisions for risks and charges".

For the sake of completeness, it should be noted that the "bridge" loan (€1.2 million as at 31 December 2020) is a financial instrument that is measured at amortised cost according to the ordinary provisions of IFRS9.

### Interbank Offered Rates (IBORs) transition

A comprehensive reference rates reform is currently taking place following the concerns raised in recent years about the integrity and reliability of major financial market benchmarks. In order to assess the relevant risks associated with the global benchmark reforms mandated by the Financial Stability Board (FSB), and taking appropriate actions to ensure an adequate transition to alternative or reformed benchmark rates ahead of the deadline of the end of 2021 specified in the revised EU Benchmark Regulation BMR, UniCredit group launched in October 2018 a Group wide project in order to manage the IBORs discontinuation.

Accordingly, a multiyear roadmap has been defined based on both Group exposure (mainly focused on Euro) and transition timeline.

In 2020, UniCredit has followed up the activities defined to ensure a smooth transition away from LIBOR, consistently with the latest international working groups' developments and recommendations.

In this sense, it is worth to mention that, after a slowdown at market level on recommendation developments, due to Covid-19 crisis, during the last part of the year, a number of consultations have been issued both by European ECB Working Groups on Euro Risk-Free Rates, focused on Euribor fallbacks and cessation triggers, and by other international working groups and bodies (e.g. International Swaps and Derivatives Association - ISDA; ICE Benchmark Administration - IBA; LCH), focused on LIBOR discontinuation and alternative rates, whose outcomes will be known during 2021 and will be taken into account while envisaging recommendations and market practices to consider on transition.

At the same time, the regulatory discussion has accelerated both within European Commission (i.e. to define possible amendments to the current Benchmark Market Regulation), within the other mainly 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), and at local level, in order to support a smooth transition.

Such discussions and consultation outcomes, while aimed to bring further stability in the market and reduce conduct risk, may affect timing and/or fallback rules applied to outstanding stock of assets, liability and derivatives linked to IBOR yet to be transformed or transitioned.

To address potential source of uncertainty on the effect of the Interbank offered rates (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 as of 31 December 2020 is presented below.

### Hedging contracts: notional amount(\*)

		INDEX				(€ million)
HEDGING RELATIONSHIP	HEDGED ITEMS	LIBOR USD	LIBOR OTHER CURRENCIES	OTHER CEE COUNTRIES		
				IBORS	OTHERSI	
Fair value	Assets	9,810	5,547	466	-	
	Liabilities	27,136	3,416	245	74	
Cash flows	Assets	10,214	3,725	215	-	
	Liabilities	7,211	587	36	1,313	
<b>Total</b>		<b>54,371</b>	<b>13,275</b>	<b>962</b>	<b>1,387</b>	

**Note:**

(\*) Double-entry method when relevant.

In order to closely follow the developments on IBORs and to proper manage the transition and the discontinuation impacts, UniCredit group is continuously monitoring the market, also attending the European working groups, the industry working groups (e.g. International Swaps and Derivatives Association - ISDA) and participating to the relevant public consultations.

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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 2020 are audited by Deloitte & Touche S.p.A. pursuant to Legislative Decree No.39 of 27 January 2010 and to the resolution passed by the Shareholder's Meeting on 11 May 2012.

## Part A - Accounting policies

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 2020, subject to limited scope audit, as well as the Consolidated interim reports as at 31 March and 30 September 2020, both as press releases.

The financial statements of UniCredit S.p.A. and the Consolidated financial statements of UniCredit group as at 31 December 2020 have been approved by the Board of Directors' meeting of 10 February 2021, which authorised its disclosure to the public also pursuant to IAS10.

The whole document is filed in the competent offices and entities as required by law.

### 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 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.

## Part A - Accounting policies

### 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. Gains (Losses) on 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.

### 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. Gains (Losses) on 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".

## Part A - Accounting policies

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 see 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 hedging policies, The same information is also provided in 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 hedging policies, Section 2 - Risks of the prudential consolidated perimeter.

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" 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 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 income 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".

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 on "Purchased Originated Credit Impaired" assets see 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 hedging policies, The same information is also provided in 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 hedging policies, Section 2 - Risks of the prudential consolidated perimeter.



## Part A - Accounting policies

### 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.

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 "90. Net gains (losses) on hedge accounting". 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";

## Part A - Accounting policies

• **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".

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 Consolidated financial statements of UniCredit group, 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:

- land;
- 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.

#### Assets used in the business and Assets held as investments

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.

## Part A - Accounting policies

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. Tangible Assets" 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". 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. Tangible Assets" 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:

TYPOLGY	GROUP	UniCredit S.p.A.
Buildings	up to 50 years	up to 33 years
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.

## Part A - Accounting policies

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 accounting period-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 financial years is adjusted accordingly.

If there is clear evidence that an asset measure 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 goodwill, software, brands and patents.

This item also includes intangible assets used by the Group as lessee under finance leases or as lessor under operating leases (rental/hire).

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.

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: the technical feasibility of the project, the intention to complete the intangible asset, its future usefulness, the availability of adequate technical, financial and other resources to complete the development and 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.

## Part A - Accounting policies

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".

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, booked in the Consolidated financial statements 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 acquisition 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.

For further information on intangible assets, goodwill, CGUs and related impairment tests see paragraph "10.3 Intangible assets: other information" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part B - Section 10 Intangible assets - Item 100.

## 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 (see "Part D - Consolidated other comprehensive income" of the Consolidated financial statements of UniCredit group).

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.

## Part A - Accounting policies

### 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).

### 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.

## Part A - Accounting policies

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 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.

Provisions are reviewed periodically and adjusted 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" (see previous paragraph "Retirement payments and similar obligations").

## Part A - Accounting policies

### 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, provided that separation requirements are met, and recognised at fair value. 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 or 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.

### 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 or 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.



## Part A - Accounting policies

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 or 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.

### 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., 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.

## Part A - Accounting policies

### 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.

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 "Section 1 - Credit risk" of the Company financial statements of UniCredit S.p.A., Notes to the accounts Part E - Information on risks and hedging policies, The same information is also provided in 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 hedging policies, Section 2 - Risks of the prudential consolidated perimeter.

In order to calculate the expected loss and the related loan loss provision, the Bank 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. In this respect see 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 hedging policies. The same information is also provided in 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 hedging policies, Section 2 - Risks of the prudential consolidated perimeter.

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.

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 bank 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;

## Part A - Accounting policies

- 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 non-performing 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).

Past due exposures are evaluated on a 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 Bank’s NPL strategy foresees the recovery through sale on the market according to what is specified in 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 hedging policies. The same information is also provided in 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 hedging policies, Section 2 - Risks of the prudential consolidated perimeter.

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 see 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 hedging policies. The same information is also provided in 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 hedging policies, Section 2 - Risks of the prudential consolidated perimeter.

### 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.

## Part A - Accounting policies

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.

### 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.

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 case of the Consolidated Financial Statements if the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the acquirer shall reassess the fair values and recognise immediately any excess remaining after that reassessment in profit or loss.

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).

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).

## Part A - Accounting policies

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.

Recognition 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 stock 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 Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part E - Information on risks and hedging policies, Section 2 - Risk of the prudential consolidated perimeter, 2.1 Credit risk, Quantitative information.

### 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.

## Part A - Accounting policies

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).

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.

## Part A - Accounting policies

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 reasonable 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 contracts, 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.

### 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).

## Part A - Accounting policies

### 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 (see previous paragraph 10 - Provisions for risks and charges). Actuarial gains (losses) on this type of benefit are recognised immediately in the income statement.

### 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 initially and subsequently (on remeasurement following impairment losses) 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 table of Notes to the consolidated accounts, in Part B - 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 (directly or through the use of an allowance account) 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.



## 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.

## A.3 - Information on transfers between portfolios of financial assets

There were no transfers between portfolios of financial assets in 2020.

## Part A - Accounting policies

### 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.

If the observable prices in active market or other observable inputs, such as the quoted price of a similar instrument in an active market, the Group may use another valuation techniques, such as:

- a market approach (e.g. using quoted prices for similar 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 considers 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 keeping 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 possible execution 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.

#### 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.

## Part A - Accounting policies

### **Assets and Liabilities measured at fair value on a recurring basis**

#### *Fixed-income securities*

Fixed-income 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 positions in these instruments are disclosed with reference to Fair Value Hierarchy under Level 1<sup>17</sup>. In order to assess it, within the global bond Independent Price Verification (IPV) process a daily Liquidity Indicator is defined taking into account: the number of executable bid/ask quotes, their relative sizes and spreads. Such indicator is tracked over 20 business days time window in order to obtain a stable monthly indicator.

Instruments not traded in active markets are marked to model based on implied credit spread curves derived from the former Level 1 instruments. The model maximises the use of observable input and minimises the use of unobservable inputs. With this respect, depending on the proximity of the credit spread curve applied, the bonds are disclosed as Level 2 or Level 3 respectively; Level 3 is applied in case credit spread curves used are significantly unobservable. 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 group valuation process relies on internal policies centred on two pillars:

- extension and implementation across all the Group's Legal Entities of an Independent Price Verification (IPV) process suited to the changed market conditions for Structured credit bonds;
- integration of current Fair Value Adjustments Policy.

According to the IPV process the quality of a price is assessed based upon the availability of quotes of independent market players for identical assets.

The process relies first on *consensus data provider* as reliable collector of market quotes.

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 are reasonably made available without excessive costs or efforts.

#### *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 where the instrument is quoted has decreased significantly.

For equity instruments measured at cost an impairment is given, if the carrying amount exceeds the recoverable amount significantly and/or over a prolonged period of time.

#### *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:

<sup>17</sup> 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

### *Real estate funds*

Real estate 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.

### *Property, plant and equipment measured at fair value*

The Group owns property, plant and equipment held for investment purposes, which are valued according to the fair value model for Real Estate investments linked to liabilities that generate a return on investments themselves.

The attribution of fair value levels is based on the level of observability of the significant market parameters used by the valuation technique. Given the current portfolio composition, most of the positions are at Level 3.

### **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);
- 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 group 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 2020, net CVA/DVA cumulative adjustment, relating to performing counterparts, amounts to €209.6 million negative the part related to own credit spread evolution, which is filtered out from regulatory capital (accordingly to CRDIV), amounts to 170,9 million positive.

### *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 accounts 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 group FVA 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 2019 the Fair Value Adjustment component (FundVA) reflect into P&L amounts to €266.4 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 readily available. 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 costs*

It measures the implicit costs of closing an (aggregated) trading position. The position could be closed by a long position (or purchase in the case of a short position), or by entering 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 carried at amounts that approximate fair value, due to their short-term nature and generally negligible credit risk.

### *Financial assets at amortised cost*

For the assets that are composed by securities, fair value is determined according to what explained in section "Assets and liabilities measured at fair value on a recurring basis - Fixed income 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 consider the financial features of the financial instruments.

### *Property, plant and equipment held for investment purposes*

The fair value of property, plant and equipment held for investment purposes is determined on the basis of a valuation by an independent appraiser who holds a recognised and relevant professional qualification which perform its valuation mainly 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 and in consideration of market analysis.

The attribution of fair value levels is based on the level of observability of the significant market parameters used by the valuation technique.

### *Financial liabilities at amortised cost*

Fair value for debt securities in issue is determined using the discounted cash flow model adjusted for UniCredit group credit risk. The Credit Spread is determined using UCG's subordinated and non-subordinated risk curves.

On the other hands, Fair value for other financial liabilities is determined using the discounted cash flow model adjusted for UniCredit group credit risk.

The Credit Spread is determined using UCG's senior and subordinated risk curves.

### **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 model valuation techniques are 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 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 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 that uses prices generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities.

### *Gordon Growth Model*

This is the model used to determine the intrinsic value of an equity investment, based on a series of future dividends which grow at a constant rate. Given a dividend to be paid in a specific year and the hypothesis that the dividend grows at a constant rate, the model computes the present value of future dividends.

### *Dividend Discount Model*

This model is used to determine the value of an equity investment, based on the series of predicted future dividends. Given a dividend to be paid in a specific year and the hypothesis that the dividend grows at a constant rate, the model computes the fair value of an equity share as the sum of the present value of all future dividends.

### *Adjusted NAV*

Net asset value is the total value of a fund's assets less liabilities. An increase in net asset value would result in an increase in a fair value measure. Usually for funds classified as Level 3, NAV represents a risk-free valuation, therefore in this case the NAV is adjusted so as to consider the issuer's default risk.

### **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 a measure for 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 types of volatility:

- volatility of interest rate;
- inflation volatility;
- volatility of foreign exchange;
- volatility of equity stocks, equity or other indexes/prices.

## Part A - Accounting policies

### *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 represents the most significant parameters 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 curve refers to the rates in currencies for which a market liquidity doesn't exist in terms of tightness, depth and resiliency. The illiquidity of these input data impacts directly the valuation of securities or derivatives expressed in illiquid currencies.

### *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. The illiquidity of those inputs has an indirect impact on the valuation of a debt instrument linked to inflation (inflation-linked note) or in case of a derivative over inflation.

### *Credit spreads*

Different valuation models, especially for credit derivatives require an input for the credit spread which reflects the credit quality of the associated credit name.

The credit spread of a particular security is quoted in relation to the yield on a benchmark security or reference rate (typically either U.S. Treasury or LIBOR/EURIBOR) and is generally expressed in terms of basis points.

The ranges for credit spreads cover a variety of underlings (index and single names), regions, sectors, maturities and credit qualities (high-yield and investment-grade). The broad range of this population gives rise to the width of the ranges of unobservable inputs.

### *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.

### *Price*

Where market prices are not observable, comparison via proxy is used to measure a fair value.

### *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 upon 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 not only depends 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.

## Part A - Accounting policies

### 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				
<b>Derivatives</b>										
Financial	Equity & Commodities	359	221	Option Pricing Model	Volatility	2% 20%				
					Correlation	2% 24%				
					Option Pricing Model/ Discounted Cash Flows	Dividends Yield	1% 18%			
					Foreign Exchange	58	15	Option Pricing Model	Volatility	0% 27%
								Discounted Cash Flows	Interest rate (bps)	0 36
					Interest Rate	165	91	Discounted Cash Flows	Swap Rate (bps)	0 36
	Inflation Swap Rate (bps)	3 6								
	Option Pricing Model				Inflation Volatility	0% 2%				
					Interest Rate Volatility	2% 35%				
	Credit		4	160	Hazard Rate Model	Correlation	0% 20%			
						Credit Spread (bps)	1 73			
	<b>Debt Securities and Loans</b>	Corporate/ Government/Other	1,353	1,163	Market Approach	Recovery rate	0% 5%			
Credit Spread (bps)						1 391				
Mortgage & Asset Backed Securities		251	-	Discounted Cash Flows	Credit Spread (bps)	16 663				
					LGD	0% 24%				
					Default Rate	0% 1%				
					Prepayment Rate	0% 5%				
<b>Equity Securities</b>		Unlisted Equity & Holdings	1,354	-	Market Approach	Price (% of used value)	0% 73%			
					Gordon Growth Model	Ke	7% 16%			
						Growth Rate	2% 3%			
<b>Units in Investment Funds</b>		Real Estate & Other Funds	1,289	-	Adjusted Nav	PD	1% 30%			
	LGD					35% 60%				



## Part A - Accounting policies

### 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 valuation models developed by Group companies' front offices are independently tested centrally and validated by the Group Internal Validation 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% of volatility, 10% of dividend, 1% of correlation and 10% of volatility skew;
- for foreign exchanges: 1% of underlying volatility;
- for interest rate derivatives: 1 basis point of rates curves and volatilities;
- for credit derivatives: 1 basis point 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% shift of the recovery rate;
- for debt securities: 1 basis point of credit spread;
- for equities: 1% of the underlying;
- for Units in Investment Funds quotes: 5 basis points 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	+/- 37.25
		Foreign Exchange	+/- 0.05
		Interest Rate	+/- 0.25
		Credit	+/- 7.98
	Debt Securities and Loans	Corporate/Government/Other	+/- 0.36
	Mortgage & Asset Backed Securities	+/- 0.08	
Equity Securities	Unlisted Equity & Holdings	+/- 13.72	
Units in Investment Funds	Real Estate & Other Funds	+/- 0.24	

Within the unlisted Level 3 Units in Investment Funds, measured using a model, the shares in Atlante and Italian Recovery Fund, former Atlante II, (€350 million at 31 December 2020) are classified and, within Equity Securities, the investments in the Voluntary Scheme (as at 31 December 2020 equal to €7 million). For further information, refer to Part B - 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 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 the major part of the fair value variance itself over a period of three months.

In some specific cases, the significance limit is assessed in relation to the fair value of the instrument at the measurement date.

In particular, three levels are considered:

- Level 1: fair value for instruments classified within this level is determined according to the quoted prices on active markets;
- Level 2: fair value for instruments classified within this level is determined according to the valuation models which use observable inputs on active markets;
- Level 3: fair value for instruments classified within this level is determined according to the valuation models which prevalently use significant unobservable input 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):** quoted prices (unadjusted) in active markets are available for identical assets or liabilities that the entity has the ability to access at the measurement date. 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.

When fair value is measured directly taking into consideration an observable price and quoted on an active market, the hierarchy attribution process will assign Level 1. When fair value must be measured either via Comparable approach or via Mark-to-Model approach, the hierarchy attribution process will assign Level 2 or Level 3, depending on the observability of all the significant input parameters.

Within the choice among various valuation techniques 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 value levels (both between L1 and L2 and in/out L3) 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 is presented in the paragraph "A.4.5 Fair value hierarchy" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part A - General, A.4 - Information on fair value, 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.

## 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

FINANCIAL ASSETS/LIABILITIES MEASURED AT FAIR VALUE	AMOUNTS AS AT 12.31.2020			AMOUNTS AS AT 12.31.2019		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
	1. Financial assets at fair value through profit or loss	29,746	54,187	3,892	30,864	47,005
a) Financial assets held for trading	23,824	47,578	1,303	23,040	39,034	1,206
b) Financial assets designated at fair value	226	-	-	-	-	-
c) Other financial assets mandatorily at fair value	5,696	6,609	2,589	7,824	7,971	2,805
2. Financial assets at fair value through other comprehensive income	57,483	14,311	943	64,341	13,124	2,237
3. Hedging derivatives	114	3,683	5	146	5,785	3
4. Property, plant and equipment	-	-	5,961	-	-	5,983
5. Intangible assets	-	-	-	-	-	-
<b>Total</b>	<b>87,343</b>	<b>72,181</b>	<b>10,801</b>	<b>95,351</b>	<b>65,914</b>	<b>12,234</b>
1. Financial liabilities held for trading	10,790	36,096	901	11,937	28,740	806
2. Financial liabilities designated at fair value	-	9,820	748	-	9,197	481
3. Hedging derivatives	126	5,573	-	166	7,020	-
<b>Total</b>	<b>10,916</b>	<b>51,489</b>	<b>1,649</b>	<b>12,103</b>	<b>44,957</b>	<b>1,287</b>

The item "1. c) Financial assets mandatorily at fair value" at Level 3 as at 31 December 2020 includes the investments in Atlante and Italian Recovery Fund, former Atlante II (carrying value €350 million) and in "Schema Volontario" (carrying value €7 million).

Since no market valuations or prices of comparable securities are available for "Schema Volontario", at 31 December 2020 the fair value of such instrument was determined using internal models (Discounted Cash Flow and Market Multiples) also having as reference the valuation of the financial assets of the "Schema Volontario" (supported by the advisor in charge) contained in the Rendiconto 2019 of the "Schema Volontario" itself, while concerning Atlante and Italian Recovery Fund, former Atlante II, the Fair Value was determined having as reference the valuation of the financial assets provided from the fund itself adjusted to consider the valuation risks underlying the estimate provided by the fund and mainly due to the liquidity premium and the availability of the information related to the performance of the fund's underlying assets.

See paragraph "2.5 Other financial assets mandatorily at fair value: breakdown by product" of the Consolidated financial statements of UniCredit group, 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 approximately €706 million;
  - of financial assets measured at fair value through reserves (financial assets at fair value through other comprehensive income) for approximately €393 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 approximately €1,185 million;
  - of financial assets measured at fair value through reserves (financial assets at fair value through other comprehensive income) for approximately €1,139 million;
  - of financial liabilities measured at fair value through profit or loss (financial liabilities held for trading and designed at fair value) for approximately €5 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 2020							
	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) FINANCIAL ASSETS MANDATORILY AT FAIR VALUE	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	HEDGING DERIVATIVES	PROPERTY, PLANT AND EQUIPMENT	INTANGIBLE ASSETS
<b>1. Opening balances</b>	<b>4,011</b>	<b>1,206</b>	-	<b>2,805</b>	<b>2,237</b>	<b>3</b>	<b>5,983</b>	-
<b>2. Increases</b>	<b>2,352</b>	<b>1,189</b>	-	<b>1,163</b>	<b>236</b>	<b>5</b>	<b>534</b>	-
2.1 Purchases	1,733	739	-	994	20	-	98	-
2.2 Profits recognised in	481	406	-	75	63	-	322	-
2.2.1 Income statement	481	406	-	75	3	-	104	-
- of which unrealised gains	63	24	-	39	-	-	104	-
2.2.2 Equity	X	X	X	X	60	-	218	-
2.3 Transfers from other levels	66	24	-	42	-	-	-	-
2.4 Other increases	72	20	-	52	153	5	114	-
<b>3. Decreases</b>	<b>2,471</b>	<b>1,092</b>	-	<b>1,379</b>	<b>1,530</b>	<b>3</b>	<b>556</b>	-
3.1 Sales	1,499	906	-	593	150	-	58	-
3.2 Redemptions	264	-	-	264	211	-	-	-
3.3 Losses recognised in	265	97	-	168	108	-	322	-
3.3.1 Income statement	265	97	-	168	3	-	209	-
- of which unrealised losses	140	69	-	71	-	-	91	-
3.3.2 Equity	X	X	X	X	105	-	113	-
3.4 Transfers to other levels	123	48	-	75	935	-	46	-
3.5 Other decreases	320	41	-	279	126	3	130	-
- of which: business combinations	-	-	-	-	-	-	-	-
<b>4. Closing balances</b>	<b>3,892</b>	<b>1,303</b>	-	<b>2,589</b>	<b>943</b>	<b>5</b>	<b>5,961</b>	-

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".

## Part A - Accounting policies

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 exposure held by UniCredit S.p.A. and UniCredit Bank AG.

### A.4.5.3 Annual changes in liabilities measured at fair value on a recurring basis (Level 3)

(€ million)

	CHANGES IN 2020		
	FINANCIAL LIABILITIES HELD FOR TRADING	FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE	HEDGING DERIVATIVES
<b>1. Opening balances</b>	<b>806</b>	<b>481</b>	<b>-</b>
<b>2. Increases</b>	<b>760</b>	<b>720</b>	<b>-</b>
2.1 Issuance	371	509	-
2.2 Losses recognised in	308	74	-
2.2.1 Income statement	308	47	-
- of which unrealised losses	72	30	-
2.2.2 Equity	X	27	-
2.3 Transfers from other levels	64	133	-
2.4 Other increases	17	4	-
<b>3. Decreases</b>	<b>665</b>	<b>453</b>	<b>-</b>
3.1 Redemptions	325	32	-
3.2 Purchases	23	290	-
3.3 Profits recognised in	157	53	-
3.3.1 Income statement	157	47	-
- of which unrealised gains	107	34	-
3.3.2 Equity	X	6	-
3.4 Transfers to other levels	146	57	-
3.5 Other decreases	14	21	-
of which: business combinations	-	-	-
<b>4. Closing balances</b>	<b>901</b>	<b>748</b>	<b>-</b>

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 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 UniCredit Bank AG.

### 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 12.31.2020				AMOUNTS AS AT 12.31.2019			
	BOOK VALUE	LEVEL 1	LEVEL 2	LEVEL 3	BOOK VALUE	LEVEL 1	LEVEL 2	LEVEL 3
1. Financial assets at amortised cost	623,501	50,993	223,095	362,662	626,463	35,334	247,226	353,830
2. Property, plant and equipment held for investment	-	-	-	-	324	-	-	324
3. Non-current assets and disposal groups classified as held for sale	2,017	-	912	872	2,512	-	1,143	177
<b>Total</b>	<b>625,518</b>	<b>50,993</b>	<b>224,007</b>	<b>363,534</b>	<b>629,299</b>	<b>35,334</b>	<b>248,369</b>	<b>354,331</b>
1. Financial liabilities at amortised cost	775,747	49,669	314,876	417,371	704,840	45,688	303,979	361,403
2. Liabilities associated with assets classified as held for sale	761	-	95	666	725	-	151	44
<b>Total</b>	<b>776,508</b>	<b>49,669</b>	<b>314,971</b>	<b>418,037</b>	<b>705,565</b>	<b>45,688</b>	<b>304,130</b>	<b>361,447</b>

## Part A - Accounting policies

The changes occurred between 31 December 2019 and 31 December 2020 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 book value of items "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 €233 million. For further details on this sub-item see the table "12.1 Non-current assets and disposal groups classified as held for sale: breakdown by asset type" of the Consolidated financial statements of UniCredit group, 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, different from 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 (see Sections 1.a) and 12 of Part A.2 above) and instruments designated at fair value (see 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 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 +€54 million at 31 December 2020 (+€52 million in 2019).

## Part B - Consolidated balance sheet - Assets

## Assets

## Section 1 - Cash and cash balances - Item 10

## 1.1 Cash and cash balances: breakdown

	AMOUNTS AS AT	
	12.31.2020	12.31.2019
a) Cash	8,952	9,163
b) Demand deposits with Central Banks	92,755	8,142
<b>Total</b>	<b>101,707</b>	<b>17,305</b>

(€ million)

The increase in the item "Demand deposits with Central Bank" is mainly to UniCredit S.p.A. and UniCredit Bank AG. Such increase is due to investment of liquidity in overnight deposits with Banca d'Italia and Bundesbank, in addition to the part that is maintained in the Compulsory Reserves, 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.

## Section 2 - Financial assets at fair value through profit or loss - Item 20

## 2.1 Financial assets held for trading: breakdown by product

ITEMS/VALUES	AMOUNTS AS AT 12.31.2020			AMOUNTS AS AT 12.31.2019		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
<b>A. Financial assets (non-derivatives)</b>						
<b>1. Debt securities</b>	<b>8,691</b>	<b>1,473</b>	<b>693</b>	<b>11,034</b>	<b>2,643</b>	<b>713</b>
1.1 Structured securities	23	978	-	1	1,752	-
1.2 Other debt securities	8,668	495	693	11,033	891	713
<b>2. Equity instruments</b>	<b>6,545</b>	<b>4</b>	<b>-</b>	<b>5,618</b>	<b>15</b>	<b>-</b>
<b>3. Units in investment funds</b>	<b>1,462</b>	<b>736</b>	<b>29</b>	<b>1,568</b>	<b>1,177</b>	<b>35</b>
<b>4. Loans</b>	<b>3,066</b>	<b>4,844</b>	<b>-</b>	<b>2,346</b>	<b>3,780</b>	<b>-</b>
4.1 Reverse Repos	-	1,887	-	-	1,469	-
4.2 Other	3,066	2,957	-	2,346	2,311	-
<b>Total (A)</b>	<b>19,764</b>	<b>7,057</b>	<b>722</b>	<b>20,566</b>	<b>7,615</b>	<b>748</b>
<b>B. Derivative instruments</b>						
<b>1. Financial derivatives</b>	<b>4,036</b>	<b>40,467</b>	<b>577</b>	<b>2,470</b>	<b>31,355</b>	<b>429</b>
1.1 Trading	4,036	40,422	577	2,470	31,289	429
1.2 Linked to fair value option	-	19	-	-	32	-
1.3 Other	-	26	-	-	34	-
<b>2. Credit derivatives</b>	<b>24</b>	<b>54</b>	<b>4</b>	<b>4</b>	<b>64</b>	<b>29</b>
2.1 Trading	24	54	4	4	64	29
2.2 Linked to fair value option	-	-	-	-	-	-
2.3 Other	-	-	-	-	-	-
<b>Total (B)</b>	<b>4,060</b>	<b>40,521</b>	<b>581</b>	<b>2,474</b>	<b>31,419</b>	<b>458</b>
<b>Total (A+B)</b>	<b>23,824</b>	<b>47,578</b>	<b>1,303</b>	<b>23,040</b>	<b>39,034</b>	<b>1,206</b>
<b>Total Level 1, Level 2 and Level 3</b>			<b>72,705</b>			<b>63,280</b>

(€ million)

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", of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part A - Accounting Policies.

## Part B - Consolidated balance sheet - Assets

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 offset effect as at 31 December 2020, already included in the net presentation of these transactions, totaled €38,163 million (€25,101 million as at 31 December 2019).

Item "1. Debt securities" include securities related to securitisation transactions shown in the following table.

### Exposures to securities related to Securitisation transactions

	(€ million)
	AMOUNTS AS AT
	12.31.2020
<b>TRANCHING</b>	
Senior	26
Mezzanine	-
Junior	-
<b>Total</b>	<b>26</b>

### 2.2 Financial assets held for trading: breakdown by borrowers/issuers/counterparties

ITEMS/VALUES	(€ million)	
	AMOUNTS AS AT	
	12.31.2020	12.31.2019
<b>A. Financial assets (non-derivatives)</b>		
<b>1. Debt securities</b>	<b>10,857</b>	<b>14,390</b>
a) Central Banks	-	-
b) Governments and other Public Sector Entities	7,386	8,914
c) Banks	1,204	2,629
d) Other financial companies	1,488	1,935
<i>of which: insurance companies</i>	-	4
e) Non-financial companies	779	912
<b>2. Equity instruments</b>	<b>6,549</b>	<b>5,633</b>
a) Banks	671	620
b) Other financial companies	592	370
<i>of which: insurance companies</i>	195	156
c) Non-financial companies	5,286	4,643
d) Other issuers	-	-
<b>3. Units in investment funds</b>	<b>2,227</b>	<b>2,780</b>
<b>4. Loans</b>	<b>7,910</b>	<b>6,126</b>
a) Central Banks	83	50
b) Governments and other Public Sector Entities	2,155	2,047
c) Banks	394	153
d) Other financial companies	1,071	1,308
<i>of which: insurance companies</i>	-	-
e) Non-financial companies	4,207	2,568
f) Households	-	-
<b>Total A</b>	<b>27,543</b>	<b>28,929</b>
<b>B. Derivative instruments</b>		
a) Central counterparties	4,463	2,724
d) Other	40,699	31,627
<b>Total B</b>	<b>45,162</b>	<b>34,351</b>
<b>Total (A+B)</b>	<b>72,705</b>	<b>63,280</b>



## Part B - Consolidated balance sheet - Assets

### 2.3 Financial assets designated at fair value: breakdown by product

ITEMS/VALUES	AMOUNTS AS AT 12.31.2020			AMOUNTS AS AT 12.31.2019		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
	(€ million)					
<b>1. Debt securities</b>	<b>226</b>	-	-	-	-	-
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	226	-	-	-	-	-
<b>2. Loans</b>	-	-	-	-	-	-
2.1 Structured	-	-	-	-	-	-
2.2 Other	-	-	-	-	-	-
<b>Total</b>	<b>226</b>	-	-	-	-	-
<b>Total Level 1, Level 2 and Level 3</b>	<b>226</b>			<b>-</b>		

It should be noted that, starting from 2020, debt securities toward government and other public sector entities have been presented as Financial assets designated at fair value so to reduce the accounting mismatch associated with their relation with other financial instruments measured with changes in fair value recognised in the income statement in order to manage the risk profile.

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" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part A - Accounting policies.

### 2.4 Financial assets designated at fair value: breakdown by borrowers/issuers

ITEMS/VALUES	AMOUNTS AS AT	
	12.31.2020	12.31.2019
	(€ million)	
<b>1. Debt securities</b>	<b>226</b>	-
a) Central Banks	-	-
b) Governments and other Public Sector Entities	226	-
c) Banks	-	-
d) Other financial companies	-	-
<i>of which: insurance companies</i>	-	-
e) Non-financial companies	-	-
<b>2. Loans</b>	-	-
a) Central Banks	-	-
b) Governments and other Public Sector Entities	-	-
c) Banks	-	-
d) Other financial companies	-	-
<i>of which: insurance companies</i>	-	-
e) Non-financial companies	-	-
f) Households	-	-
<b>Total</b>	<b>226</b>	<b>-</b>

### 2.5 Other financial assets mandatorily at fair value: breakdown by product

ITEMS/VALUES	AMOUNTS AS AT 12.31.2020			AMOUNTS AS AT 12.31.2019		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
	(€ million)					
<b>1. Debt securities</b>	<b>5,612</b>	<b>5,042</b>	<b>187</b>	<b>7,719</b>	<b>5,971</b>	<b>259</b>
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	5,612	5,042	187	7,719	5,971	259
<b>2. Equity instruments</b>	<b>57</b>	<b>80</b>	<b>647</b>	<b>76</b>	<b>16</b>	<b>450</b>
<b>3. Units in investment funds</b>	<b>27</b>	<b>39</b>	<b>1,267</b>	<b>29</b>	<b>51</b>	<b>1,055</b>
<b>4. Loans</b>	-	<b>1,448</b>	<b>488</b>	-	<b>1,933</b>	<b>1,041</b>
4.1 Structured	-	-	-	-	-	-
4.2 Other	-	1,448	488	-	1,933	1,041
<b>Total</b>	<b>5,696</b>	<b>6,609</b>	<b>2,589</b>	<b>7,824</b>	<b>7,971</b>	<b>2,805</b>
<b>Total Level 1, Level 2 and Level 3</b>	<b>14,894</b>			<b>18,600</b>		

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.

## Part B - Consolidated balance sheet - Assets

The item "1. Debt securities" includes investments in FINO Project's Mezzanine and Junior Notes with a value of €47 million as at 31 December 2020 and Mezzanine and Junior bonds of Prisma securitisation for €3 million.

The item "2. Equity instruments" includes the investment in a "Schema Volontario" (presented among Level 3 instruments) with a value of €7 million.

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 €350 million as at 31 December 2020.

The item "4. Loans" includes exposures which have been granted payment moratoriums related to the Covid-19 pandemic context for a total amount of €7 million.

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" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, Part A - Accounting policies.

### Exposures to securities related to Securitisation transactions

	(€ million)
	AMOUNTS AS AT 12.31.2020
<b>TRANCHING</b>	
Senior	13
Mezzanine	70
Junior	58
<b>Total</b>	<b>141</b>

### Information about the units of Atlante Fund and Italian Recovery Fund

For further information refer 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)

For further information refer to the paragraph "Information about the investments in the Shema 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

ITEMS/VALUES	(€ million)	
	AMOUNTS AS AT	
	12.31.2020	12.31.2019
<b>1. Equity instruments</b>	<b>784</b>	<b>542</b>
<i>of which: banks</i>	25	23
<i>of which: other financial companies</i>	257	308
<i>of which: non-financial companies</i>	503	210
<b>2. Debt securities</b>	<b>10,841</b>	<b>13,949</b>
a) Central banks	4	3
b) Governments and other Public Sector Entities	6,383	8,221
c) Banks	3,980	5,008
d) Other financial companies	463	656
<i>of which: insurance companies</i>	57	58
e) Non-financial companies	11	61
<b>3. Units in investment funds</b>	<b>1,333</b>	<b>1,135</b>
<b>4. Loans and advances</b>	<b>1,936</b>	<b>2,974</b>
a) Central banks	-	-
b) Governments and other Public Sector Entities	830	1,130
c) Banks	60	45
d) Other financial companies	57	495
<i>of which: insurance companies</i>	-	-
e) Non-financial companies	661	923
f) Households	328	381
<b>Total</b>	<b>14,894</b>	<b>18,600</b>

## 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 12.31.2020			AMOUNTS AS AT 12.31.2019		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
<b>1. Debt securities</b>	<b>57,463</b>	<b>13,439</b>	<b>236</b>	<b>64,340</b>	<b>12,164</b>	<b>1,445</b>
1.1 Structured securities	-	-	-	-	-	-
1.2 Other	57,463	13,439	236	64,340	12,164	1,445
<b>2. Equity instruments</b>	<b>20</b>	<b>872</b>	<b>707</b>	<b>1</b>	<b>960</b>	<b>792</b>
<b>3. Loans</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>57,483</b>	<b>14,311</b>	<b>943</b>	<b>64,341</b>	<b>13,124</b>	<b>2,237</b>
<b>Total Level 1, Level 2 and Level 3</b>	<b>72,737</b>			<b>79,702</b>		

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 Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part A - Accounting Policies.

The Item "1. Debt Securities" includes investments FINO Project's in instrument Senior and in one part of instrument Mezzanine notes with a value of €128 million entirely reported within Level 3 of the Fair Value hierarchy and Senior bonds of Prisma securitisation for €918 million, entirely reported within Level 2 of the Fair Value hierarchy.

The Item "2. Equity instruments" includes (i) Banca d'Italia stake (presented among Level 2 instruments), with a value of €805 million and (ii) 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 €265 million at 31 December 2020.

## Exposures to securities related to Securitisation transactions

(€ million)

TRANCHING	AMOUNTS AS AT 12.31.2020
Senior	1,585
Mezzanine	11
Junior	-
<b>Total</b>	<b>1,596</b>

## 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 sheets - Assets, 3.1 Financial assets at fair value through other comprehensive income: breakdown by product, Section 3 - Financial assets at fair value through other comprehensive income - Item 30, 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	
	12.31.2020	12.31.2019
<b>1. Debt securities</b>	<b>71,138</b>	<b>77,949</b>
a) Central Banks	-	1,366
b) Governments and other Public Sector Entities	56,970	62,692
c) Banks	10,272	10,098
d) Other financial companies	2,473	2,267
<i>of which: insurance companies</i>	-	-
e) Non-financial companies	1,423	1,526
<b>2. Equity instruments</b>	<b>1,599</b>	<b>1,753</b>
a) Banks	871	1,000
b) Other issuers	728	753
- Other financial companies	470	546
<i>of which: insurance companies</i>	30	24
- Non-financial companies	256	205
- Other	2	2
<b>3. Loans and advances</b>	<b>-</b>	<b>-</b>
a) Central Banks	-	-
b) Governments and other Public Sector Entities	-	-
c) Banks	-	-
d) Other financial companies	-	-
<i>of which: insurance companies</i>	-	-
e) Non-financial companies	-	-
f) Households	-	-
<b>Total</b>	<b>72,737</b>	<b>79,702</b>

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			PARTIAL ACCUMULATED WRITE-OFFS(*)
	STAGE 1		STAGE 2	STAGE 3	STAGE 1	STAGE 2	STAGE 3	
		OF WHICH: INSTRUMENTS WITH LOW CREDIT RISK EXEMPTION						
Debt securities	70,725	68,279	471	1	50	8	1	-
Loans and advances	-	-	-	-	-	-	-	-
<b>Total 12.31.2020</b>	<b>70,725</b>	<b>68,279</b>	<b>471</b>	<b>1</b>	<b>50</b>	<b>8</b>	<b>1</b>	<b>-</b>
<i>of which: purchased or originated credit-impaired financial assets</i>	-	-	-	-	-	-	-	-
<b>Total 12.31.2019</b>	<b>77,592</b>	<b>75,306</b>	<b>403</b>	<b>-</b>	<b>41</b>	<b>5</b>	<b>-</b>	<b>-</b>
<i>of which: purchased or originated credit-impaired financial assets</i>	X	X	-	-	X	-	-	-

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 12.31.2020						AMOUNTS AS AT 12.31.2019					
	BOOK VALUE			FAIR VALUE			BOOK VALUE			FAIR VALUE		
	STAGE 1 AND STAGE 2	STAGE 3	OF WHICH: PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	LEVEL 1	LEVEL 2	LEVEL 3	STAGE 1 AND STAGE 2	STAGE 3	OF WHICH: PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	LEVEL 1	LEVEL 2	LEVEL 3
<b>A. Loans and advances to Central Banks</b>	<b>67,801</b>	-	-	-	<b>6,310</b>	<b>61,401</b>	<b>46,583</b>	-	-	-	<b>9,185</b>	<b>37,268</b>
1. Time deposits	1,913	-	-	X	X	X	835	-	-	X	X	X
2. Compulsory reserves	60,197	-	-	X	X	X	37,363	-	-	X	X	X
3. Reverse repos	4,465	-	-	X	X	X	7,471	-	-	X	X	X
4. Other	1,226	-	-	X	X	X	914	-	-	X	X	X
<b>B. Loans and advances to banks</b>	<b>49,688</b>	-	-	<b>3,806</b>	<b>37,249</b>	<b>9,553</b>	<b>55,086</b>	-	-	<b>2,148</b>	<b>43,936</b>	<b>8,931</b>
1. Loans	43,955	-	-	115	35,322	9,327	51,262	-	-	16	42,168	8,922
1.1 Current accounts and demand deposits	13,626	-	-	X	X	X	13,539	-	-	X	X	X
1.2 Time deposits	5,392	-	-	X	X	X	9,091	-	-	X	X	X
1.3 Other loans	24,937	-	-	X	X	X	28,632	-	-	X	X	X
- Reverse repos	20,616	-	-	X	X	X	22,799	-	-	X	X	X
- Lease Loans	4	-	-	X	X	X	3	-	-	X	X	X
- Other	4,317	-	-	X	X	X	5,830	-	-	X	X	X
2. Debt securities	5,733	-	-	3,691	1,927	226	3,824	-	-	2,132	1,768	9
2.1 Structured	1	-	-	-	-	-	1	-	-	-	-	-
2.2 Other	5,732	-	-	3,691	1,927	226	3,823	-	-	2,132	1,768	9
<b>Total</b>	<b>117,489</b>	-	-	<b>3,806</b>	<b>43,559</b>	<b>70,954</b>	<b>101,669</b>	-	-	<b>2,148</b>	<b>53,121</b>	<b>46,199</b>
<b>Total Level 1, Level 2 and Level 3</b>				<b>118,319</b>						<b>101,468</b>		

Increase in item "A. Loans and advance to Central Banks" is mostly due to the Compulsory Reserve held toward Central Bank.

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" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part A - Accounting Policies.

This table does not include security lending transactions collateralised by securities or not collateralised. These transactions 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 Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, Quantitative information, A. Credit quality. See also the paragraph "Other information" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part B - Consolidated balance sheet.

## 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 12.31.2020						AMOUNTS AS AT 12.31.2019					
	BOOK VALUE			FAIR VALUE			BOOK VALUE			FAIR VALUE		
	STAGE 1 AND STAGE 2	STAGE 3	OF WHICH: PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	LEVEL 1	LEVEL 2	LEVEL 3	STAGE 1 AND STAGE 2	STAGE 3	OF WHICH: PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	LEVEL 1	LEVEL 2	LEVEL 3
<b>1. Loans</b>	<b>440,238</b>	<b>8,497</b>	<b>47</b>	<b>138</b>	<b>169,259</b>	<b>290,442</b>	<b>470,947</b>	<b>8,754</b>	<b>18</b>	<b>156</b>	<b>182,040</b>	<b>306,539</b>
1.1 Current accounts	24,901	757	2	X	X	X	31,857	1,073	5	X	X	X
1.2 Reverse repos	35,757	-	-	X	X	X	58,222	-	-	X	X	X
1.3 Mortgages	175,466	2,852	3	X	X	X	166,004	3,099	4	X	X	X
1.4 Credit cards and personal loans, including wage assignment	16,054	335	1	X	X	X	17,824	307	-	X	X	X
1.5 Lease loans	15,962	789	-	X	X	X	17,314	1,320	-	X	X	X
1.6 Factoring	12,103	133	-	X	X	X	13,554	176	-	X	X	X
1.7 Other loans	159,995	3,631	41	X	X	X	166,172	2,779	9	X	X	X
<b>2. Debt securities</b>	<b>57,242</b>	<b>35</b>	<b>-</b>	<b>47,049</b>	<b>10,277</b>	<b>1,266</b>	<b>45,054</b>	<b>39</b>	<b>-</b>	<b>33,030</b>	<b>12,065</b>	<b>1,092</b>
2.1 Structured securities	35	-	-	-	-	35	19	-	-	13	-	7
2.2 Other debt securities	57,207	35	-	47,049	10,277	1,231	45,035	39	-	33,017	12,065	1,085
<b>Total</b>	<b>497,480</b>	<b>8,532</b>	<b>47</b>	<b>47,187</b>	<b>179,536</b>	<b>291,708</b>	<b>516,001</b>	<b>8,793</b>	<b>18</b>	<b>33,186</b>	<b>194,105</b>	<b>307,631</b>
<b>Total Level 1, Level 2 and Level 3</b>				<b>518,431</b>						<b>534,922</b>		

The column "of which: purchased or originated credit-impaired financial assets" includes impaired loans purchased as part of transactions other than business combinations.

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 - Section 2 - Risks of the prudential consolidated perimeter - Quantitative information - A. Credit Quality. See also the section "Other Information" of Part B.

The sub-item "1.7 Other loans" includes:

- €4,698 million for trade receivables;
- €25,986 million for other non-current account loans;
- €23,741 million for pooled transactions;
- €19,451 million advances to customers for import/export;
- €18,982 million for loans with amortised plan.

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 Part A - Accounting Policies - A.4 Information on fair value of the Notes to the consolidated accounts.

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.

It should be noted that the decreases in Lease loans impaired (Stage 3) is mainly attributable to the disposal transactions (Relais Transaction) performed during the period. For additional information refer to Part E - Information on risks and hedging policies - Section 1 - Credit risk, under the table "A.1.2 Breakdown of financial assets by portfolio and credit quality (gross and net values).

The item "2.2 Other debt securities" include securities related to securitisation transactions shown in the following table.

## Part B - Consolidated balance sheet - Assets

## Exposures to securities related to Securitisation transactions

	(€ million)
<b>TRANCHING</b>	<b>AMOUNTS AS AT 12.31.2020</b>
Senior	8,138
Mezzanine	52
Junior	-
<b>Total</b>	<b>8,190</b>

## 4.3 Financial assets at amortised cost: breakdown by borrowers/issuers of loans and advances to customers

TYPE OF TRANSACTIONS/VALUES	AMOUNTS AS AT 12.31.2020			AMOUNTS AS AT 12.31.2019		
	STAGE 1 OR STAGE 2	STAGE 3	OF WHICH: PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	STAGE 1 OR STAGE 2	STAGE 3	OF WHICH: PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS
<b>1. Debt securities</b>	<b>57,242</b>	<b>35</b>	<b>-</b>	<b>45,054</b>	<b>39</b>	<b>-</b>
a) Governments and other Public Sector Entities	45,231	-	-	34,120	-	-
b) Other financial companies	8,965	35	-	9,097	39	-
<i>of which: insurance companies</i>	-	-	-	51	-	-
c) Non-financial companies	3,046	-	-	1,837	-	-
<b>2. Loans</b>	<b>440,238</b>	<b>8,497</b>	<b>47</b>	<b>470,947</b>	<b>8,754</b>	<b>18</b>
a) Governments and other Public Sector Entities	22,983	446	-	20,835	163	-
b) Other financial companies	68,458	615	9	89,878	412	-
<i>of which: insurance companies</i>	4,206	2	-	2,615	3	-
c) Non-financial companies	226,996	5,699	33	236,152	6,350	13
d) Households	121,801	1,737	5	124,082	1,829	5
<b>Total</b>	<b>497,480</b>	<b>8,532</b>	<b>47</b>	<b>516,001</b>	<b>8,793</b>	<b>18</b>

## 4.4 Financial assets at amortised cost: gross value and total accumulated impairments

	GROSS VALUE				TOTAL ACCUMULATED IMPAIRMENTS			PARTIAL ACCUMULATED WRITE-OFFS <sup>(*)</sup>
	STAGE 1	OF WHICH: INSTRUMENTS WITH LOW CREDIT RISK EXEMPTION	STAGE 2	STAGE 3	STAGE 1	STAGE 2	STAGE 3	
1. Debt securities	62,268	40,738	751	47	20	24	12	-
2. Loans	472,491	-	83,655	21,132	1,178	2,974	12,635	2,011
<b>Total 12.31.2020</b>	<b>534,759</b>	<b>40,738</b>	<b>84,406</b>	<b>21,179</b>	<b>1,198</b>	<b>2,998</b>	<b>12,647</b>	<b>2,011</b>
<i>of which: purchased or originated credit-impaired financial assets</i>	X	X	16	61	X	-	14	19
<b>Total 12.31.2019</b>	<b>575,570</b>	<b>33,987</b>	<b>44,713</b>	<b>25,205</b>	<b>1,008</b>	<b>1,605</b>	<b>16,412</b>	<b>2,353</b>
<i>of which: purchased or originated credit-impaired financial assets</i>	X	X	19	37	X	-	19	26

Note:

(\*) Value shown for information purposes.

## 4.4a Financial assets at amortised cost subject to Covid-19 measures: gross value and total accumulated impairments

	GROSS VALUE				TOTAL ACCUMULATED IMPAIRMENTS		
	STAGE 1	OF WHICH: INSTRUMENTS WITH LOW CREDIT RISK EXEMPTION	STAGE 2	STAGE 3	STAGE 1	STAGE 2	STAGE 3
EBA-compliant moratoria loans and advances	9,379	-	12,745	749	50	636	361
Other loans and advances with Covid-19 related forbearance measures	6	-	168	528	-	11	77
Newly originated loans and advances	12,163	-	4,052	64	20	29	21
<b>Total 12.31.2020</b>	<b>21,548</b>	<b>-</b>	<b>16,965</b>	<b>1,341</b>	<b>70</b>	<b>676</b>	<b>459</b>

## Part B - Consolidated 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 12.31.2020				AMOUNTS AS AT 12.31.2019			
	FAIR VALUE			NOTIONAL AMOUNT	FAIR VALUE			NOTIONAL AMOUNT
	LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3	
<b>A. Financial derivatives</b>	<b>114</b>	<b>3,683</b>	<b>5</b>	<b>273,178</b>	<b>146</b>	<b>5,785</b>	<b>3</b>	<b>198,909</b>
1) Fair value	114	3,426	5	244,498	146	5,657	3	193,335
2) Cash flows	-	257	-	28,680	-	128	-	5,574
3) Net investment in foreign subsidiaries	-	-	-	-	-	-	-	-
<b>B. Credit derivatives</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
<b>Total</b>	<b>114</b>	<b>3,683</b>	<b>5</b>	<b>273,178</b>	<b>146</b>	<b>5,785</b>	<b>3</b>	<b>198,909</b>
<b>Total Level 1, Level 2 and Level 3</b>	<b>3,802</b>				<b>5,934</b>			

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 see the paragraph "A.4 - Information on fair value" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part A - Accounting Policies.

## 5.2 Hedging derivatives: composition for covered portfolios and by type of hedging

(€ million)

TRANSACTIONS/TYPE OF HEDGES	AMOUNTS AS AT 12.31.2020								CASH FLOW		
	FAIR VALUE							MACRO-HEDGE	MICRO-HEDGE	MACRO-HEDGE	FOREIGN INVESTMENTS
	MICRO-HEDGE										
	DEBT SECURITIES AND INTEREST RATES RISK	EQUITY INSTRUMENTS AND EQUITY INDICES RISK	CURRENCY AND GOLD	CREDIT RISK	COMMODITIES	OTHERS					
1. Financial assets at fair value through other comprehensive income	3	-	-	-	X	X	X	-	X	X	
2. Financial assets at amortised cost	1	X	-	-	X	X	X	-	X	X	
3. Portfolio	X	X	X	X	X	X	23	X	220	X	
4. Other transactions	-	-	-	-	-	-	X	-	X	-	
<b>Total assets</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23</b>	<b>-</b>	<b>220</b>	<b>-</b>	
1. Financial liabilities	2,641	X	-	-	-	-	X	3	X	X	
2. Portfolio	X	X	X	X	X	X	507	X	29	X	
<b>Total liabilities</b>	<b>2,641</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>507</b>	<b>3</b>	<b>29</b>	<b>-</b>	
1. Expected transactions	X	X	X	X	X	X	X	-	X	X	
2. Financial assets and liabilities portfolio	X	X	X	X	X	X	370	X	5	-	



## Part B - Consolidated 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	
	12.31.2020	12.31.2019
<b>1. Positive changes</b>	<b>5,628</b>	<b>5,219</b>
1.1 Of specific portfolios	2,169	1,931
a) Financial assets at amortised cost	2,169	1,931
b) Financial assets at fair value through other comprehensive income	-	-
1.2 Overall	3,459	3,288
<b>2. Negative changes</b>	<b>1,742</b>	<b>1,923</b>
2.1 Of specific portfolios	719	724
a) Financial assets at amortised cost	719	724
b) Financial assets at fair value through other comprehensive income	-	-
2.2 Overall	1,023	1,199
<b>Total</b>	<b>3,886</b>	<b>3,296</b>

## Part B - Consolidated balance sheet - Assets

## Section 7 - Equity investments - Item 70

## 7.1 Equity investments: information on shareholders' equity

COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP <sup>(1)</sup>	NATURE OF RELATIONSHIP <sup>(2)</sup>	OWNERSHIP RELATIONSHIP			
					HELD BY	HOLDING %	VOTING RIGHTS % <sup>(3)</sup>	
<b>VALUED AT EQUITY METHOD</b>								
<b>A.2 INVESTMENTS IN JOINT VENTURES</b>								
1	FIDES LEASING GMBH Issued capital EUR 36,000	VIENNA	VIENNA	7	2	CALG ANLAGEN LEASING GMBH	50.00	
2	HETA BA LEASING SUEDE GMBH Issued capital EUR 36,500	KLAGENFURT	KLAGENFURT	7	2	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	50.00	
3	PALATIN GRUNDSTUECKVERWALTUNGS GESELLSCHAFT M.B.H. Issued capital EUR 36,336	STOCKERAU	STOCKERAU	7	2	UNICREDIT LEASING (AUSTRIA) GMBH	50.00	
4	CAPITAL DEV SPA <sup>*</sup> Issued capital EUR 25,272,000	ROME	ROME	7	2	UNICREDIT SPA	20.00	
<b>A.3 COMPANIES UNDER SIGNIFICANT INFLUENCE</b>								
5	ALLIANZ ZB D.O.O. DRUSTVO ZA UPRAVLJANJE OBVEZNIM I DOBROVOLJNIM MIROVINSKIM FONDOVIMA Issued capital HRK 105,000,000	ZAGREB	ZAGREB	8	2	ZAGREBACKA BANKA D.D.	49.00	
6	ASSET BANCARI II Issued capital EUR 25,050,203	MILAN	MILAN	8	2	UNICREDIT SPA	21.55	
7	AVIVA SPA Issued capital EUR 247,000,000	MILAN	MILAN	8	4	UNICREDIT SPA	49.00	
8	BANK FUER TIROL UND VORARLBERG AKTIENGESELLSCHAFT Issued capital EUR 68,062,500	INNSBRUCK	INNSBRUCK	8	1	CABO BETEILIGUNGSGESELLSCHAFT M.B.H.	37.53	40.51
						UNICREDIT BANK AUSTRIA AG	9.85	6.34
9	BARN BV Issued capital EUR 237,890,000	AMSTERDAM	AMSTERDAM	8	2	AO UNICREDIT BANK	40.00	
10	BKS BANK AG Issued capital EUR 85,886,000	KLAGENFURT	KLAGENFURT	8	1	CABO BETEILIGUNGSGESELLSCHAFT M.B.H.	23.15	
						UNICREDIT BANK AUSTRIA AG	6.63	
11	CAMFIN S.P.A. Issued capital EUR 1,080,000	MILAN	MILAN	8	5	UNICREDIT SPA	12.70	19.84
12	CASH SERVICE COMPANY AD Issued capital BGN 12,500,000	SOFIA	SOFIA	8	5	UNICREDIT BULBANK AD	25.00	
13	CBD INTERNATIONAL SP.ZO.O. Issued capital PLN 100,500	WARSAW	WARSAW	8	2	ISB UNIVERSALE BAU GMBH	49.75	
14	CNP UNICREDIT VITA S.P.A. Issued capital EUR 381,698,529	MILAN	MILAN	8	4	UNICREDIT SPA	38.80	
15	COMPAGNIA AEREA ITALIANA S.P.A. Issued capital EUR 352,940	FIUMICINO (ROME)	FIUMICINO (ROME)	8	5	UNICREDIT SPA	36.59	
16	COMTRADE GROUP B.V. Issued capital EUR 4,522,000	ROTTERDAM	AMSTERDAM	8	5	UNICREDIT BANK AG	21.05	
17	CREDITRAS ASSICURAZIONI SPA Issued capital EUR 52,000,000	MILAN	MILAN	8	4	UNICREDIT SPA	50.00	
18	CREDITRAS VITA SPA Issued capital EUR 112,200,000	MILAN	MILAN	8	4	UNICREDIT SPA	50.00	
19	DA VINCI S.R.L. Issued capital EUR 100,000	ROME	ROME	8	5	IDEA FIMIT SGR FONDO SIGMA IMMOBILIARE	37.50	
20	INCONTRA ASSICURAZIONI S.P.A. Issued capital EUR 5,200,000	MILAN	MILAN	8	4	UNICREDIT SPA	49.00	
21	MULTIPLUS CARD D.O.O. ZA PROMIDZBU I USLUGE Issued capital HRK 5,000,000	ZAGREB	ZAGREB	8	2	ZAGREB NEKRETNINE D.O.O. ZA POSLOVANJE NEKRETNINAMA	75.00	25.00
22	NOTARTREUHANDBANK AG Issued capital EUR 8,030,000	VIENNA	VIENNA	8	2	UNICREDIT BANK AUSTRIA AG	25.00	
23	OBERBANK AG Issued capital EUR 105,402,000	LINZ	LINZ	8	1	CABO BETEILIGUNGSGESELLSCHAFT M.B.H.	23.76	
						UNICREDIT BANK AUSTRIA AG	3.41	
24	OESTERREICHISCHE KONTROLLBANK AKTIENGESELLSCHAFT Issued capital EUR 130,000,000	VIENNA	VIENNA	8	1	CABET-HOLDING GMBH	24.75	
						SCHOELLERBANK AKTIENGESELLSCHAFT	8.26	
						UNICREDIT BANK AUSTRIA AG	16.14	

## Part B - Consolidated balance sheet - Assets

COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	TYPE OF RELATIONSHIP <sup>(1)</sup>	NATURE OF RELATIONSHIP <sup>(2)</sup>	OWNERSHIP RELATIONSHIP		
					HELD BY	HOLDING %	VOTING RIGHTS % <sup>(3)</sup>
25 OESTERREICHISCHE WERTPAPIERDATEN SERVICE GMBH Issued capital EUR 100,000	VIENNA	VIENNA	8	2	UNICREDIT BANK AUSTRIA AG	29.30	
26 PSA PAYMENT SERVICES AUSTRIA GMBH Issued capital EUR 285,000	VIENNA	VIENNA	8	2	UNICREDIT BANK AUSTRIA AG	24.00	
27 RCI FINANCIAL SERVICES S.R.O. Issued capital CZK 70,000,000	PRAGUE	PRAGUE	8	2	UNICREDIT LEASING CZ, A.S.	50.00	49.86
28 RISANAMENTO SPA Issued capital EUR 197,951,784	MILAN	MILAN	8	5	UNICREDIT SPA	22.23	
29 UNI GEBAEUEMANAGEMENT GMBH Issued capital EUR 18,168	LINZ	LINZ	8	2	BA GVG-HOLDING GMBH	50.00	
30 WKBG WIENER KREDITBUERGSCHAFTS- UND BETEILIGUNGSBANK AG Issued capital EUR 15,550,309	VIENNA	VIENNA	8	2	UNICREDIT BANK AUSTRIA AG	21.54	
31 YAPI VE KREDI BANKASI AS Issued capital TRY 8,398,165,828	ISTANBUL	ISTANBUL	8	1	UNICREDIT SPA	20.00	

### Notes:

\* Company classified in the Financial Statements as "non-current assets and disposal groups classified as held for sale" according to IFRS 5 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 IFRS 5 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.

See 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 47 as at 31 December 2019 to 31 as at 31 December 2020 due to 1 increase and 17 decreases as disposals, changes of the consolidation method and mergers.

We remind that after the application of IFRS11, starting from 1 January 2014, the option to consolidate joint controlled entities proportionally has been eliminated, imposing the net equity method for those companies that fall in the scope of the above mentioned IFRS11.

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
<b>A. Opening balance (from previous year)</b>	<b>47</b>
<b>B. Increased by</b>	<b>1</b>
B.1 Newly established companies	-
B.2 Change of the consolidation method	1
B.3 Entities consolidated for the first time in the year	-
<b>C. Reduced by</b>	<b>17</b>
C.1 Disposal/Liquidation	16
C.2 Change of the consolidation method	1
C.3 Absorption by other entities	-
C.4 Other changes	-
<b>D. Closing balance</b>	<b>31</b>

### Increases

During the period there was one change of the consolidation method regarding the company Capital Dev S.p.A., following the loss of control related to the sale of 80% of the shareholding, occurred during fourth quarter, as part of the implementation of agreements with a counterparty not belonging to the Group. This sale entailed the deconsolidation of the subsidiary and the classification of the remaining 20% of the shareholding as entity subject to joint control, included among non-current assets and disposal groups classified as held for sale. The agreement with the investors envisages also the disposal of the remaining shares upon homologation, in accordance with art. 182 bis of bankruptcy law, of some terms included in the signed contract.

## Part B - Consolidated balance sheet - Assets

### Reductions

#### Disposal/Liquidation

COMPANY NAME	MAIN OFFICE
BANQUE DE COMMERCE ET DE PLACEMENTS SA	GINEVRA
YAPI KREDI KORAY GAYRIMENKUL YATIRIM ORTAKLIGI AS	ISTANBUL
YAPI KREDI HOLDING BV	AMSTERDAM
STICHTING CUSTODY SERVICES YKB	AMSTERDAM
YAPI KREDI PORTFOEY YOENETIMI AS	ISTANBUL
YAPI KREDI BANK AZERBAIJAN CLOSED JOINT STOCK COMPANY	BAKU
YAPI KREDI BANK NEDERLAND N.V.	AMSTERDAM
TORRE SGR S.P.A.	ROME

COMPANY NAME	MAIN OFFICE
ALLIANZ YASAM VE EMEKLILIK AS	ISTANBUL
KOC FINANSAL HIZMETLER AS	ISTANBUL
YAPI KREDI YATIRIM MENKUL DEGERLER AS	ISTANBUL
YAPI KREDI DIVERSIFIED PAYMENT RIGHTS FINANCE COMPANY	GEORGE TOWN
YAPI KREDI FAKTORING AS	ISTANBUL
YAPI KREDI FINANSAL KIRALAMA AO	ISTANBUL
YAPI KREDI BANK MALTA LTD.	ST. JULIAN'S
ARWAG HOLDING-AKTIENGESELLSCHAFT	VIENNA

#### Change of the consolidation method

COMPANY NAME	MAIN OFFICE
ADLER FUNDING LLC	NEW YORK

The following table shows the breakdown of item "70.Equity investments", reporting the adopted accounting method, held either directly or through consolidated subsidiaries.

	NUMBER OF ENTITY	CARRYING VALUE
Joint ventures accounted for under equity method	3	1
Associates accounted for under equity method	26	4,270
Entities controlled either directly or through consolidated subsidiaries held at cost	73	79
Joint Venture held either directly or through consolidated subsidiaries held at cost	1	0
Associates held either directly or through consolidated subsidiaries held at cost	11	4
<b>Total</b>	<b>114</b>	<b>4,354</b>

(€ million)

### Yapi Kredi transaction

In November 2019, UniCredit S.p.A. and Koç Group entered into a set of agreements related to:

- certain shares transfers (as better described below), and
- the termination of the existing shareholders agreement related to Koç Finansal Hizmetler A.S. ("KFS"), the Turkish joint venture vehicle through which Koç Group and UniCredit have run a commercial banking operation in Turkey since 2002 and which at the date owned a controlling stake in Yapi ve Kredi Bankası A.Ş. ("YKB" or "the Company"), listed on the Istanbul Stock Exchange.

In particular, the agreements envisaged:

- the acquisition by Koç Group of UniCredit's entire 50% shareholding in KFS, thereby becoming the sole shareholder of KFS,
- the sale by KFS of 31.93% and 9.02% stakes in YKB to UniCredit and Koç Holding A.Ş. ("Koç Holding") respectively,
- the simultaneous termination of the shareholders agreement related to KFS.

As a consequence of the above described transaction, UniCredit owned a direct 31.93% stake in YKB, thus reducing its participation by 9.02% (from an indirect 40.95% stake in KFS, to a direct 31.93% stake in YKB), also unwinding the Joint Control on KFS.

As a result of the above, in the consolidated Financial Statements as of 31 December 2019, the 9.02% stake in YKB was reclassified in item "Non current assets and disposal groups classified as held for sale" and measured at its fair value less costs to sell being this value below its carrying amount.

The remaining 31.93% stake was accounted for through equity method, and subject to impairment test by assuming a recoverable amount equal to the Fair value resulting from YKB market quotation, in light of the stated non-strategic nature of the investment and the expectation about its gradual disposal.

## Part B - Consolidated balance sheet - Assets

The transactions were closed on 5 February 2020. As a result, the 9.02% stake in YKB was derecognised<sup>18</sup> accordingly, generating a loss for -€667 million mostly due to the recycling through income statement of the valuation reserves (mainly Foreign Exchange revaluation reserve).

As of the same date, UniCredit S.p.A. announced the launch of a placement of ordinary shares in YKB, representing 11.93% of the company's existing share capital. The accelerated book building (ABB) was successfully completed on 6 February 2020, by the offering of 11.93% of the Company's issued share capital to institutional investors, with settlement date 13 February 2020.

At the same time as the completion of the sale, the stake of 11.93% was derecognised, together with the pro-quota portion of the valuation reserves, determining the recognition in income statement of a loss for -€906 million, mostly related to the recycling in income statement of the revaluation reserves (mainly Foreign Exchange revaluation reserve).

As at 31 December 2020, the 20% stake, remaining after the transactions described above, is classified as an investment in "associate", indeed, UniCredit assessed to have significant influence as a result of the voting rights held and the representation in the Board of Directors of the company (2 out of 10 Directors were appointed by UniCredit).

Therefore, as at 31 December 2020, the remaining 20% stake continued to be accounted for using the equity method, in continuity with the previous year when it was classified among the "jointly controlled" companies.

The stake was also subject to impairment testing on the basis of the fair value calculated considering the market quotation as at 31 December 2020, determining the recognition of a total amount of +€8 million as revaluation through income statement.

Under a regulatory standpoint, following the ECB's decision to allow the application of the equity method to the 20% YKB remaining stake, the stake was coherently accounted for using the equity method, thus aligning the accounting and regulatory treatment as of 31 December 2020.

Consequently, as of the same date, the consolidated RWAs calculation does not include the YKB's proportional contribution anymore, while the stake is subject to the deduction mechanism applicable to the significant investments in financial sector entities.

### 7.2 Significant Shareholdings: book value, fair value and dividends received

(€ million)				
COMPANY NAME	BALANCE SHEET VALUE	FAIR VALUE <sup>(1)</sup>	DIVIDENDS RECEIVED <sup>(2)</sup>	NOTE <sup>(3)</sup>
<b>A. Companies under joint control</b>	-	-	-	
<b>B. Companies subject to significant influence</b>				
AVIVA S.P.A.	259	-	-	(2)
BANK FUER TIROL UND VORARLBERG AKTIENGESELLSCHAFT	742	483	2	(1)
BKS BANK AG	289	160	2	(1)
CNP UNICREDIT VITA S.P.A.	367	-	-	(2)
CREDITRAS VITA S.P.A.	538	-	-	(2)
OBERBANK AG	800	809	2	(1)
OESTERREICHISCHE KONTROLLBANK AKTIENGESELLSCHAFT	391	-	16	(2)
YAPI VE KREDI BANKASI AS	571	571	-	(1)
<b>Total</b>	<b>3,957</b>	<b>2,023</b>	<b>22</b>	

#### Notes:

(1) It should be noted that all investments in listed associates show a fair value at Level 1 (L1).

(2) Dividends received by the investor company.

(3) In the present table and in the following relating to significant shareholdings the values of Yapi Ve Kredi Bankasi AS are referred to 31 December 2020 financial statements approved; for the other companies the values are referred to the last financial statement 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 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.

As at 31 December 2020 for Bank Fuer Tirol un Vorarlberg Aktiengesellschaft and for Bks Bank AG the recoverable value was lower than the book value therefore a write-down was recognised. The stake of 20% in Yapi Ve Kredi Bankasi AS has a fair value (quotation) pro rata equal to €571 million; please note that a write-back was recognised in 2020. For more details see Part C – Information on Consolidated income statement - Section 17 – Gain (Losses) of equity investments - Item 250 of Notes to the consolidated accounts.

For Oberbank AG no write-downs or write-back were recognised during the year.

(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 greater of fair value net of costs to sell and value in use, and an impairment loss is recognised when the said recoverable value is lower than the book value. Note that none additional write-downs were recognised for these companies.

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.

<sup>18</sup> Despite UniCredit S.p.A. changed its asset from 50% direct stake in KFS to 31.93% direct stake in YKB, the application of IAS28 led to proportionally derecognise the 9.02% of YKB net assets, as well as of the related revaluation reserves; indeed, UniCredit consolidated financial statements represents (before and after the transaction) the pro-rata share of the net equity of YKB, net of write-downs.

## Part B - Consolidated balance sheet - Assets

## 7.3 Significant Shareholdings: accounting information

(€ million)

COMPANY NAME	CASH AND LIQUID ASSETS	FINANCIAL ASSET	NON-FINANCIAL ASSET	FINANCIAL LIABILITIES	NON-FINANCIAL LIABILITIES	TOTAL REVENUES	THE INTEREST MARGIN
<b>A. Companies under joint control</b>	-	-	-	-	-	-	-
<b>B. Companies subject to significant</b>							
AVIVA S.P.A.	X	14,569	511	-	14,689	2,047	X
BANK FUER TIROL UND VORARLBERG AKTIENGESELLSCHAFT	X	10,875	477	11,570	331	344	X
BKS BANK AG	X	8,520	163	8,072	236	254	X
CNP UNICREDIT VITA S.P.A.	X	15,794	1,066	375	15,539	3,536	X
CREDITRAS VITA S.P.A.	X	31,176	1,768	22,538	9,480	696	X
OBERBANK AG	X	21,880	552	21,237	820	627	X
OESTERREICHISCHE KONTROLLBANK AKTIENGESELLSCHAFT	X	34,656	129	33,107	1,533	432	X
YAPI VE KREDI BANKASI AS	X	49,151	3,208	45,203	2,973	5,567	X

continued: 7.3 Significant Shareholdings: accounting information

COMPANY NAME	ADJUSTMENTS TO THE BACKS ON TANGIBLE AND INTAGIBLE ASSETS	PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXES	PROFIT (LOSS) FROM CONTINUING OPERATIONS NET OF TAX	PROFIT (LOSS) FROM GROUP OF ASSETS HELD FOR SALE NET OF TAX	NET PROFIT (LOSS) (1)	OTHER COMPREHENSIVE INCOME, NET OF TAX (2)	OTHER COMPREHENSIVE INCOME (3)=(1)+(2)
<b>A. Companies under joint control</b>	-	-	-	-	-	-	-
<b>B. Companies subject to significant influence</b>							
AVIVA S.P.A.	X	110	79	-	79	-	79
BANK FUER TIROL UND VORARLBERG AKTIENGESELLSCHAFT	X	85	73	-	73	(11)	62
BKS BANK AG	X	71	61	-	61	(10)	51
CNP UNICREDIT VITA S.P.A.	X	61	46	-	46	(7)	39
CREDITRAS VITA S.P.A.	X	174	120	-	120	(25)	95
OBERBANK AG	X	140	92	-	92	(7)	85
OESTERREICHISCHE KONTROLLBANK AKTIENGESELLSCHAFT	X	49	37	-	37	(3)	34
YAPI VE KREDI BANKASI AS	X	721	531	-	531	152	683

For each significant equity investments 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
<b>A. Companies under joint control</b>	-	-	-
<b>B. Companies subject to significant influence</b>			
AVIVA S.P.A.	259	259	-
BANK FUER TIROL UND VORARLBERG AKTIENGESELLSCHAFT	742	822	-
BKS BANK AG	289	377	-
CNP UNICREDIT VITA S.P.A.	367	367	-
CREDITRAS VITA S.P.A.	538	538	-
OBERBANK AG	800	800	-
OESTERREICHISCHE KONTROLLBANK AKTIENGESELLSCHAFT	391	391	-
YAPI VE KREDI BANKASI AS	571	984	-

With reference to the nature of the relationships see paragraph 7.1 of this Section.

The carrying amount of the investments in Yapi Ve Kredi Bankasi AS, in Bank Fuer Tirol und Vorarlberg Aktiengesellschaft and in Bks Bank AG is affected by write-downs made in the current year and in the previous ones.

## Part B - Consolidated balance sheet - Assets

Aggregated financial information are disclosed for the related stake in the equity held.

### 7.4 Non-significant equity investments: accounting information

(€ million)

	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)	COMPREHENSIVE INCOME (3) = (1) + (2)
Companies under joint control	1	19	18	-	-	-	-	-	
Companies subject to significant influence	313	2,132	1,816	201	55	-	55	(34)	21

**Notes:**

For Compagnia Aerea Italiana S.p.A. included in Companies subject to significant influence the book value in the Consolidated financial statements reflects the results of the valuation at individual level made by UniCredit S.p.A.

Note that on the basis of the International Accounting Standards, equity investments in associates for which there is objective evidence of occurrence of events that may reduce their value, are impairment tested by calculating recoverable value, understood as the greater of fair value net of costs to sell and value in use, and an impairment loss is recognised when the said recoverable value is lower than the book value.

### 7.5 Equity investments: annual changes

(€ million)

	CHANGES IN	
	2020	2019
<b>A. Opening balance</b>	<b>4,787</b>	<b>5,502</b>
<b>B. Increases</b>	<b>422</b>	<b>828</b>
<i>of which: business combinations</i>	-	-
B.1 Purchases	10	20
B.2 Write-backs	8	25
B.3 Revaluation	-	-
B.4 Other changes	404	783
<b>C. Decreases</b>	<b>855</b>	<b>1,543</b>
<i>of which: business combinations</i>	437	790
C.1 Sales	438	790
C.2 Write-downs	116	382
C.3 Impairment	-	-
C.4 Other changes	301	371
<b>D. Closing balance</b>	<b>4,354</b>	<b>4,787</b>
<b>E. Total revaluation</b>	<b>-</b>	<b>-</b>
<b>F. Total write-downs</b>	<b>1,906</b>	<b>2,455</b>

### 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% 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 investee CAMFIN S.p.A. is 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 2020 the following were carried at cost:

- 11 equity investments (all held either directly or through consolidated subsidiaries) in associates;
- 10 equity investments (of which 2 held either directly or through consolidated subsidiaries) in jointly-controlled companies.

Based on available information, it should be considered that their consolidation at equity would not have impacted significantly the Group Shareholders' equity.

## Part B - Consolidated balance sheet - Assets

### 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 2020, 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.

Even though not directly concluded by UniCredit S.p.A. or one of its subsidiaries, we disclose the existence of contractual agreements between Compagnia Area Italiana (CAI) and its subsidiary Alitalia SAI, company that is into special administration, that limit the ability of the latter to distribute dividends to the achievement of certain parameters in terms of liquidity and income margins.

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 2020 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 2020 were used, if no more up-to-date reports were available.

However, if financial statements or reports with a date other than 31 December 2020 were used, no subsequent transactions or events emerged such as to require an adjustment of the results contained therein.

It should be noted that for the associated company Compagnia Aerea Italiana S.p.A., the book value in the consolidated financial statements reflects the valuation of the investments, carried out by UniCredit S.p.A. at individual level.

Finally it should be noted that as at 31 December 2020 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.

As at 31 December 2020 UniCredit S.p.A. does not have definitive obligations to purchase the equity investments pertaining to one or more contractual counterparties.

## Section 8 - Insurance reserves charged to reinsurers - Item 80

No data to be disclosed.

## Section 9 - Property, plant and equipment - Item 90

### Valuation of the Group real estate portfolio

Starting from 31 December 2019, 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.

This change, approved on 2 December 2019 by the UniCredit S.p.A. Board of Directors, was deemed to result in reliable and more relevant information for financial statements' users taking into account:

- the expected disposal by 2025 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 2020 fair value of both properties held for investment and properties used in business was re-determined through external appraisals.



## Part B - Consolidated balance sheet - Assets

With reference to the Group, the update of appraisals has led to an overall positive balance sheet effect of €115 million gross of tax, as detailed below:

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

With reference to UniCredit S.p.A. the update of appraisals has led to an overall positive balance sheet effect of €21 million gross of tax, as detailed below:

- for real estate assets used in business the recognition of an increase in the specific valuation reserve for an amount of €30 million gross of tax effect. In addition to this increase, net gains for €0.3 million were recognised in the income statement gross of the tax effect;
- for real estate assets held for investment the recognition of an income statement results equal to -€9.3 million gross of the tax effect.

It is worth to note that the valuation of properties at current values implies a possible risk of volatility as well as an increase of the so-called real estate risk (for the description of which refer to Part E 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 2020 and their corresponding market value overall equal to €5,961 million, has been estimated a sensitivity to the increase/decrease in real estate values of +/-1% equal to approximately €60 million corresponding to approximately +/- 2 basis point of CET1 ratio.

Note the the measurement of inventories of property, plant and equipment to the lower between cost and net realizable value has determined the recognition of a write-down for €20 million.

### Earthquake in Croatia

The subsidiary Zagrebacka banka d.d. had involved in the earthquakes occurred in Croatia in March 2020 and in December 2020. In particular, with reference to the earthquake occurred in December 2020, it did not significantly impact the evaluation performed as corroborated by external independent appraiser who performed fair valuations for 2020 year-end of real estates used in business located in the affected area. As well, the five branches located in the Zagreb area did not report structural damages.

### Top disposal

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

These assets were classified under IFRS5 during 2019 already before 31 December 2019 which is the date of the initial application of the change in the valuation criterion. This circumstance has determined for assets used in business, for which according to IAS8 the change to revaluation model is applied prospectively, in this specific case from 31 December 2019, the recognition of a gain on disposal for €443 million (gross of tax) in the first half 2020 when these properties have been derecognised, as at the date of first application, being classified in IFRS5, they were not subject to the change in valuation criterion.

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

## Part B - Consolidated balance sheet - Assets

### 9.1 Property, plant and equipment used in the business: breakdown of assets carried at cost

ASSETS/VALUES	(€ million)	
	AMOUNTS AS AT	
	12.31.2020	12.31.2019
<b>1. Owned assets</b>	<b>1,369</b>	<b>1,590</b>
a) Land	-	-
b) Buildings	1	-
c) Office furniture and fitting	166	216
d) Electronic systems	456	468
e) Other	746	906
<b>2. Right of use of Leased Assets</b>	<b>1,982</b>	<b>2,167</b>
a) Land	10	1
b) Buildings	1,938	2,125
c) Office furniture and fitting	1	1
d) Electronic systems	1	1
e) Other	32	39
<b>Total</b>	<b>3,351</b>	<b>3,757</b>
<i>of which: obtained by the enforcement of collateral</i>	-	-

It should be noted that the amount presented for buildings refers to asset under construction out of scope of the change in measurement criteria.

### 9.2 Property, plant and equipment held for investment: breakdown of assets carried at cost

ASSETS/VALUES	(€ million)							
	AMOUNTS AS AT 12.31.2020		AMOUNTS AS AT 12.31.2019					
	BOOK VALUE	FAIR VALUE			BOOK VALUE	FAIR VALUE		
	LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3	
<b>1. Owned assets</b>	-	-	-	-	<b>324</b>	-	-	<b>324</b>
a) Land	-	-	-	-	289	-	-	289
b) Buildings	-	-	-	-	35	-	-	35
<b>2. Right of use of Leased Assets</b>	-	-	-	-	-	-	-	-
a) Land	-	-	-	-	-	-	-	-
b) Buildings	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	<b>324</b>	-	-	<b>324</b>
<i>of which: obtained by the enforcement of collateral</i>	-	-	-	-	-	-	-	-
<b>Total Level 1, Level 2 and Level 3</b>			-					<b>324</b>

Fair value measurements solely for the purpose of fulfilling disclosure requirements were classified according to a hierarchy of levels reflecting the significance of the valuation inputs. For further information see Part A - Accounting Policies, A.4 Information on fair value.

It should be noted that the amount as at 31 December 2019 presented for land and buildings refers to asset under construction out of scope of the change in measurement criteria.

## Part B - Consolidated balance sheet - Assets

### 9.3 Property, plant and equipment used in the business: breakdown of revalued assets

ASSETS/VALUES	AMOUNTS AS AT 12.31.2020			AMOUNTS AS AT 12.31.2019		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
	(€ million)					
<b>1. Owned assets</b>	-	-	<b>4,869</b>	-	-	<b>5,003</b>
a) Land	-	-	1,980	-	-	1,921
b) Buildings	-	-	2,889	-	-	3,082
c) Office furniture and fitting	-	-	-	-	-	-
d) Electronic systems	-	-	-	-	-	-
e) Other	-	-	-	-	-	-
<b>2. Right of use of Leased Assets</b>	-	-	-	-	-	-
a) Land	-	-	-	-	-	-
b) Buildings	-	-	-	-	-	-
c) Office furniture and fitting	-	-	-	-	-	-
d) Electronic systems	-	-	-	-	-	-
e) Other	-	-	-	-	-	-
<b>Total</b>	-	-	<b>4,869</b>	-	-	<b>5,003</b>
<i>of which: obtained by the enforcement of collateral</i>	-	-	-	-	-	-
<b>Total Level 1, Level 2 and Level 3</b>	<b>4,869</b>			<b>5,003</b>		

### 9.4 Property, plant and equipment held for investment: breakdown of assets designated at fair value

ASSETS/VALUES	AMOUNTS AS AT 12.31.2020			AMOUNTS AS AT 12.31.2019		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
	(€ million)					
<b>1. Owned assets</b>	-	-	<b>1,025</b>	-	-	<b>919</b>
a) Land	-	-	456	-	-	413
b) Buildings	-	-	569	-	-	506
<b>2. Right of use of Leased Assets</b>	-	-	<b>67</b>	-	-	<b>61</b>
a) Land	-	-	57	-	-	39
b) Buildings	-	-	10	-	-	22
<b>Total</b>	-	-	<b>1,092</b>	-	-	<b>980</b>
<i>of which: obtained by the enforcement of collateral</i>	-	-	63	-	-	11
<b>Total Level 1, Level 2 and Level 3</b>	<b>1,092</b>			<b>980</b>		

### 9.5 Inventories of property, plant and equipment regulated by IAS2: breakdown

ASSETS/VALUES	AMOUNTS AS AT	
	12.31.2020	12.31.2019
	(€ million)	
<b>1. Inventories of property, plant and equipment obtained through the enforcement of guarantees received</b>	<b>615</b>	<b>625</b>
a) Land	35	40
b) Buildings	572	572
c) Office furniture and fitting	-	-
d) Electronic systems	-	-
e) Other	8	13
<b>2. Other inventories of property, plant and equipment</b>	<b>12</b>	<b>408</b>
<b>Total</b>	<b>627</b>	<b>1,033</b>
<i>of which: measured at fair value less costs to sell</i>	-	12

It should be noted that the decrease in item 2. Other inventories of property, plant and equipment is mainly due to the classification of the companies of Wealthcap Group as held for sale.

## Part B - Consolidated balance sheet - Assets

## 9.6 Property, plant and equipment used in the business: annual changes

(€ million)

	CHANGES IN 2020					TOTAL
	LANDS	BUILDINGS	OFFICE FURNITURE AND FITTINGS	ELECTRONIC SYSTEMS	OTHER	
<b>A. Gross opening balance</b>	<b>1,922</b>	<b>5,436</b>	<b>1,225</b>	<b>2,729</b>	<b>1,793</b>	<b>13,105</b>
A.1 Total net reduction in value	-	(229)	(1,008)	(2,260)	(848)	(4,345)
A.2 Net opening balance	1,922	5,207	217	469	945	8,760
<b>B. Increases</b>	<b>141</b>	<b>513</b>	<b>19</b>	<b>167</b>	<b>247</b>	<b>1,087</b>
B.1 Purchases	2	234	12	152	230	630
<i>of which: business combinations</i>	-	-	-	-	-	-
B.2 Capitalised expenditure on improvements	-	17	-	-	-	17
B.3 Write-backs	-	12	1	1	-	14
B.4 Increases in fair value	116	132	-	-	-	248
a) In equity	113	105	-	-	-	218
b) Through profit or loss	3	27	-	-	-	30
B.5 Positive exchange differences	-	1	-	-	-	1
B.6 Transfer from properties held for investment	12	28	X	X	X	40
B.7 Other changes	11	89	6	14	17	137
<b>C. Reductions</b>	<b>73</b>	<b>892</b>	<b>69</b>	<b>179</b>	<b>414</b>	<b>1,627</b>
C.1 Disposals	1	32	7	2	114	156
<i>of which: business combinations</i>	-	-	-	-	-	-
C.2 Depreciation	1	428	32	165	161	787
C.3 Impairment losses	-	39	3	4	2	48
a) In equity	-	1	-	-	-	1
b) Through profit or loss	-	38	3	4	2	47
C.4 Reduction of fair value	21	117	-	-	-	138
a) In equity	20	93	-	-	-	113
b) Through profit or loss	1	24	-	-	-	25
C.5 Negative exchange differences	2	51	-	5	7	65
C.6 Transfer to	47	125	-	-	108	280
a) Property, plant and equipment held for investment	40	111	X	X	X	151
b) Non-current assets and disposal groups classified as held for sale	7	14	-	-	108	129
C.7 Other changes	1	100	27	3	22	153
<b>D. Net final balance</b>	<b>1,990</b>	<b>4,828</b>	<b>167</b>	<b>457</b>	<b>778</b>	<b>8,220</b>
D.1 Total net reduction in value	-	(510)	(931)	(2,269)	(879)	(4,589)
D.2 Gross closing balance	1,990	5,338	1,098	2,726	1,657	12,809
<b>E. Carried at cost</b>	<b>1,885</b>	<b>2,873</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,758</b>

Item "E. Carried at cost" also include the carrying amount of right of use measured according to the cost model.

## Part B - Consolidated balance sheet - Assets

## 9.7 Property, plant and equipment held for investment: annual changes

	CHANGES IN 2020		
	LANDS	BUILDINGS	TOTAL
<b>A. Opening balances</b>	<b>741</b>	<b>563</b>	<b>1,304</b>
<b>B. Increases</b>	<b>139</b>	<b>511</b>	<b>650</b>
B.1 Purchases	17	49	66
<i>of which: business combinations</i>	-	-	-
B.2 Capitalised expenditure on improvements	-	49	49
B.3 Increases in fair value	45	31	76
B.4 Write-backs	-	-	-
B.5 Positive exchange differences	-	-	-
B.6 Transfer from properties used in the business	40	111	151
B.7 Other changes	37	271	308
<b>C. Reductions</b>	<b>367</b>	<b>495</b>	<b>862</b>
C.1 Disposals	27	196	223
<i>of which: business combinations</i>	-	175	175
C.2 Depreciation	-	-	-
C.3 Reductions in fair value	15	57	72
C.4 Impairment losses	-	-	-
C.5 Negative exchange differences	1	5	6
C.6 Transfer to	87	225	312
a) Properties used in the business	12	28	40
b) Non-current assets and disposal groups classified as held for sale	75	197	272
C.7 Other changes	237	12	249
<b>D. Closing balances</b>	<b>513</b>	<b>579</b>	<b>1,092</b>
<b>E. Measured at fair value</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 9.8 Inventories of property, plant and equipment regulated by IAS2: annual changes

	CHANGES IN 2020							
	INVENTORIES OF PROPERTY, PLANT AND EQUIPMENT OBTAINED BY ENFORCEMENT OF COLLATERAL						OTHER INVENTORIES OF PROPERTY, PLANT AND EQUIPMENT	TOTAL
	LANDS	BUILDINGS	OFFICE FURNITURE AND FITTINGS	ELECTRONIC SYSTEMS	OTHER			
<b>A. Opening balances</b>	<b>40</b>	<b>572</b>	<b>-</b>	<b>-</b>	<b>13</b>	<b>408</b>	<b>1,033</b>	
<b>B. Increases</b>	<b>6</b>	<b>65</b>	<b>-</b>	<b>-</b>	<b>28</b>	<b>168</b>	<b>267</b>	
B.1 Purchases	-	1	-	-	-	162	163	
<i>of which: business combinations</i>	-	-	-	-	-	-	-	
B.2 Write-backs	-	-	-	-	-	2	2	
B.3 Positive exchange differences	-	-	-	-	-	-	-	
B.4 Other changes	6	64	-	-	28	4	102	
<b>C. Reductions</b>	<b>11</b>	<b>65</b>	<b>-</b>	<b>-</b>	<b>33</b>	<b>564</b>	<b>673</b>	
C.1 Disposals	10	36	-	-	27	8	81	
<i>of which: business combinations</i>	-	-	-	-	-	-	-	
C.2 Impairment losses	1	20	-	-	-	1	22	
C.3 Negative exchange differences	-	3	-	-	-	-	3	
C.4 Other changes	-	6	-	-	6	555	567	
<b>D. Closing balances</b>	<b>35</b>	<b>572</b>	<b>-</b>	<b>-</b>	<b>8</b>	<b>12</b>	<b>627</b>	

## Part B - Consolidated balance sheet - Assets

### 9.9 Commitments to purchase property, plant and equipment

	(€ million)	
	AMOUNTS AS AT	
	12.31.2020	12.31.2019
A. Contractual commitments	1	2

Outstanding commitments refer to the purchase of property, plant and equipment.

## 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 include goodwill and, among "other intangible assets", mainly brands, customer relationships and software.

Goodwill is the excess of the cost of a business combination over the net fair value of the assets and liabilities of companies or businesses at the acquisition date.

As at 31 December 2020 intangible assets amounted to €2,117 million, decreased in comparison to €2,800 million as at 31 December 2019. The decrease mainly relates to the fully write down on goodwill for -€886 million.

### 10.1 Intangible assets: breakdown by asset type

ASSETS/VALUES	12.31.2020		12.31.2019	
	FINITE LIFE	INDEFINITE LIFE	FINITE LIFE	INDEFINITE LIFE
<b>A.1 Goodwill</b>	<b>X</b>	<b>-</b>	<b>X</b>	<b>886</b>
A.1.1 Attributable to the Group	X	-	X	886
A.1.2 Attributable to minorities	X	-	X	-
<b>A.2 Other intangible assets</b>	<b>2,117</b>	<b>-</b>	<b>1,914</b>	<b>-</b>
A.2.1 Assets carried at cost	2,117	-	1,914	-
a) Intangible assets generated internally	1,644	-	1,455	-
b) Other assets	473	-	459	-
A.2.2 Assets measured at fair value	-	-	-	-
a) Intangible assets generated internally	-	-	-	-
b) Other assets	-	-	-	-
<b>Total</b>	<b>2,117</b>	<b>-</b>	<b>1,914</b>	<b>886</b>
<b>Total finite and indefinite life</b>	<b>2,117</b>		<b>2,800</b>	

The Group does not use the revaluation model (fair value) to measure intangible assets.

Other intangible assets - finite life mainly includes Software.

## Part B - Consolidated balance sheet - Assets

## 10.2 Intangible assets: annual changes

(€ million)

	CHANGES IN 2020					TOTAL
	OTHER INTANGIBLE ASSETS					
	GENERATED INTERNALLY		OTHER			
	GOODWILL	FINITE LIFE	INDEFINITE LIFE	FINITE LIFE	INDEFINITE LIFE	
<b>A. Gross opening balance</b>	15,818	4,153	-	5,134	902	26,007
A.1 Total net reduction in value	(14,932)	(2,698)	-	(4,675)	(902)	(23,207)
<b>A.2 Net opening balance</b>	<b>886</b>	<b>1,455</b>	-	<b>459</b>	-	<b>2,800</b>
<b>B. Increases</b>	-	574	-	205	-	779
B.1 Purchases	-	36	-	170	-	206
B.2 Increases in intangible assets generated internally	X	492	-	-	-	492
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	-	46	-	35	-	81
<i>of which: business combinations</i>	-	-	-	-	-	-
<b>C. Reduction</b>	<b>886</b>	<b>385</b>	-	<b>191</b>	-	<b>1,462</b>
C.1 Disposals	-	-	-	-	-	-
C.2 Write-downs	886	331	-	140	-	1,357
- Amortisation	X	299	-	129	-	428
- Write-downs	886	32	-	11	-	929
+ In equity	X	-	-	-	-	-
+ Through profit or loss	886	32	-	11	-	929
C.3 Reduction in fair value	-	-	-	-	-	-
- In equity	X	-	-	-	-	-
- Through profit or loss	X	-	-	-	-	-
C.4 Transfer to non-current assets held for sale	-	-	-	3	-	3
C.5 Negative exchange differences	-	14	-	22	-	36
C.6 Other changes	-	40	-	26	-	66
<i>of which: business combinations</i>	-	-	-	-	-	-
<b>D. Net closing balance</b>	-	<b>1,644</b>	-	<b>473</b>	-	<b>2,117</b>
D.1 Total net write-down	(15,708)	(3,005)	-	(4,627)	(902)	(24,242)
<b>E. Gross closing balance</b>	<b>15,708</b>	<b>4,649</b>	-	<b>5,100</b>	<b>902</b>	<b>26,359</b>
<b>F. Carried at cost</b>	-	-	-	-	-	-

The net book value of goodwill as at 31 December 2020, equal to zero, decreased by €886 million due to the fully write-down of the goodwill allocated to the CGU Commercial Banking Italy for €8 million and Corporate and Investment Banking (CIB) for €878 million.

In addition to the write-down of the period, the annual changes in gross closing balance and total net write-down, compared to the values as at 31 December 2019, are due to goodwill of legal entities which reporting currency is different to Euro, completely impaired in the previous periods. For further details of impairment test on goodwill and other intangible assets, recognised during business combinations, refer to the following paragraph.

## Part B - Consolidated balance sheet - Assets

## 10.3 Intangible assets: other information

**Information on intangible assets noted during business combinations**

The application of IFRS3 to the accounting for business combinations revealed in the course of time significant amounts of intangible assets and goodwill. The following table shows the change in the values posted for the various intangible assets identified during the period, including the valuation effects described below.

					(€ million)
INTANGIBLE ASSETS (EXCEPT SOFTWARE)	TOTAL 12.31.2019	AMORTISATION	IMPAIRMENT(*)	OTHER CHANGES	TOTAL 12.31.2020
Trademarks	-	-	-	-	-
Core deposits and customer relationships	-	-	-	-	-
Goodwill	886	-	(886)	-	-
<b>TOTAL</b>	<b>886</b>	-	<b>(886)</b>	-	-

**Note:**

(\*) The impairment is related to the the fully write down of the goodwill allocated to the CGU Commercial Banking Italy for €8 million and Corporate and Investment Banking (CIB) for €878 million.

Trademarks and goodwill are considered indefinite-life intangible assets. They are expected to contribute indefinitely to income flows.

The other intangible assets have finite useful lives, originally valued by discounting the financial flows over the residual lifetime of the relationships in place on the date of the business combination from which they derive. Finite-life intangible assets are subject to amortisation based on the associated useful life.

The types of intangible assets noted as a result of business combinations as at 31 December 2020 after the fully write off of the Goodwill are equal to zero. For the details see the following pages.

The Group does not hold intangible assets acquired through public grants or intangible assets pledged against liabilities.

**Impairment test of intangible assets noted during business combinations**

In accordance with IAS36, impairment testing of all indefinite-useful-life intangible assets, including goodwill must be performed at least annually and, in any case, whenever there is objective evidence of the occurrence of events that may have reduced their value (trigger events). For UniCredit the trigger event is a market capitalisation lower than Shareholders' Equity.

Recoverable value is the greater of the value in use (present value of future cash flows generated by the asset being valued) and the associated fair value, less costs to sell.

The recoverable value of intangible assets subject to impairment testing must be determined for the individual assets, unless both the following conditions exist:

- the value in use of the asset is not estimated to be close to the fair value, net of sales costs;
- the asset does not generate incoming cash flows largely independent of those coming from other assets.

If these conditions recur, the impairment test is conducted at the level of the Cash Generating Unit (CGU), as required by the cited accounting principle.

It should be noted that the impairment test performed by the UniCredit group by way of the determination of the value in use of the Cash Generating Units (CGU), as described below, includes as at 31 December 2020 only goodwill.

It should be noted that intangible assets and Cash Generating Units are subjected to impairment test with reference to their current state, without taking account of the effects of restructuring plans/programmes not yet approved by the competent bodies.

For the purposes of the impairment testing the value in use of the so-called Cash Generating Units (CGUs) to which these intangible assets are allocated must be calculated taking into account the cash flows for all assets and liabilities included in the CGUs and not only those for which goodwill and/or the intangible asset were recorded when applying IFRS3.

Finally, impairment test performed by the UniCredit group is made by the comparison of the carrying value and the recoverable amount of each single CGU on which was allocated the value contributed by the Corporate Centre.



## Part B - Consolidated balance sheet - Assets

### Definition of Cash Generating Units (CGU)

Estimating the value in use for the purposes of any impairment testing of intangible assets, including goodwill, which does not generate cash flows except in conjunction with other business assets, requires that these assets are first attributed to operating units that are relatively autonomous in the business context (from the points of view of independent cash flows generated and of internal planning and reporting). These operating units are defined as Cash Generating Units (CGU).

In accordance with the provisions of IFRS3 and IAS36, for the purposes of impairment testing, goodwill has been allocated to the following operational Divisions of the Group, identified as CGUs.

The CGU is the lowest level at which goodwill is monitored at Group level. The CGUs identified correspond to the organisational business units through which the Group develops its activity.

For a detailed description of the Group's CGU refer to Part L - Segment Reporting of this Notes to the consolidated accounts.

### The book value of the CGUs

The book value of the CGUs is determined in accordance with the criterion used to determine their recoverable value. The recoverable value of the CGUs includes flows from their respective assets and liabilities, so the book value must also include the assets and liabilities generating those flows. Since it would be excessively complex to determine the carrying amount of the CGUs on the basis of book values, it was necessary to use operational factors to break them down correctly. Specifically, the operational driver that is used is allocated capital, which is based on the Risk-Weighted Assets absorption of the single CGU. In any case, intangible assets are attributed to the CGUs in accordance with the available accounting information.

The carrying amounts of the CGUs as at 31 December 2020 subject to impairment test and defined as indicated above.

CASH GENERATING UNIT (CGU)	VALUE AS AT 12.31.2020	OF WHICH GOODWILL (GROUP SHARE)
Commercial Banking Italy	10,543	-
Commercial Banking Germany	4,612	-
Commercial Banking Austria	2,685	-
CIB	11,332	878
CEE	6,815	-
Group Corporate Centre	4,923	-
Non Core	960	-
<b>Total</b>	<b>41,870</b>	<b>878</b>

### Estimating cash flows to determine the value in use of the CGUs

In accordance with the prescriptions of IAS36, the impairment test for indefinite-life intangible assets must be performed at least annually and whenever there is any indication that their value may be impaired. The referenced accounting principle requires the impairment test to be carried out by comparing the book value of each CGU with its recoverable value. Should the recoverable value of a CGU prove to be lower than its book value, a write-down must be recorded in the financial statement. The recoverable amount of the CGU is the greater of its fair value (net of costs of disposal) and the related value in use.

During 2020, as a result of the analyses related to the impairment of goodwill run on a quarterly basis, a goodwill impairment took place both at 30 June 2020 and 31 December 2020. In particular, as detailed below, a full impairment was carried out (i) at 30 June 2020 of the goodwill allocated to the Commercial Banking Italy CGU for the amount of €8 million and (ii) at 31 December 2020 of the goodwill allocated to the CIB CGU for the amount of €878 million.

In particular, as of 31 December 2020, the impairment of the Commercial Banking Italy CGU was not reassessed in line with the prescriptions of IFRIC 10, which does not envisage the possibility of recognising reversals of impairment in the quarters subsequent to when an impairment of the goodwill is recognised.

## Part B - Consolidated balance sheet - Assets

### ***The impairment test carried out as of 30 June 2020***

In accordance with IAS36.99, the results of the goodwill impairment test carried out as of 31 December 2019 were employed also for the test as of 30 June 2020 for the Group and the CGUs to which goodwill was allocated.

The impairment test as of 31 December 2019 was carried out on the basis of the financial projections (Net Profit and RWA) included in the "Team 23" Strategic Plan approved by the Board of Directors in its meeting of 2 December 2019. In the context of the test as of 30 June 2020 it was observed that, in light of revised estimates on the cost of risk, the Team 23 financial objectives referred to the years 2020 and 2021 could no longer be considered valid. In particular it was observed that Net Profit actual results were below Plan targets, both at Group level and for most CGUs, RWAs were below Plan targets at Group level and for most CGUs and the cost of equity as of June 2020 was below the values registered at December 2019.

In light of these results and of the indications part of the ESMA Public Statement of 20 May 2020<sup>19</sup> the Group has put in place a process for the analysis of the recoverability of the goodwill by updating the valuation model, including the cost of capital, as of 30 June 2020 considering, for the CGUs with allocated goodwill, an alternative scenario which incorporated in the financial projections for Net Profit and RWA for 2020 and 2021 the economic effects related to Covid-19.

The valuation process described has led to the full impairment of the €8 million goodwill allocated to the CGU Commercial Banking Italy.

### ***The impairment test carried out as of 31 December 2020***

#### *Projections*

The set of projections employed for the impairment test as of 31 December 2020 was broadened to take into account the indications part of the Communication from the European Securities and Market Authority ("ESMA" on 28 October 2020) which requires issuers, as part of reporting activities and to take into account the significant volatility and uncertainty related to the Covid-19 pandemic, to consider alternative scenarios for the valuation of items whose sustainability depends on future forecasts. To this purpose two scenarios were prepared:

- "base" scenario based on the financial forecasts (Net Profit and RWA) underlying the update of the 2021 Budget, approved by the Board of Directors (BoD) in the 13 January 2021 meeting, and the projections for 2022 and 2023 presented to the BoD on the same date;
- "downturn" scenario less favourable than the "base" scenario, reflecting lowered 2021-2023 macroeconomic forecasts to take into account the higher risks part of the currently uncertain context.

For a description of the assumptions underlying the "base" and "downturn" scenarios refer to Part A - Accounting policies, Section 2 - General preparation criteria of the Notes to the consolidated accounts.

#### *Impairment test model*

The calculation of the value in use for impairment testing purposes was carried out using a Discounted Cash Flow model (DCF). 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 assets (RWA). 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 Discounted Cash Flow 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.

<sup>19</sup> Public Statement - Implication of Covid-19 outbreak on the half-yearly financial reports.

## Part B - Consolidated balance sheet - Assets

PERIOD	"BASE" SCENARIO	"DOWNTURN" SCENARIO
<b>Explicit forecast (2021 - 2023)</b>	2021 Budget and 2022-2023 projections.	Financial forecast derived from the macroeconomic scenario underlying the "downturn" scenario.
<b>Intermediate (2024 - 2028)</b>	Cash-flow projections extrapolated by applying, from the explicit forecast period (2023), 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 RWA 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 the CGUs in Western Europe the growth rates for the intermediate period are defined considering a conservative cap.	Cash-flow projections derived by looking at the 2023 difference between the "base" and "downturn" scenarios and progressively reducing this difference through a linear convergence so that the Net Profit and RWA of the two scenarios coincide in 2028.
<b>"Terminal value"</b>	Derived through a nominal growth rate of 2% for all CGUs. The average growth rate of real GDP in the Eurozone from 1999 to 2019 was 1.4%. The nominal rate of 2%, corresponding to approximately 0% in real terms, was chosen for cautionary reasons.	Derived by applying a nominal growth rate of 2% and coinciding, by construction, with the "terminal value" found in the "base" scenario.

Group assets allocated to shared supporting activities (corporate assets) are allocated to the CGUs to which they refer, where applicable. For the portion of these assets which cannot be allocated, the recoverable amount is assessed at overall Group level (so-called "Corporate Centre").

### Discount rates of cash flows and regulatory capital targets

The table below recaps the most relevant discount rates used in the calculation of the CGUs' recoverable amount.

CGU	INITIAL DISCOUNT RATE NET OF TAX (KE)	FINAL DISCOUNT RATE NET OF TAX (KE)	NOMINAL GROWTH RATE USED TO CALCULATE TERMINAL VALUE
Commercial Banking Italy	9.2%	9.0%	2.0%
Commercial Banking Germany	7.5%	7.3%	2.0%
Commercial Banking Austria	7.7%	7.5%	2.0%
CIB	9.0%	8.9%	2.0%
CEE <sup>(1)</sup>	10.5%	9.9%	2.0%
Group Corporate Centre	9.0%	8.8%	2.0%
Non Core	9.2%	9.0%	2.0%

**Note:**

(1) The discount rates presented for CEE CGUs are the weighted average of the discount rates in local currency used for the individual countries.

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. The discount rate is a nominal rate, net of taxes.

The cost of equity for the CGUs is assessed with a through the cycle approach (i.e., six years average) as the sum of the following:

- Risk Free Rate: equal to the yield of the benchmark government bond of the reference country (local currency approach, maturity: 10 years);
- Equity Risk Premium: calculated using the Capital Asset Pricing Model according to which the Equity Risk Premium can be derived as the product of the following items:
  - UniCredit Beta ( $\beta$ ): measures the sensitivity of UniCredit shares to variations in the reference market;
  - Market Risk Premium: estimated by Professor Damodaran as the difference between the return of US stock and bond markets since 1928 (geometric mean).

It is worth mentioning that the  $\beta$  used for the CIB division has been increased (based on peers' analysis) to reflect the higher intrinsic risk of investment banking vis à vis standard commercial banking activity.

The discount rates used in the two scenarios are the same.

A further parameter used to determine the initial allocated capital and its evolution over time is the target requirement of the Common Equity Tier 1 (CET1). For all CGUs, a CET1 target requirement coherent with the Group CET1 target requirement was used, corresponding to a buffer of 200-250 bps over the Minimum Distributable Amount (MDA).

## Part B - Consolidated balance sheet - Assets

### Results of the impairment test

For the purpose of the impairment test as of 31 December 2020 goodwill is entirely allocated to the CIB CGU for €878 million.

The results of the two scenarios were weighted differently to reflect their different probability of taking place. In particular, the results from the “base” scenario, considered the most probable scenario, were weighted at 60% while the “downturn” scenario was weighted at 40%. The application of the model as described above showed a goodwill impairment for an amount of €629 million; in terms of sensitivities, it was found that a change of 5% in the weighting of the scenarios would have determined an impact of around €30 million.

Given the above, further sensitivity analyses on the impairment test model, carried out also in light of the aforementioned ESMA recommendation, have shown that even relatively minor changes to the main parameters would lead to significant impacts on the result of the test. In this perspective, recalling the contents of the section “Impairment of Assets” of the ESMA recommendation<sup>20</sup> of 28 October 2020 referred to above, the test was found to be particularly sensitive to changes to the discount rate of the CIB CGU, for which a change of around 0.1% would lead to a full impairment of the goodwill<sup>21</sup>. In view of these evidences and of the high level of uncertainty in the macroeconomic context, the Group’s goodwill, allocated entirely to the CIB CGU, was fully written down by €878 million.

### Comparison with market capitalisation

The Group's total value in use resulting from the impairment test is higher than the current market capitalisation of the Parent Company. The difference can be largely explained by: i) the upside potential embedded in the Analysts' consensus; ii) the cost of equity used in the impairment test and iii) market expectations on long term return and its distribution.

## Section 11 - Tax assets and tax liabilities - Item 110 (Assets) and Item 60 (Liabilities)

### 11.1 Deferred tax assets: breakdown

	(€ million)	
	AMOUNTS AS AT	
	12.31.2020	12.31.2019
<b>Deferred tax assets arising from Italian law 214/2011</b>	<b>7,491</b>	<b>8,302</b>
<b>Deferred tax assets arising from tax losses<sup>(*)</sup></b>	<b>1,120</b>	<b>989</b>
<b>Deferred tax assets arising from temporary differences</b>	<b>4,413</b>	<b>4,464</b>
Financial assets and liabilities (different from loans and deposits)	173	354
Loans and deposits to/from banks and customers	967	992
Hedging and hedged item revaluation	629	445
Property, plant and equipment and intangible assets different from goodwill	258	246
Goodwill and equity investments	3	1
Current assets and liabilities held for sale	-	-
Other assets and Other liabilities	431	414
Provisions, pension funds and similar	1,952	2,012
Other	-	-
<b>Accounting offsetting</b>	<b>(1,663)</b>	<b>(1,626)</b>
<b>Total</b>	<b>11,361</b>	<b>12,129</b>

**Note:**

(\*) The item includes tax credit IRAP deriving from the conversion of the ACE benefit for €138 million; 2019 data (equal to €82 million) have been coherently restated.

<sup>20</sup> Which recommended to also consider the discount rate to incorporate the high level of uncertainty of the current macroeconomic context.

<sup>21</sup> As a further sensitivity, be aware that also a change of -1.5% of the Net Profit of the CIB CGU in all the explicit forecast years would lead to a full impairment of the goodwill.

## Part B - Consolidated balance sheet - Assets

## 11.2 Deferred tax liabilities: breakdown

	AMOUNTS AS AT	
	12.31.2020	12.31.2019
<b>Deferred tax liabilities arising from temporary differences</b>	<b>2,229</b>	<b>2,316</b>
Financial assets and liabilities (different from loans and deposits)	634	595
Loans and deposits to/from banks and customers	72	101
Hedging and hedged item revaluation	482	438
Property, plant and equipment and intangible assets different from goodwill	899	1,011
Goodwill and equity investments	-	-
Assets and liabilities held for sale	-	-
Other assets and Other liabilities	122	164
Other	20	7
<b>Accounting offsetting</b>	<b>(1,663)</b>	<b>(1,623)</b>
<b>Total</b>	<b>566</b>	<b>693</b>

(€ million)

Deferred Tax Assets (DTAs) totally amount to €11,361 million (compared with €12,129 million as at 31 December 2019), of which €7,491 million (compared with €8,302 million as at 31 December 2019) can be, under certain circumstances, converted into tax credits pursuant to Law No.214/2011 (i.e., DTA convertible into tax credits). The remaining Deferred Tax Assets (i.e., DTAs non-convertible into tax credits) are related to costs and write-offs deductible in future years, for €2,749 million (net of related deferred tax liabilities), and to tax losses carried forward (TLCF) for €1,120 million (of which €982 million DTAs on TLCF and €138 million tax credit IRAP deriving from the conversion of the ACE benefit). DTAs on TLCF are mainly related to UniCredit S.p.A., also as Italian Tax Group Parent Company, for €677 million, to UniCredit Bank Austria AG for €210 million, and to UniCredit Bank AG for €64 million.

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

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

For deferred tax assets and liabilities of UniCredit S.p.A., also as Italian Tax Group Parent Company, refer to paragraph of Part B - Notes to the accounts of UniCredit S.p.A. - Section 10 Tax assets and liabilities - Item 100 (Assets) and Item 60 (Liabilities) which is herewith quoted entirely.

## 11.3 Deferred tax assets: annual changes (balancing P&amp;L)

	CHANGES IN	
	2020	2019
<b>1. Opening balance</b>	<b>10,178</b>	<b>10,487</b>
<b>2. Increases</b>	<b>3,261</b>	<b>2,454</b>
2.1 Deferred tax assets arisen during the year	1,642	1,050
a) Relating to previous years	218	199
b) Due to change in accounting criteria	-	-
c) Write-backs	54	40
d) Other	1,370	811
2.2 New taxes or increases in tax rates	12	-
2.3 Other increases	1,607	1,404
<b>3. Decreases</b>	<b>4,083</b>	<b>2,763</b>
3.1 Deferred tax assets derecognised during the year	1,835	1,195
a) Reversals of temporary differences	320	293
b) Write-downs of non-recoverable items	772	348
c) Change in accounting criteria	-	-
d) Other	743	554
3.2 Reduction in tax rates	-	4
3.3 Other decreases	2,248	1,564
a) Conversion into tax credit under Italian Law 214/2011	806	-
b) Other	1,442	1,564
<b>4. Closing balance</b>	<b>9,356</b>	<b>10,178</b>

(€ million)

## Part B - Consolidated balance sheet - Assets

## 11.4 Deferred tax assets (Italian Law 214/2011): annual changes

	(€ million)	
	CHANGES IN	
	2020	2019
<b>1. Opening balance</b>	<b>8,302</b>	<b>8,310</b>
<b>2. Increases</b>	<b>3</b>	<b>3</b>
<b>3. Decreases</b>	<b>814</b>	<b>11</b>
3.1 Reversals of temporary differences	5	1
3.2 Conversion into tax credits	806	-
a) Due to loss positions arisen from P&L	100	-
b) Due to tax losses	706	-
3.3 Other decreases	3	10
<b>4. Closing balance</b>	<b>7,491</b>	<b>8,302</b>

## 11.5 Deferred tax liabilities: annual changes (balancing P&amp;L)

	(€ million)	
	CHANGES IN	
	2020	2019
<b>1. Opening balance</b>	<b>320</b>	<b>533</b>
<b>2. Increases</b>	<b>1,052</b>	<b>1,273</b>
2.1 Deferred tax liabilities arisen during the year	100	121
a) Relating to previous years	10	(5)
b) Due to change in accounting criteria	1	1
c) Other	89	125
2.2 New taxes or increases in tax rates	7	-
2.3 Other increases	945	1,152
<b>3. Decreases</b>	<b>1,185</b>	<b>1,486</b>
3.1 Deferred tax liabilities derecognised during the year	221	440
a) Reversals of temporary differences	166	296
b) Due to change in accounting criteria	-	-
c) Other	55	144
3.2 Reduction in tax rates	-	3
3.3 Other decreases	964	1,043
<b>4. Closing balance</b>	<b>187</b>	<b>320</b>

## 11.6 Deferred tax assets: annual changes (balancing Net Equity)

	(€ million)	
	CHANGES IN	
	2020	2019
<b>1. Opening balance</b>	<b>1,951</b>	<b>1,425</b>
<b>2. Increases</b>	<b>514</b>	<b>1,022</b>
2.1 Deferred tax assets arisen during the year	148	383
a) Relating to previous years	-	4
b) Due to change in accounting criteria	-	-
c) Other	148	379
2.2 New taxes or increase in tax rates	7	-
2.3 Other increases	359	639
<b>3. Decreases</b>	<b>460</b>	<b>496</b>
3.1 Deferred tax assets derecognised during the year	53	245
a) Reversals of temporary differences	19	237
b) Write-downs of non-recoverable items	34	2
c) Due to change in accounting criteria	-	-
d) Other	-	6
3.2 Reduction in tax rates	-	-
3.3 Other decreases	407	251
<b>4. Closing balance</b>	<b>2,005</b>	<b>1,951</b>

## Part B - Consolidated balance sheet - Assets

## 11.7 Deferred tax liabilities: annual changes (balancing Net Equity)

	CHANGES IN	
	2020	2019
	(€ million)	
<b>1. Opening balance</b>	<b>373</b>	<b>11</b>
<b>2. Increases</b>	<b>831</b>	<b>1,111</b>
2.1 Deferred tax liabilities arisen during the year	112	806
a) Relating to previous years	-	5
b) Due to change in accounting criteria	-	280
c) Other	112	521
2.2 New taxes or increase in tax rates	12	1
2.3 Other increases	707	304
<b>3. Decreases</b>	<b>825</b>	<b>749</b>
3.1 Deferred tax liabilities derecognised during the year	52	44
a) Reversal of temporary differences	51	44
b) Due to change in accounting criteria	-	-
c) Other	1	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	773	705
<b>4. Closing balance</b>	<b>379</b>	<b>373</b>

## 11.8 Other informations

Referring to financial year 2019, UniCredit S.p.A. and UniCredit Leasing S.p.A. registered a loss in their separate financial statements and in the 2020 they converted respectively €87 and €13 million of Deferred Tax Assets (DTA) into tax credits, pursuant to Art.2, paragraph 55, of Law Decree No.225/2010.

## 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 directly connected groups of assets and 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.

In the balance sheet as at 31 December 2020, compared with 31 December 2019, the subsidiaries Cards & Systems EDV-Dienstleistungs GmbH and General Logistic Solutions LLC, the 9.02% of Yapi ve Kredi Bankasi A.S., the joint venture KOC Finansal Hizmetler AS and the real estate complex in Munich ("Top disposal") owned by UniCredit Bank AG, composed by both real estate assets held for investment and used in business, have been sold. Furthermore, the following has been attributed to the non-current assets and asset disposal groups pursuant to IFRS5: the companies of Wealthcap group, the joint venture Capital Dev S.p.A. and the associated company Risanamento S.p.A. and the non-performing loans related to sale initiatives of portfolios. During the year the assets and liabilities of Card Complete group companies were reclassified outside Held for Sale to the proper item.

The disposal of 9.02% of Yapi ve Kredi Bankasi A.S. generated in the first quarter 2020 a loss of -€667 million.

The sale of the real estate complex in Munich ("Top disposal"), executed in first quarter 2020, generated a gain of +€443 million (gross of tax).

As regards the data for asset relating to discontinued operations, and associated liabilities, the figure as at 31 December 2020 refers to the companies of the Immobilien Holding group. In the balance sheet as at 31 December 2020, compared with 31 December 2019, the associated company Arwag Holding-Aktiengesellschaft has been sold and generated a gain of +€64 million (gross of tax).

## 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	
	12.31.2020	12.31.2019
<b>A. Assets held for sale</b>		
A.1 Financial assets	1,499	1,736
A.2 Equity investments	16	-
A.3 Property, plant and equipment	427	673
<i>of which: obtained by the enforcement of collateral</i>	34	12
A.4 Intangible assets	12	10
A.5 Other non-current assets	58	64
<b>Total (A)</b>	<b>2,012</b>	<b>2,483</b>
<i>of which: carried at cost</i>	233	1,192
<i>of which: designated at fair value - level 1</i>	-	-
<i>of which: designated at fair value - level 2</i>	912	1,143
<i>of which: designated at fair value - level 3</i>	867	148
<b>B. Discontinued operations</b>		
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	-	23
B.5 Property, plant and equipment	-	-
<i>of which: obtained by the enforcement of collateral</i>	-	-
B.6 Intangible assets	-	-
B.7 Other assets	5	6
<b>Total (B)</b>	<b>5</b>	<b>29</b>
<i>of which: carried at cost</i>	-	-
<i>of which: designated at fair value - level 1</i>	-	-
<i>of which: designated at fair value - level 2</i>	-	-
<i>of which: designated at fair value - level 3</i>	5	29
<b>C. Liabilities associated with assets classified as held for sale</b>		
C.1 Deposits	503	274
C.2 Securities	-	-
C.3 Other liabilities	245	433
<b>Total (C)</b>	<b>748</b>	<b>707</b>
<i>of which: carried at cost</i>	-	530
<i>of which: designated at fair value - level 1</i>	-	-
<i>of which: designated at fair value - level 2</i>	95	151
<i>of which: designated at fair value - level 3</i>	653	26
<b>D. Liabilities associated with discontinued operations</b>		
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	13	18
<b>Total (D)</b>	<b>13</b>	<b>18</b>
<i>of which: carried at cost</i>	-	-
<i>of which: designated at fair value - level 1</i>	-	-
<i>of which: designated at fair value - level 2</i>	-	-
<i>of which: designated at fair value - level 3</i>	13	18



## Part B - Consolidated balance sheet - Assets

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 see Part A - Accounting policies - A.4 Information on fair value.

With reference to the fair value levels it should be specified that the figures referred to companies of the Immobilien Holding group are presented as at 31 December 2020 among Level 3 assets and liabilities (the same as at 31 December 2019) reflecting their measurement using a valuation model.

### 12.2 Other information

There is no significant information to be reported.

## Section 13 - Other assets - Item 130

### 13.1 Other assets: breakdown

ITEMS/VALUES	AMOUNTS AS AT	
	12.31.2020	12.31.2019
Margin with derivatives clearers (non-interest bearing)	-	-
Gold, silver and precious metals	34	33
Accrued income and prepaid expenses other than capitalised income	518	548
Positive value of management agreements (so-called servicing assets)	2	3
Cash and other valuables held by cashier	127	188
- Current account cheques being settled, drawn on third parties	127	188
- Current account cheques payable by group banks, cleared and in the process of being debited	-	-
- Money orders, bank drafts and equivalent securities	-	-
- Coupons, securities due on demand, revenue stamps and miscellaneous valuables	-	-
Interest and changes to be debited to	205	197
- Customers	200	191
- Banks	5	6
Items in transit between branches not yet allocated to destination accounts	-	-
Items in processing	448	336
Items deemed definitive but not-attributable to other items	2,520	2,759
- Securities and coupons to be settled	50	34
- Other transactions	2,470	2,725
Adjustments for unpaid bills and notes	36	39
Tax items other than those included in item 110	1,438	1,588
Commercial credits pursuant to IFRS15	19	23
Other items	1,126	1,235
<b>Total</b>	<b>6,473</b>	<b>6,949</b>

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.

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 €5.4 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.

## Part B - Consolidated balance sheet - Assets

## Periodic change of accrued income/expenses and prepaid expenses/income

	(€ million)	
	AMOUNTS AS AT	12.31.2020
	ACCRUED INCOME AND PREPAID EXPENSES	ACCRUED INCOME AND DEFERRED EXPENSES
<b>Opening balance</b>	<b>548</b>	<b>575</b>
<b>Increases</b>	<b>70</b>	<b>147</b>
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)	9	23
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	61	124
<b>Decreases</b>	<b>100</b>	<b>161</b>
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)	8	34
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)	5	-
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	87	127
<b>Closing balance</b>	<b>518</b>	<b>561</b>

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 - 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 12.31.2020				AMOUNTS AS AT 12.31.2019			
	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	98,388	X	X	X	56,163	X	X	X
2. Deposits from banks	74,085	X	X	X	79,409	X	X	X
2.1 Current accounts and demand deposits	11,336	X	X	X	12,120	X	X	X
2.2 Time deposits	14,701	X	X	X	18,062	X	X	X
2.3 Loans	46,787	X	X	X	47,758	X	X	X
2.3.1 Repos	30,076	X	X	X	32,289	X	X	X
2.3.2 Other	16,711	X	X	X	15,469	X	X	X
2.4 Liabilities relating to commitments to repurchase treasury shares	-	X	X	X	-	X	X	X
2.5 Lease deposits	8	X	X	X	9	X	X	X
2.6 Other deposits	1,253	X	X	X	1,460	X	X	X
<b>Total</b>	<b>172,473</b>	<b>1</b>	<b>89,916</b>	<b>82,851</b>	<b>135,572</b>	<b>247</b>	<b>72,264</b>	<b>63,224</b>
<b>Total Level 1, Level 2 and Level 3</b>			<b>172,768</b>				<b>135,735</b>	

The sub-item "2.3 Loans" includes repos executed using proprietary securities issued by Group companies, which were eliminated from assets on consolidation.

The same sub-item do not include the type of bond lending transactions collateralised by securities or not collateralised.

Refer also to the paragraph "Other information" of the Consolidated financial statements of UniCredit group, 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 were classified according to a hierarchy of levels reflecting the observability of the inputs used in the measurements.

For further information see the paragraph "A.4 - Information on fair value" of the Consolidated financial statements of UniCredit group, Notes to the consolidated 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 12.31.2020				AMOUNTS AS AT 12.31.2019			
	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	395,632	X	X	X	348,060	X	X	X
2. Time deposits	57,347	X	X	X	64,923	X	X	X
3. Loans	41,085	X	X	X	52,957	X	X	X
3.1 Repos	38,496	X	X	X	50,122	X	X	X
3.2 Other	2,589	X	X	X	2,835	X	X	X
4. Liabilities relating to commitments to repurchase treasury shares	-	X	X	X	-	X	X	X
5. Lease deposits	2,310	X	X	X	2,397	X	X	X
6. Other deposits	4,376	X	X	X	4,630	X	X	X
<b>Total</b>	<b>500,750</b>	<b>4</b>	<b>192,049</b>	<b>309,509</b>	<b>472,967</b>	<b>4</b>	<b>194,359</b>	<b>279,456</b>
<b>Total Level 1, Level 2 and Level 3</b>			<b>501,562</b>				<b>473,819</b>	

## Part B - Consolidated balance sheet - Liabilities

The item "3. Loans" also include liabilities relating to repos executed using proprietary securities issued by Group companies, which were eliminated from assets on consolidation; the same sub-item do not include the type of bond lending transactions collateralised by securities or not collateralised. For further information see the paragraph "Other information" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part B - Consolidated balance sheet.

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" of the Consolidated financial statements of UniCredit group, 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 12.31.2020				AMOUNTS AS AT 12.31.2019			
	BOOK VALUE	FAIR VALUE			BOOK VALUE	FAIR VALUE		
		LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3
<b>A. Debt securities</b>								
1. Bonds	86,604	49,664	30,186	11,801	88,563	45,437	35,421	12,928
1.1 Structured	1,147	-	969	195	1,382	-	1,215	176
1.2 Other	85,457	49,664	29,217	11,606	87,181	45,437	34,206	12,752
2. Other securities	15,920	-	2,725	13,210	7,738	-	1,935	5,795
2.1 Structured	61	-	68	-	99	-	106	-
2.2 Other	15,859	-	2,657	13,210	7,639	-	1,829	5,795
<b>Total</b>	<b>102,524</b>	<b>49,664</b>	<b>32,911</b>	<b>25,011</b>	<b>96,301</b>	<b>45,437</b>	<b>37,356</b>	<b>18,723</b>
<b>Total Level 1, Level 2 and Level 3</b>			<b>107,586</b>				<b>101,516</b>	

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. For further information see the paragraph "A.4 - Information on fair value" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part A - Accounting Policies.

The sum of the sub-items "1.1 Bonds - Structured" and "2.1 Other securities -structured" was equal to €1,208 million and accounted for 1.2% 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 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 €21 million negative.

### 1.4 Breakdown of subordinated debts/securities

(€ million)

	AMOUNTS AS AT	
	12.31.2020	12.31.2019
Deposits from banks	-	-
Deposits from customers	90	90
Debt securities	10,943	12,699
<b>Total</b>	<b>11,033</b>	<b>12,789</b>

### 1.5 Breakdown of structured debts

(€ million)

	AMOUNTS AS AT	
	12.31.2020	12.31.2019
Deposits from banks	2	2
Deposits from customers	20	-
<b>Total</b>	<b>22</b>	<b>2</b>

## Part B - Consolidated balance sheet - Liabilities

### 1.6 Amounts payable under finance leases

TIME BUCKET	12.31.2020		12.31.2019	
	CASH OUTFLOWS		CASH OUTFLOWS	
	FINANCE LEASES	OPERATING LEASES	FINANCE LEASES	OPERATING LEASES
Up to 1 year	62	318	33	320
1 year to 2 years	60	306	51	300
2 year to 3 years	59	279	51	276
3 year to 4 years	57	246	52	248
4 year to 5 years	48	206	54	226
Over 5 years	322	565	377	623
<b>Total Lease Payments to be made</b>	<b>608</b>	<b>1,920</b>	<b>618</b>	<b>1,993</b>
<b>RECONCILIATION WITH DEPOSITS</b>				
Unearned finance expenses (-) (Discounting effect)	55	155	44	161
<b>Lease deposits</b>	<b>553</b>	<b>1,765</b>	<b>574</b>	<b>1,832</b>

(€ million)

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).

## Section 2 - Financial liabilities held for trading - Item 20

### 2.1 Financial liabilities held for trading: breakdown by product

TYPE OF TRANSACTIONS/VALUES	AMOUNTS AS AT 12.31.2020					AMOUNTS AS AT 12.31.2019				
	NOMINAL VALUE	FAIR VALUE			FAIR VALUE*	NOMINAL VALUE	FAIR VALUE			FAIR VALUE*
		LEVEL 1	LEVEL 2	LEVEL 3			LEVEL 1	LEVEL 2	LEVEL 3	
<b>A. Cash liabilities</b>										
1. Deposits from banks	250	333	339	14	686	331	447	332	-	779
2. Deposits from customers	2,259	5,738	2,321	103	8,163	154	8,691	204	87	8,982
3. Debt securities	2,905	-	2,797	298	3,092	3,067	-	2,786	244	3,027
3.1 Bonds	1,595	-	1,314	139	1,452	1,513	-	1,369	131	1,499
3.1.1 Structured	1,595	-	1,314	139	X	1,513	-	1,369	131	X
3.1.2 Other	-	-	-	-	X	-	-	-	-	X
3.2 Other securities	1,310	-	1,483	159	1,640	1,554	-	1,417	113	1,528
3.2.1 Structured	1,310	-	1,483	159	X	1,554	-	1,417	113	X
3.2.2 Other	-	-	-	-	X	-	-	-	-	X
<b>Total (A)</b>	<b>5,414</b>	<b>6,071</b>	<b>5,457</b>	<b>415</b>	<b>11,941</b>	<b>3,552</b>	<b>9,138</b>	<b>3,322</b>	<b>331</b>	<b>12,788</b>
<b>B. Derivatives instruments</b>										
1. Financial derivatives	X	4,670	30,557	326	X	X	2,795	25,334	333	X
1.1 Trading derivatives	X	4,670	30,367	305	X	X	2,795	25,000	293	X
1.2 Linked to fair value option	X	-	85	-	X	X	-	92	-	X
1.3 Other	X	-	105	21	X	X	-	242	40	X
2. Credit derivatives	X	49	82	160	X	X	4	84	142	X
2.1 Trading derivatives	X	49	74	160	X	X	4	73	142	X
2.2 Linked to fair value option	X	-	-	-	X	X	-	-	-	X
2.3 Other	X	-	8	-	X	X	-	11	-	X
<b>Total (B)</b>	<b>X</b>	<b>4,719</b>	<b>30,639</b>	<b>486</b>	<b>X</b>	<b>X</b>	<b>2,799</b>	<b>25,418</b>	<b>475</b>	<b>X</b>
<b>Total (A+B)</b>	<b>X</b>	<b>10,790</b>	<b>36,096</b>	<b>901</b>	<b>X</b>	<b>X</b>	<b>11,937</b>	<b>28,740</b>	<b>806</b>	<b>X</b>
<b>Total Level 1, Level 2 and Level 3</b>					<b>47,787</b>					<b>41,483</b>

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 see the paragraph "A.4 - Information on fair value" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part A - Accounting Policies.

## Part B - Consolidated balance sheet - Liabilities

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 2020, already included in the net presentation of these transactions, totaled €44,902 million (€29,569 million as at 31 December 2019).

The sub-item "Deposits from banks" and "Deposits from customers" include short selling totaling €6,281 million as at 31 December 2020 (€9,245 million as at 31 December 2019), 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.

### 2.3 Breakdown of "Financial liabilities held for trading": structured debts

	AMOUNTS AS AT	
	(€ million)	
	12.31.2020	12.31.2019
Deposits from banks	22	22
Deposits from customers	-	-
Debt securities	2,904	3,067
<b>Total</b>	<b>2,926</b>	<b>3,089</b>

## Section 3 - Financial liabilities designated at fair value - Item 30

### 3.1 Financial liabilities designated at fair value: breakdown by product

TYPE OF TRANSACTIONS/VALUES	AMOUNTS AS AT 12.31.2020					AMOUNTS AS AT 12.31.2019				
	NOMINAL VALUE	FAIR VALUE			FAIR VALUE*	NOMINAL VALUE	FAIR VALUE			FAIR VALUE*
		LEVEL 1	LEVEL 2	LEVEL 3			LEVEL 1	LEVEL 2	LEVEL 3	
<b>1. Deposits from banks</b>	<b>5</b>	<b>-</b>	<b>4</b>	<b>1</b>	<b>4</b>	<b>5</b>	<b>-</b>	<b>4</b>	<b>1</b>	<b>5</b>
1.1 Structured	-	-	-	-	X	-	-	-	-	X
1.2 Other	5	-	4	1	X	5	-	4	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
<b>2. Deposits from customers</b>	<b>654</b>	<b>-</b>	<b>657</b>	<b>54</b>	<b>711</b>	<b>581</b>	<b>-</b>	<b>573</b>	<b>51</b>	<b>626</b>
2.1 Structured	-	-	-	-	X	-	-	-	-	X
2.2 Other	654	-	657	54	X	581	-	573	51	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
<b>3. Debt securities</b>	<b>9,623</b>	<b>-</b>	<b>9,159</b>	<b>693</b>	<b>9,611</b>	<b>8,768</b>	<b>-</b>	<b>8,620</b>	<b>429</b>	<b>8,922</b>
3.1 Structured	9,070	-	8,746	631	X	8,220	-	8,196	339	X
3.2 Other	553	-	413	62	X	548	-	424	90	X
<b>Total</b>	<b>10,282</b>	<b>-</b>	<b>9,820</b>	<b>748</b>	<b>10,326</b>	<b>9,354</b>	<b>-</b>	<b>9,197</b>	<b>481</b>	<b>9,553</b>
<b>Total Level 1, Level 2 and Level 3</b>			<b>10,568</b>					<b>9,678</b>		

**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.

Liabilities are recognised in this item to reduce the accounting mismatch arising from financial instruments measured with changes in fair value in the income statement in order to manage the risk profile.

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 Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part A - Accounting Policies.

## Part B - Consolidated balance sheet - Liabilities

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.

## Section 4 - Hedging derivatives - Item 40

### 4.1 Hedging derivatives: breakdown by type of hedging and by levels

	AMOUNTS AS AT 12.31.2020				AMOUNTS AS AT 12.31.2019			
	NOTIONAL AMOUNT	FAIR VALUE			NOTIONAL AMOUNT	FAIR VALUE		
		LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3
<b>A. Financial derivatives</b>	<b>244,454</b>	<b>126</b>	<b>5,573</b>	<b>-</b>	<b>192,077</b>	<b>166</b>	<b>7,020</b>	<b>-</b>
1) Fair value	215,873	126	5,080	-	183,644	166	6,722	-
2) Cash flows	28,581	-	493	-	8,433	-	298	-
3) Net investment in foreign subsidiaries	-	-	-	-	-	-	-	-
<b>B. Credit derivatives</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
<b>Total</b>	<b>244,454</b>	<b>126</b>	<b>5,573</b>	<b>-</b>	<b>192,077</b>	<b>166</b>	<b>7,020</b>	<b>-</b>
<b>Total Level 1, Level 2 and Level 3</b>			<b>5,699</b>				<b>7,186</b>	

Valuations at fair value were classified according to a hierarchy of levels reflecting the significance of the valuations input.

For further information see paragraph "Part A - Accounting policies" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts.

### 4.2 Hedging derivatives: breakdown by hedged portfolios and type of hedging

TRANSACTIONS/HEDGE TYPES	AMOUNTS AS AT 12.31.2020										
	FAIR VALUE							CASH FLOW			FOREIGN INVESTMENTS
	MICRO-HEDGE							MACRO-HEDGE	MICRO-HEDGE	MACRO-HEDGE	
	DEBT SECURITIES AND INTEREST RATES RISK	EQUITY INSTRUMENTS AND EQUITY INDICES RISK	CURRENCY AND GOLD	CREDIT RISK	COMMODITIES	OTHER					
1. Financial assets at fair value through other comprehensive income	443	-	-	-	X	X	X	-	X	X	
2. Financial assets at amortised cost	4	X	-	-	X	X	X	-	X	X	
3. Portfolio	X	X	X	X	X	X	513	X	243	X	
4. Other transactions	-	-	-	-	-	-	X	-	X	-	
<b>Total assets</b>	<b>447</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>513</b>	<b>-</b>	<b>243</b>	<b>-</b>	
1. Financial liabilities	3,536	X	-	-	-	-	X	64	X	X	
2. Portfolio	X	X	X	X	X	X	285	X	186	X	
<b>Total liabilities</b>	<b>3,536</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>285</b>	<b>64</b>	<b>186</b>	<b>-</b>	
1. Expected transactions	X	X	X	X	X	X	X	-	X	X	
2. Financial assets and liabilities portfolio	X	X	X	X	X	X	425	X	-	-	

## Part B - Consolidated balance sheet - Liabilities

### Section 5 - Value adjustment of hedged financial liabilities - Item 50

#### 5.1 Changes to hedged financial liabilities

CHANGES TO HEDGED LIABILITIES/GROUP COMPONENTS	AMOUNTS AS AT	
	12.31.2020	12.31.2019
1. Positive changes to financial liabilities	10,182	8,442
2. Negative changes to financial liabilities	(4,117)	(3,478)
<b>Total</b>	<b>6,065</b>	<b>4,964</b>

(€ million)

### Section 6 - Tax liabilities - Item 60

See the paragraph "Section 11 - Tax assets and tax liabilities - Item 100 (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.

### Section 8 - Other liabilities - Item 80

#### 8.1 Other liabilities: breakdown

ITEMS/VALUES	AMOUNTS AS AT	
	12.31.2020	12.31.2019
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	561	575
Negative value of management agreements (so-called servicing assets)	-	-
Payment agreements based on the value of own capital instruments classified as deposits pursuant to IFRS2	4	4
Other liabilities due to employees	2,904	1,901
Other liabilities due to other staff	33	45
Other liabilities due to Directors and Statutory Auditors	1	5
Interest and amounts to be credited to	109	181
- Customers	60	129
- Banks	49	52
Items in transit between branches and not yet allocated to destination accounts	10	22
Available amounts to be paid to others	443	386
Items in processing	787	805
Entries relating to securities transactions	117	123
Definitive items but not attributable to other lines	3,194	3,362
- Accounts payable - suppliers	991	1,270
- Provisions for tax withholding on accrued interest, bond coupon payments or dividends	4	5
- Other entries	2,199	2,087
Liabilities for miscellaneous entries related to tax collection service	-	-
Adjustments for unpaid portfolio entries	1,034	975
Tax items different from those included in item 60	845	1,031
Other entries	2,704	3,131
<b>Total</b>	<b>12,749</b>	<b>12,549</b>

(€ million)

Item Other liabilities due to employees includes the liability associated with the expenses recognised for the implementation of the Strategic Plan Team 23 for the portion that has determined the incurrence of a specific debt toward the employees.

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.



## Part B - Consolidated balance sheet - Liabilities

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.

The majority of this amount relates to performance obligations expected to be satisfied by the following year end reporting date.

Refer to the paragraph "Section 13 - Other assets - Item 130" of the Consolidated financial statements of UniCredit group, 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.

### 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". 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 external actuary using the "projected unit credit" method (see the paragraph "Part A.2 - Main items of the accounts" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part A - Accounting policies).

#### 9.1 Provisions for employee severance pay: annual changes

	CHANGES IN	
	2020	2019
	(€ million)	
<b>A. Opening balance</b>	<b>661</b>	<b>698</b>
<b>B. Increases</b>	<b>22</b>	<b>63</b>
B.1 Provisions for the year	5	11
B.2 Other increases	17	52
<i>of which: business combinations</i>	-	-
<b>C. Reductions</b>	<b>91</b>	<b>100</b>
C.1 Severance payments	89	80
C.2 Other decreases	2	20
<i>of which: business combinations</i>	-	5
<b>D. Closing Balance</b>	<b>592</b>	<b>661</b>

#### 9.2 Other information

	CHANGES IN	
	2020	2019
	(€ million)	
<b>Cost Recognised in P&amp;L:</b>	<b>5</b>	<b>12</b>
- Current Service Cost	-	1
- Interest Cost on the DBO	5	11
- Settlement (gains)/losses	-	-
- Past Service Cost	-	-
<b>Remeasurement Effects (Gains) Losses Recognised in OCI</b>	<b>15</b>	<b>36</b>
<b>Annual weighted average assumptions</b>		
- Discount rate	0.45%	0.75%
- Price inflation	0.80%	0.95%

Duration of defined benefit obligation equals to 9 years; Valuation Reserve negative balance (net of tax) move from -€152 million as at 31 December 2019 to -€163 million as at 31 December 2020.

A change of -25 basis points of Discount Rate would result in an increase of the liability of €13 million (+2.27%); a correspondent increase would result in a reduction in the liability of €13 million (-2.22%). A change of -25 basis points of Price Inflation rate would result in a reduction of the liability of €8 million (-1.37%); a correspondent increase would result in an increase of the liability of €8 million (+1.39%).

## 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	
	12.31.2020	12.31.2019
1. Provisions for credit risk on commitments and financial guarantees given	1,263	985
2. Provisions for other commitments and other guarantees given	125	104
3. Pensions and other post-retirement benefit obligations	5,677	5,619
4. Other provisions for risks and charges	3,123	3,690
4.1 Legal and tax disputes	749	884
4.2 Staff expenses	943	1,253
4.3 Other	1,431	1,553
<b>Total</b>	<b>10,188</b>	<b>10,398</b>

The item "4. Other provisions for risks and charges" consists of:

- 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 hedging policies Part E - "Risks of the prudential consolidated perimeter", 2.5 Operational risks, Qualitative information);
- Staff expenses include the restructuring costs associated with the implementation 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 table 10.6 below.

#### 10.2 Provisions for risks and charges: annual changes

(€ million)

	CHANGES IN 2020			TOTAL
	PROVISIONS FOR OTHER OFF-BALANCE SHEET COMMITMENTS AND OTHER GUARANTEES GIVEN	PENSION AND POST-RETIREMENT BENEFIT OBLIGATIONS	OTHER PROVISIONS FOR RISKS AND CHARGES	
<b>A. Opening balance</b>	104	5,619	3,690	9,413
<b>B. Increases</b>	29	669	1,861	2,559
B.1 Provisions for the year	29	103	1,726	1,858
B.2 Changes due to the passing time	-	57	7	64
B.3 Differences due to discount-rate changes	-	-	1	1
B.4 Other changes	-	509	127	636
<i>of which: business combinations</i>	-	-	-	-
<b>C. Decreases</b>	8	611	2,428	3,047
C.1 Use during the year	-	230	583	813
C.2 Differences due to discount-rate changes	-	-	1	1
C.3 Other changes	8	381	1,844	2,233
<i>of which: business combinations</i>	-	-	45	45
<b>D. Closing balance</b>	125	5,677	3,123	8,925

#### 10.3 Provisions for credit risk on commitments and financial guarantees given

(€ million)

	AMOUNTS AS AT 12.31.2020			TOTAL
	PROVISIONS FOR CREDIT RISK ON COMMITMENTS AND FINANCIAL GUARANTEES GIVEN			
	STAGE 1	STAGE 2	STAGE 3	
Loan commitments given	115	122	315	552
Financial guarantees given	60	60	591	711
<b>Total</b>	<b>175</b>	<b>182</b>	<b>906</b>	<b>1,263</b>

## Part B - Consolidated balance sheet - Liabilities

## 10.4 Provisions on other commitments and other issued guarantees

	AMOUNTS AS AT	
	12.31.2020	12.31.2019
1. Other issued guarantees	125	104
2. Other commitments	-	-
<b>Total</b>	<b>125</b>	<b>104</b>

(€ million)

## 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 47% 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 AG (UCB AG), and (ii) in the United Kingdom, Italy and Luxembourg created by UCB AG 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. The balance sheet obligation is the result of the deficit/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 and persisting interest rates decreasing trend, UCG refined its Discount Rate setting methodology by referencing AA rated corporate bonds basket. In addition, a Nelson Siegel methodology has been applied 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 remeasurement of commitments as at 31 December 2020 leads to an increase in the negative balance of the valuation reserve relating to actuarial gains/losses on defined benefit plans of €423 million, net of deferred taxes (for a negative balance which move from -€3,420 million as at 31 December 2019 to -€3,843 million as at 31 December 2020).

## 2. Changes of net defined benefit liability/asset and any reimbursement rights

## 2.1 Breakdown of defined benefit net obligation

	AMOUNTS AS AT	
	12.31.2020	12.31.2019
Current value of the defined benefit obligation	10,716	10,425
Current value of the plan assets	(5,061)	(4,833)
<b>Deficit/(Surplus)</b>	<b>5,655</b>	<b>5,592</b>
Irrecoverable surplus (effect of asset ceiling)	-	-
<b>Net defined benefit liability/(asset) as of the period end date</b>	<b>5,655</b>	<b>5,592</b>

(€ million)

## Part B - Consolidated balance sheet - Liabilities

### 2.2 Changes in defined benefit obligations

	(€ million)	
	12.31.2020	12.31.2019
Initial defined benefit obligation	10,421	9,356
Current service cost	100	84
Settlement (gain)/loss	-	(30)
Past service cost	-	-
Interest expense on the defined benefit obligation	114	182
Write-downs for actuarial (gains)/losses on defined benefit plans	477	1,292
Employees' contributions for defined benefit plans	8	8
Disbursements from plan assets	(165)	(133)
Disbursements directly paid by the fund	(232)	(53)
Settlements	(1)	(283)
Other increases (decreases)	(6)	(2)
<b>Net defined benefit liability/(asset) as of the period end date</b>	<b>10,716</b>	<b>10,421</b>

### 2.3 Changes to plan assets

	(€ million)	
	12.31.2020	12.31.2019
Initial fair value of plan assets	4,833	4,609
Interest income on plan assets	57	95
Administrative expenses paid from plan assets	-	-
Write-downs on the fair value of plan assets for actuarial gains (losses) on the discount rate	118	122
Employer contributions	226	160
Disbursements from plan assets	(165)	(133)
Settlements	-	-
Other increases (decreases)	(8)	(20)
<b>Final fair value of plan assets</b>	<b>5,061</b>	<b>4,833</b>

### 3. Main plan asset classes

	(€ million)	
	12.31.2020	12.31.2019
1. Shares	73	90
2. Bonds	374	392
3. Units in investment funds	4,050	3,918
4. Real estate properties	236	239
5. Derivative instruments	-	-
6. Other assets	328	194
<b>Total</b>	<b>5,061</b>	<b>4,833</b>

### 4. Significant actuarial assumptions used to determine the current value of defined benefit obligation

	12.31.2020	12.31.2019
	%	%
Discount rate	0.78	1.12
Expected return on plan assets	0.78	1.12
Expected compensation increase rate	2.03	2.04
Future increases relating to pension treatments	1.60	1.72
Expected inflation rate	1.42	1.36

## Part B - Consolidated balance sheet - Liabilities

## 5. Impact of changes in financial/demographic assumptions on DBOs and financial duration

		(€ million)
		12.31.2020
- Impact of changes in financial/demographic assumptions on DBOs		
<b>A. Discount rate</b>		
A1. -25 basis points		457
		4.27%
A2. +25 basis points		(428)
		-4.00%
<b>B. Future increase rate relating to pension treatments</b>		
B1. -25 basis points		(311)
		-2.90%
B2. +25 basis points		327
		3.05%
<b>C. Mortality</b>		
C.1 Life expectancy + 1 year		391
		3.65%
- Financial duration (years)		16.5

## 10.6 Provisions for risks and charges - other provisions

		(€ million)	
		AMOUNTS AS AT	
		12.31.2020	12.31.2019
<b>4.3 Other provisions for risks and charges other</b>			
Real estate risks/charges		102	103
Restructuring costs		51	50
Allowances payable to agents		87	89
Disputes regarding financial instruments and derivatives		21	61
Costs for liabilities arising from equity investment disposals		206	221
Other		964	1,029
<b>Total</b>		<b>1,431</b>	<b>1,553</b>

It should be noted that the following sub-item:

- "Others" 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. Further information is reported in 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 hedging policies, Section 5 - Operational risks, Qualitative information, E. Other claims by customers;
  - referring to cover the risks related to certain standard contractual terms contained in the documentary frameworks (i.e. reps & warranties), including securitisation transactions 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 - Technical reserves - Item 110

No data to be disclosed.

## Section 12 - Redeemable Shares - Item 130

No data to be disclosed.

## Part B - Consolidated balance sheet - Liabilities

### Section 13 - Group shareholders' equity - Items 120, 130, 140, 150, 160, 170 and 180

At 31 December 2020 the Group shareholders' equity, including the result for the period of -€2,785 million, amounted to €59,507 million, against €61,416 million at the end of 2019.

The table below shows a breakdown of Group equity and the changes over the previous year.

#### Group shareholders' equity: breakdown

	AMOUNTS AS AT		CHANGES	
	12.31.2020	12.31.2019	AMOUNT	%
1. Share capital	21,060	20,995	65	0.3%
2. Share premium reserve	9,386	13,225	-3,839	-29.0%
3. Reserves	31,167	24,344	6,823	28.0%
4. Treasury shares	(3)	(3)	-	-
a. Parent Company	(2)	(2)	-	-
b. Subsidiaries	(1)	(1)	-	-
5. Valuation reserve	(6,159)	(6,120)	-39	0.6%
6. Equity instruments	6,841	5,602	1,239	22.1%
7. Net profit (loss)	(2,785)	3,373	-6,158	-182.6%
<b>Total</b>	<b>59,507</b>	<b>61,416</b>	<b>-1,909</b>	<b>-3.1%</b>

The -€1,909 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 5 February 2020	<b>65</b>
Use of share premium reserve:	
for (i) the coverage of the entire loss of UniCredit S.p.A. from the 2019 financial year (-€555 million); (ii) the coverage of the negative components related to the payment of AT1 coupons (-€525 million) and to the first time adoption of the IFRS9 (-€2,759 million)	<b>(3,839)</b>
Change in reserves, including those one in treasury shares arising from:	<b>6,823</b>
· attribution to the reserve of the result of the previous year excluding the loss of UniCredit S.p.A., net of other allocations	3,926
· coverage of the negative reserves to eliminate the components related to the payment of AT1 coupons (+€525 million) and to the first time adoption of the IFRS9 (+€2,759 million) by use of the Share Premium reserve	3,284
· change in reserves connected to Share Based Payments	50
· allocation to the reserves of the coupon paid to subscribers of the Additional Tier 1 notes, net of the related taxes	(326)
· 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 5 February 2020	(65)
· the charge to reserves for the disbursements made in connection with the usufruct contract signed with Mediobanca S.p.A. on UniCredit shares supporting the issuance of convertible securities denominated "Cashes" and other related fees	(126)
· other changes	80
Change in valuation reserves related to:	<b>(39)</b>
· the valuation of companies carried at equity	726
· non-current assets classified held-for-sale	658
· tangible assets	25
· hedging for financial risks	(41)
· financial assets and liabilities valued at fair value	(56)
· actuarial gains (losses) on defined-benefit plans	(434)
· exchange rate differences	(917)
Issue of Additional Tier1 recognised net of the related transaction costs and placement fees	<b>1,239</b>
Change of the profit (loss) for the year compared with that of 31 December 2019	<b>(6,158)</b>

## Part B - Consolidated balance sheet - Liabilities

### 13.1 "Share capital" and "treasury shares": breakdown

	AMOUNT AS AT 12.31.2020		AMOUNT AS AT 12.31.2019	
	ISSUED SHARES	UNDERWRITTEN AND NOT YET FULLY PAID SHARES	ISSUED SHARES	UNDERWRITTEN AND NOT YET FULLY PAID SHARES
<b>A. Share Capital</b>				
A.1 Ordinary shares	21,060	-	20,995	-
A.2 Savings shares	-	-	-	-
<b>Total A</b>	<b>21,060</b>	<b>-</b>	<b>20,995</b>	<b>-</b>
<b>B. Treasury Shares</b>	<b>(3)</b>	<b>-</b>	<b>(3)</b>	<b>-</b>

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 2020	
	ORDINARY	SAVINGS
<b>A. Issued shares as at the beginning of the year</b>	<b>2,233,376,842</b>	<b>-</b>
- Fully paid	2,233,376,842	-
- Not fully paid	-	-
A.1 Treasury shares (-)	(4,760)	-
A.2 Shares outstanding: opening balance	2,233,372,082	-
<b>B. Increases</b>	<b>3,884,961</b>	<b>-</b>
B.1 New issues	3,884,961	-
- Against payment	-	-
- Business combinations	-	-
- Bonds converted	-	-
- Warrants exercised	-	-
- Other	-	-
- Free	3,884,961	-
- To employees	3,884,961	-
- To directors	-	-
- Other	-	-
B.2 Sales of treasury shares	-	-
B.3 Other changes	-	-
<b>C. Decreases</b>	<b>-</b>	<b>-</b>
C.1 Cancellation	-	-
C.2 Purchase of treasury shares	-	-
C.3 Business transferred	-	-
C.4 Other changes	-	-
<i>of which: business combinations</i>	-	-
<b>D. Shares outstanding: closing balance</b>	<b>2,237,257,043</b>	<b>-</b>
D.1 Treasury shares (+)	4,760	-
D.2 Shares outstanding as at the end of the year	2,237,261,803	-
- Fully paid	2,237,261,803	-
- Not fully paid	-	-

Reference is made to the paragraph "12.2 Share capital - Number of share: 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.

### 13.3 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.

## Part B - Consolidated balance sheet - Liabilities

## 13.4 Reserves from profits: other information

	(€ million)	
	AMOUNTS AS AT	
	12.31.2020	12.31.2019
Legal reserve	1,518	1,518
Statutory reserve	7,380	7,504
Other reserves	14,557	7,816
<b>Total</b>	<b>23,455</b>	<b>16,838</b>

The legal reserve in overall includes, in addition to the amount of €1,518 million, also the amount of €2,683 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 and 14 April 2016.

## 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

ITEM/TYPES	(€ million)	
	AMOUNTS AS AT	
	12.31.2020	12.31.2019
1. Equity instruments designated at fair value through other comprehensive income	(339)	(227)
2. Financial assets (other than equity instruments) at fair value through other comprehensive income	1,119	980
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)	(167)	(84)
5. Hedging instruments (non-designated elements)	-	-
6. Property, plant and equipment	1,467	1,442
7. Intangible assets	-	-
8. Hedges of foreign investments	-	-
9. Cash-flow hedges	(23)	18
10. Exchange differences	(2,949)	(2,032)
11. Non-current assets classified as held for sale	(2)	(660)
12. Actuarial gains (losses) on defined-benefit plans	(4,007)	(3,573)
13. Part of valuation reserves of investments valued at net equity	(1,535)	(2,261)
14. Special revaluation laws	277	277
<b>Total</b>	<b>(6,159)</b>	<b>(6,120)</b>

The FX currency reserves as at 31 December 2020 mainly refer to the following currencies:

- Turkish Lira: - €1,547 million included in the item “Part of valuation reserves of investments valued at net equity”;
- Russian Ruble: -€2,475 million included in the item “Exchange differences” and -€50 million included in the item “Part of valuation reserves of investments valued at net equity”.

The main variations in comparison to 31 December 2019 refer to:

- variation of the item “Part of valuation reserves of investments valued at net equity” for +€726 million and in the reserve of “Non-current assets classified as held for sale” for +€658 million mainly due to the disposal and resulting unwinding of Joint Venture agreements, of respectively 11.93% and 9.02% stake of Yapi Ve Kredi Bankasi AS with the consequent recycle of reserves, mostly to profit or loss, basically referred to Turkish Lira;
- variation of the item “Exchange differences” for -€917 million due to change of Russian Ruble for -€681 million, Hungarian Forint for -€99 million and Czech Crown for -€81 million;
- variation of item “Actuarial gains (losses) on defined-benefit plans” for -€434 million mainly referred to drop in DBO discount rate induced by increase in prices of High Quality Corporate Bonds partially offset by plan assets performance.



## Part B - Consolidated balance sheet - Liabilities

## Section 14 - Minority shareholders' equity - Item 190

The table below shows the breakdown of minorities as at 31 December 2020.

## 14.1 Breakdown of item 190 "Shareholders' equity: minorities"

	(€ million)	
	2020	2019
<b>Equity investments in consolidated companies with significant minority interests</b>	<b>445</b>	<b>448</b>
Zagrebacka Banka D.D.	345	347
UniCredit Bank D.D.	60	53
UniCredit Bank Austria AG Sub-Group	40	48
<b>Other equity investments</b>	<b>(10)</b>	<b>(79)</b>
<b>Total</b>	<b>435</b>	<b>369</b>

The shareholders' equity attributable to minority interests for 2020 amounted to +€435 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.

The deviation from the previous year mainly refers to the deconsolidation of Capital Dev S.p.A. and its subsidiaries.

For further details refer to Part B - Consolidated balance sheet - Assets, Section 7 - Equity investments - Item 70 of the Notes to the consolidated accounts.

## 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 12.31.2020				AMOUNTS AS AT 12.31.2019 TOTAL
	NOTIONAL AMOUNTS OF COMMITMENTS AND FINANCIAL GUARANTEES GIVEN				
	STAGE 1	STAGE 2	STAGE 3	TOTAL	
<b>1. Loan commitments given</b>	<b>150,249</b>	<b>22,042</b>	<b>1,182</b>	<b>173,473</b>	<b>162,706</b>
a) Central Banks	18	-	-	18	24
b) Governments and other Public Sector Entities	6,333	1,271	137	7,741	6,767
c) Banks	2,168	275	-	2,443	5,001
d) Other financial companies	28,303	2,361	41	30,705	25,353
e) Non-financial companies	105,471	14,893	989	121,353	113,707
f) Households	7,956	3,242	15	11,213	11,854
<b>2. Financial guarantees given</b>	<b>41,959</b>	<b>6,036</b>	<b>1,426</b>	<b>49,421</b>	<b>54,885</b>
a) Central Banks	55	-	-	55	64
b) Governments and other Public Sector Entities	291	6	-	297	358
c) Banks	7,422	345	-	7,767	9,502
d) Other financial companies	4,978	149	44	5,171	4,938
e) Non-financial companies	28,860	5,451	1,376	35,687	39,554
f) Households	353	85	6	444	469

## 2. Others commitments and others guarantees given

(€ million)

	AMOUNTS AS AT	
	12.31.2020	12.31.2019
	NOTIONAL AMOUNTS	NOTIONAL AMOUNTS
<b>1. Others guarantees given</b>	<b>20,381</b>	<b>19,988</b>
<i>of which: non-performing loans</i>	204	186
a) Central Banks	-	-
b) Governments and other Public Sector Entities	6	6
c) Banks	2,574	1,948
d) Other financial companies	2,204	2,269
e) Non-financial companies	15,578	15,748
f) Households	19	17
<b>2. Others commitments</b>	<b>100,375</b>	<b>94,235</b>
<i>of which: non-performing loans</i>	1,272	1,514
a) Central Banks	958	747
b) Governments and other Public Sector Entities	973	1,148
c) Banks	12,685	13,799
d) Other financial companies	21,553	16,870
e) Non-financial companies	58,991	57,099
f) Households	5,215	4,572

Table "1. Commitments and financial guarantees given" 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.

## Part B - Consolidated balance sheet - Liabilities

### 3. Assets used to guarantee own liabilities and commitments

PORTFOLIOS	(€ million)	
	AMOUNTS AS AT	
	12.31.2020	12.31.2019
1. Financial assets at fair value through profit or loss	17,302	16,817
2. Financial assets at fair value through other comprehensive income	35,629	33,242
3. Financial assets at amortised cost	135,934	110,917
4. Property, plant and equipment	2	51
<i>of which: inventories of property, plant and equipment</i>	2	2

Deposits from Banks include €97,672 million related to Central Banks' refinancing operations collateralised by securities and loans respectively amounting to nominal €69,528 million and €33,184 million.

Regarding collateral securities, those not recognised on balance-sheet since they represent repurchased or retained Group's financial liabilities amount to nominal €27,273 million.

### 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

TYPE OF SERVICES	(€ million)	
	AMOUNTS AS AT	
	12.31.2020	12.31.2019
<b>1. Execution of orders on behalf of customers</b>		
a) Purchases	113,905	106,837
1. Settled	113,893	106,826
2. Unsettled	12	11
b) Sales	111,349	107,215
1. Settled	111,332	107,206
2. Unsettled	17	9
<b>2. Portfolio management</b>		
a) Individual	19,025	44,924
b) Collective	17,603	71,982
<b>3. Custody and administration of securities</b>		
a) Third party securities on deposits: relating to depositary bank activities (excluding portfolio management)	3,337	24,595
1. Securities issued by companies included in consolidation	-	15,025
2. Other securities	3,337	9,570
b) Third party securities held in deposits (excluding portfolio management): other	222,974	223,121
1. Securities issued by companies included in consolidation	7,915	8,899
2. Other securities	215,059	214,222
c) Third party securities deposited with third parties	151,791	183,118
d) Property securities deposited with third parties	104,550	99,462
<b>4. Other transactions</b>	<b>7,850</b>	<b>8,330</b>

## 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		NET AMOUNT 12.31.2020 (F=C-D-E)	NET AMOUNT 12.31.2019
				FINANCIAL INSTRUMENTS (D)	CASH COLLATERAL RECEIVED (E)		
1. Derivatives	85,156	42,882	42,274	24,329	10,484	7,461	6,296
2. Reverse repos	59,577	2,050	57,527	34,393	20	23,114	17,386
3. Securities lending	-	-	-	-	-	-	-
4. Others	130,292	6,129	124,163	-	-	124,163	129,311
<b>Total 12.31.2020</b>	<b>275,025</b>	<b>51,061</b>	<b>223,964</b>	<b>58,722</b>	<b>10,504</b>	<b>154,738</b>	<b>X</b>
<b>Total 12.31.2019</b>	<b>284,345</b>	<b>36,405</b>	<b>247,940</b>	<b>86,669</b>	<b>8,278</b>	<b>X</b>	<b>152,993</b>

Financial derivative assets offset in balance sheet by financial liabilities (column "B" item 1. Derivatives) mainly refers to derivative contracts settled with Central Clearing Counterparts (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		NET AMOUNT 12.31.2020 (F=C-D-E)	NET AMOUNT 12.31.2019
				FINANCIAL INSTRUMENTS (D)	CASH COLLATERAL RECEIVED (E)		
1. Derivatives	84,154	46,634	37,520	24,746	10,898	1,876	1,527
2. Reverse repos	72,640	2,050	70,590	43,301	304	26,985	12,487
3. Securities lending	-	-	-	-	-	-	-
4. Others	198,255	2,376	195,879	-	-	195,879	174,486
<b>Total 12.31.2020</b>	<b>355,049</b>	<b>51,060</b>	<b>303,989</b>	<b>68,047</b>	<b>11,202</b>	<b>224,740</b>	<b>X</b>
<b>Total 12.31.2019</b>	<b>327,291</b>	<b>36,404</b>	<b>290,887</b>	<b>92,153</b>	<b>10,234</b>	<b>X</b>	<b>188,500</b>

Financial derivative liabilities offset in balance sheet by financial assets (column "B" item 1. Derivatives) mainly refers to derivative contracts settled with Central Clearing Counterparts (CCPs).

## 8. Security borrowing transactions

(€ million)

TYPE OF LENDER	AMOUNTS AS AT 12.31.2020			
	AMOUNTS OF THE SECURITIES BORROWED/TRANSACTION PURPOSES			
	GIVEN AS COLLATERAL IN OWN FUNDING TRANSACTIONS	SOLD	SOLD IN REPO TRANSACTIONS	OTHER PURPOSES
A. Banks	1,745	172	5,157	3,190
B. Financial companies	-	40	918	218
C. Insurance companies	-	-	81	36
D. Non-financial companies	-	1	727	193
E. Others	-	-	-	-
<b>Total</b>	<b>1,745</b>	<b>213</b>	<b>6,883</b>	<b>3,637</b>

## Part C - Consolidated income statement

### Section 1 - Interests - Items 10 and 20

#### 1.1 Interest income and similar revenues: breakdown

ITEMS/TYPES	YEAR 2020				YEAR 2019
	DEBT SECURITIES	LOANS	OTHER TRANSACTIONS	TOTAL	TOTAL
<b>1. Financial assets at fair value through profit or loss</b>	<b>159</b>	<b>86</b>	<b>608</b>	<b>853</b>	<b>1,034</b>
1.1 Financial assets held for trading	84	1	608	693	829
1.2 Financial assets designated at fair value	1	-	-	1	-
1.3 Other financial assets mandatorily at fair value	74	85	-	159	205
<b>2. Financial assets at fair value through other comprehensive income</b>	<b>846</b>	<b>-</b>	<b>X</b>	<b>846</b>	<b>1,256</b>
<b>3. Financial assets at amortised cost</b>	<b>555</b>	<b>9,694</b>	<b>X</b>	<b>10,249</b>	<b>11,930</b>
3.1 Loans and advances to banks	33	391	X	424	751
3.2 Loans and advances to customers	522	9,303	X	9,825	11,179
<b>4. Hedging derivatives</b>	<b>X</b>	<b>X</b>	<b>(2)</b>	<b>(2)</b>	<b>(180)</b>
<b>5. Other assets</b>	<b>X</b>	<b>X</b>	<b>226</b>	<b>226</b>	<b>155</b>
<b>6. Financial liabilities</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>1,010</b>	<b>598</b>
<b>Total</b>	<b>1,560</b>	<b>9,780</b>	<b>832</b>	<b>13,182</b>	<b>14,793</b>
<i>of which: interest income on impaired financial assets</i>	-	372	-	372	540
<i>of which: interest income on financial lease</i>	-	544	-	544	600

The interests on financial liabilities, contributing to net interest margin, include positive benefit for €498 million arising from TLTRO II and TLTRO III facilities, the calculation of which is described in "Section 5 - Other Matters" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part A - Accounting policies.

#### 1.2 Interest income and similar revenues: other information

##### 1.2.1 Interest income from financial assets denominated in currency

ITEMS	YEAR 2020		YEAR 2019
	a) Assets denominated in currency	3,561	4,805

#### 1.3 Interest expenses and similar charges: breakdown

ITEMS/TYPES	YEAR 2020				YEAR 2019
	DEBTS	SECURITIES	OTHER TRANSACTIONS	TOTAL	TOTAL
<b>1. Financial liabilities at amortised cost</b>	<b>(1,028)</b>	<b>(2,205)</b>	<b>X</b>	<b>(3,233)</b>	<b>(4,026)</b>
1.1 Deposits from central banks	(40)	X	X	(40)	(99)
1.2 Deposits from banks	(262)	X	X	(262)	(489)
1.3 Deposits from customers	(726)	X	X	(726)	(1,124)
1.4 Debt securities in issue	X	(2,205)	X	(2,205)	(2,314)
<b>2. Financial liabilities held for trading</b>	<b>(1)</b>	<b>(63)</b>	<b>(720)</b>	<b>(784)</b>	<b>(892)</b>
<b>3. Financial liabilities designated at fair value</b>	<b>(8)</b>	<b>(54)</b>	<b>-</b>	<b>(62)</b>	<b>(104)</b>
<b>4. Other liabilities and funds</b>	<b>X</b>	<b>X</b>	<b>(66)</b>	<b>(66)</b>	<b>(52)</b>
<b>5. Hedging derivatives</b>	<b>X</b>	<b>X</b>	<b>995</b>	<b>995</b>	<b>896</b>
<b>6. Financial assets</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>(535)</b>	<b>(343)</b>
<b>Total</b>	<b>(1,037)</b>	<b>(2,322)</b>	<b>209</b>	<b>(3,685)</b>	<b>(4,521)</b>
<i>of which: interest expenses on lease deposits</i>	(36)	X	X	(36)	(42)

## Part C - Consolidated income statement

### 1.4 Interest expenses and similar charges: other information

#### 1.4.1 Interest expenses on liabilities denominated in currency

ITEMS	(€ million)	
	YEAR 2020	YEAR 2019
a) Liabilities denominated in currency	(1,550)	(2,536)

### 1.5 Differentials relating to hedging operations

ITEMS	(€ million)	
	YEAR 2020	YEAR 2019
A. Positive differentials relating to hedging operations	4,237	4,272
B. Negative differentials relating to hedging operations	(3,244)	(3,556)
<b>C. Net differential (A-B)</b>	<b>993</b>	<b>716</b>

## Section 2 - Fees and commissions - Items 40 and 50

### 2.1 Fees and commissions income: breakdown

TYPE OF SERVICES/VALUES	(€ million)	
	YEAR 2020	YEAR 2019
a) Guarantees given	474	491
b) Credit derivatives	-	1
c) Management, brokerage and consultancy services	3,147	3,332
1. Securities trading	225	173
2. Currencies trading	104	114
3. Portfolios management	289	403
3.1 Individual	146	165
3.2 Collective	143	238
4. Custody and administration of securities	269	254
5. Custodian bank	1	1
6. Placement of securities	541	611
7. Reception and transmission of orders	173	97
8. Advisory services	109	115
8.1 Relating to investments	75	85
8.2 Relating to financial structure	34	30
9. Distribution of third parties services	1,436	1,564
9.1 Portfolios management	623	589
9.1.1 Individual	-	2
9.1.2 Collective	623	587
9.2 Insurance products	795	951
9.3 Other products	18	24
d) Collection and payment services	1,206	1,392
e) Securitisation servicing	8	4
f) Factoring	72	83
g) Tax collection services	-	-
h) Management of multilateral trading facilities	-	-
i) Management of current accounts	1,305	1,290
j) Other services	921	979
k) Security lending	36	34
<b>Total</b>	<b>7,169</b>	<b>7,606</b>

Item "j) other services" mainly comprise:

- fees on loans granted: €311 million in 2020, €332 million in 2019 (-6.3%);
- fees for foreign transactions and services of €70 million in 2020, €76 million in 2019 (-7.9%);
- fees for various services provided to customers (e.g. treasury, merchant banking, etc.) of €56 million in 2020, €54 million in 2019 (+3.7%);
- fees for ATM and credit card services not included in collection and payment services, amounting to €255 million in 2020, €308 million in 2019 (-17.2%).

## Part C - Consolidated income statement

## 2.2 Fees and commissions expenses: breakdown

SERVICES/VALUES	(€ million)	
	YEAR 2020	YEAR 2019
a) Guarantees received	(88)	(127)
b) Credit derivatives	-	-
c) Management, brokerage and consultancy services	(334)	(328)
1. Financial instruments trading	(63)	(59)
2. Currencies trading	(11)	(12)
3. Portfolios management	(40)	(42)
3.1 Own portfolios	(20)	(21)
3.2 Third party portfolios	(20)	(21)
4. Custody and administration of securities	(166)	(151)
5. Placement of financial instruments	(9)	(18)
6. Off-site distribution of financial instruments, products and services	(45)	(46)
d) Collection and payment services	(606)	(689)
e) Other services	(162)	(121)
f) Security lending	(22)	(23)
<b>Total</b>	<b>(1,212)</b>	<b>(1,288)</b>

## Section 3 - Dividend income and similar revenue - Item 70

Dividends are recognised in the income statement when distribution is approved.

In 2020 dividend income and similar revenues totaled €208 million, as against overall €295 million for the previous period.

## 3.1 Dividend income and similar revenues: breakdown

ITEMS/REVENUES	YEAR 2020		YEAR 2019	
	DIVIDENDS	SIMILAR REVENUES	DIVIDENDS	SIMILAR REVENUES
A. Financial assets held for trading	134	-	187	-
B. Other financial assets mandatorily at fair value	36	7	62	25
C. Financial assets at fair value through other comprehensive income	28	-	17	-
D. Equity investments	3	-	4	-
<b>Total</b>	<b>201</b>	<b>7</b>	<b>270</b>	<b>25</b>
<b>Total dividends and similar revenues</b>	<b>208</b>		<b>295</b>	

The item "A. Financial assets held for trading" includes mainly the dividends received relating to the following equity securities: Eni S.P.A. (€14 million), BASF SE NA O.N. (€8 million), Allianz SE NA O.N. (€8 million), Enel S.P.A. (€7 million), Siemens AG NA O.N. (€7 million), Bayer AG NA O.N. (€6 million), DT.Telekom AG NA. (€5 million).

In 2019 the item "Financial assets held for trading" mainly includes the dividends received relating to the following equity securities: Intesa Sanpaolo (€18 million), Eni S.p.A. (€15 million), Siemens AG NA O.N. (€11 million), Daimler AG NA O.N. (€10 million).

The item "B. Other financial assets mandatorily at fair value" includes mainly the dividends received relating to the shareholding in La Villata S.p.A. Immobiliare di Investimento e Sviluppo (€15 million).

In 2019 the item "B. Other financial assets mandatorily at fair value" includes dividends received relating to the shareholding in Bank Pekao SA for €25 million and the reimbursement received by "Schema Volontario" in relation to its investments into subordinated bond issued by Banca Carige S.p.A. (€9 million).

The item "C. Financial assets at fair value through other comprehensive income" includes mainly the dividends received relating to the shareholding in Pillarstone Italy Holding S.p.A. (€13 million) and Banca d'Italia (€10 million, same as in 2019).

## 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

TRANSACTIONS/INCOME ITEMS	YEAR 2020				NET PROFIT [(A+B)-(C+D)]
	CAPITAL GAINS (A)	REALISED PROFITS (B)	CAPITAL LOSSES (C)	REALISED LOSSES (D)	
<b>1. Financial assets held for trading</b>	<b>5,767</b>	<b>1,464</b>	<b>(4,082)</b>	<b>(2,530)</b>	<b>619</b>
1.1 Debt securities	285	643	(267)	(531)	130
1.2 Equity instruments	459	509	(209)	(1,589)	(830)
1.3 Units in investment funds	87	134	(62)	(203)	(44)
1.4 Loans	1,799	24	(345)	(1)	1,477
1.5 Other	3,137	154	(3,199)	(206)	(114)
<b>2. Financial liabilities held for trading</b>	<b>202</b>	<b>827</b>	<b>(454)</b>	<b>(256)</b>	<b>319</b>
2.1 Debt securities	188	646	(395)	(101)	338
2.2 Deposits	-	-	-	(2)	(2)
2.3 Other	14	181	(59)	(153)	(17)
<b>3. Financial assets and liabilities: exchange differences</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>405</b>
<b>4. Derivatives</b>	<b>100,763</b>	<b>78,179</b>	<b>(100,882)</b>	<b>(78,554)</b>	<b>(665)</b>
4.1 Financial derivatives	100,564	77,902	(100,606)	(78,266)	(577)
- On debt securities and interest rates	91,093	60,735	(90,866)	(60,589)	373
- On equity securities and share indices	5,964	13,825	(5,731)	(13,694)	364
- On currencies and gold	X	X	X	X	(171)
- Other	3,507	3,342	(4,009)	(3,983)	(1,143)
4.2 Credit derivatives	199	277	(276)	(288)	(88)
<i>of which: economic hedges linked to the fair value option</i>	X	X	X	X	-
<b>Total</b>	<b>106,732</b>	<b>80,470</b>	<b>(105,418)</b>	<b>(81,340)</b>	<b>678</b>

### Section 5 - Fair value adjustments in hedge accounting - Item 90

#### 5.1 Net gains (losses) on hedge accounting: breakdown

INCOME COMPONENT/VALUES	YEAR 2020		YEAR 2019
<b>A. Gains on</b>			
A.1 Fair value hedging instruments	5,918		8,620
A.2 Hedged financial assets (in fair value hedge relationship)	1,072		1,076
A.3 Hedged financial liabilities (in fair value hedge relationship)	167		100
A.4 Cash-flow hedging derivatives	57		12
A.5 Assets and liabilities denominated in currency	-		-
<b>Total gains on hedging activities (A)</b>	<b>7,214</b>		<b>9,808</b>
<b>B. Losses on</b>			
B.1 Fair value hedging instruments	(6,200)		(7,905)
B.2 Hedged financial assets (in fair value hedge relationship)	(143)		(351)
B.3 Hedged financial liabilities (in fair value hedge relationship)	(924)		(1,506)
B.4 Cash-flow hedging derivatives	(1)		(4)
B.5 Assets and liabilities denominated in currency	-		-
<b>Total losses on hedging activities (B)</b>	<b>(7,268)</b>		<b>(9,766)</b>
<b>C. Net hedging result (A-B)</b>	<b>(54)</b>		<b>42</b>
<i>of which: net gains (losses) of hedge accounting on net positions</i>	-		-



## Part C - Consolidated income statement

## Section 6 - Gains (Losses) on disposals/repurchases - Item 100

As at 31 December 2020 the disposal/repurchase of financial assets/liabilities generates net gains in the amount of +€230 million (+€287 million in 2019), of which +€224 million on financial assets and +€6 million on financial liabilities.

In 2020 net result recognised under sub-item "1. Financial assets at amortised cost" equal to +€80 million is mainly due to loan and advances to customers of which UniCredit S.p.A. for +€119 million principally attributable to sale of bonds and, for a lower amount, of non performing loans to customer.

The sub-item "2. Financial assets at fair value through other comprehensive income - 2.1 Debt securities" is equal to +€144 million and includes gains on disposal of AO UniCredit Bank (+€29 million, mainly due to Russian Government securities), UniCredit S.p.A. (+€23 million, mainly due to Italian Government securities), UniCredit Bank AG (+€19 million, mainly due to Spanish Government securities), UniCredit Bank Cech Republic and Slovakia A.s. (+€16 million, mainly due to Czech and Slovak Government securities), Zagrebacka Banka DD (+€13 million, mainly due to Croatian Government securities), UniCredit Bank Ireland Plc (+€12 million, mainly due to Spanish and Italian Government securities), UniCredit Bank SA (+€10 million, mainly due to Romanian Government securities).

## 6.1 Gains (Losses) on disposal/repurchase: breakdown

ITEMS/INCOME ITEMS	YEAR 2020			YEAR 2019		
	GAINS	LOSSES	NET PROFIT	GAINS	LOSSES	NET PROFIT
<b>A. Financial assets</b>						
1. Financial assets at amortised cost	373	(293)	80	301	(163)	138
1.1 Loans and advances to banks	2	-	2	4	(11)	(7)
1.2 Loans and advances to customers	371	(293)	78	297	(152)	145
2. Financial assets at fair value through other comprehensive income	272	(128)	144	517	(357)	160
2.1 Debt securities	272	(128)	144	517	(357)	160
2.2 Loans	-	-	-	-	-	-
<b>Total assets (A)</b>	<b>645</b>	<b>(421)</b>	<b>224</b>	<b>818</b>	<b>(520)</b>	<b>298</b>
<b>B. Financial liabilities at amortised cost</b>						
1. Deposits from banks	1	(3)	(2)	-	-	-
2. Deposits from customers	-	-	-	-	-	-
3. Debt securities in issue	21	(13)	8	5	(16)	(11)
<b>Total liabilities (B)</b>	<b>22</b>	<b>(16)</b>	<b>6</b>	<b>5</b>	<b>(16)</b>	<b>(11)</b>
<b>Total financial assets/liabilities</b>			<b>230</b>			<b>287</b>

As at 31 December 2019 the disposal/repurchase of financial assets/liabilities generates net gains in the amount of +€287 million, of which +€298 million on financial assets and -€11 million on financial liabilities.

In 2019 net result recognised under sub-item "1. Financial assets at amortised cost" was equal to +€138 million, is mainly due to loan and advances to customers of which UniCredit S.p.A. for +€91 million principally attributable to disposal of bonds and of non performing loans done during the year.

The sub-item "2. Financial assets at fair value through other comprehensive income - 2.1 Debt securities" was equal to +€160 million and included gains on disposal of UniCredit S.p.A. (+€57 million, mainly due to Italian and Spanish Government securities), AO UniCredit Bank (+€19 million, mainly due to Russian Government securities), UniCredit Bulbank Ad (+€17 million, mainly due to Bulgarian and Romanian Government securities), UniCredit Bank Cech Republic and Slovakia A.s. (+€13 million, mainly due to Czech and Slovak Government securities), UniCredit Bank Austria AG (+€13 million, mainly due to Spanish Government securities), UniCredit Bank Ireland Plc (+€10 million, mainly due to Spanish and Italian Government securities).

## 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 2020				NET PROFIT [(A+B)-(C+D)]
	CAPITAL GAINS (A)	REALISED PROFITS (B)	CAPITAL LOSSES (C)	REALISED LOSSES (D)	
<b>1. Financial assets</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>
1.1 Debt securities	2	-	-	-	2
1.2 Loans	-	-	-	-	-
<b>2. Financial liabilities</b>	<b>457</b>	<b>294</b>	<b>(301)</b>	<b>(210)</b>	<b>240</b>
2.1 Debt securities	436	294	(284)	(210)	236
2.2 Deposits from banks	21	-	(17)	-	4
2.3 Deposits from customers	-	-	-	-	-
<b>3. Financial assets and liabilities in foreign currency: exchange differences</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>-</b>
<b>Total</b>	<b>459</b>	<b>294</b>	<b>(301)</b>	<b>(210)</b>	<b>242</b>

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" reported in the Consolidated financial statements of UniCredit group 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 2020				NET PROFIT [(A+B)-(C+D)]
	CAPITAL GAINS (A)	REALISED PROFITS (B)	CAPITAL LOSSES (C)	REALISED LOSSES (D)	
<b>1. Financial assets</b>	<b>207</b>	<b>244</b>	<b>(400)</b>	<b>(68)</b>	<b>(17)</b>
1.1 Debt securities	96	51	(93)	(65)	(11)
1.2 Equity securities	42	50	(113)	-	(21)
1.3 Units in investment funds	23	5	(54)	-	(26)
1.4 Loans	46	138	(140)	(3)	41
<b>2. Financial assets: exchange differences</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>-</b>
<b>Total</b>	<b>207</b>	<b>244</b>	<b>(400)</b>	<b>(68)</b>	<b>(17)</b>

CIU quotes include economic effects from Atlante fund and Italian Recovery Fund, for which refer to specific comment in table "2.5 Financial assets mandatory at fair value :breakdown by product" reported in the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts in 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 2020, Net losses on credit impairment reflect, compared with previous periods, some new aspects related to the update of the disposal plan of non performing exposures, the assessment of the increase in credit risk, the update of the macro-economic scenario and the inclusion of the evaluation effects connected with the new definition of default.

In this context, it should be specified that:

- the update of the 2021-2023 disposal plan of non performing exposures, which foresees, in addition to the full rundown of the “Non Core” portfolio, also the disposal of non performing exposures belonging to the “Core” portfolio, has led to the recognition of impairment losses for €502 million of which €453 million related to the “Core” portfolio and € 49 million related to the “Non Core” portfolio;
- the assessment of the increase in credit risk has led to the recognition of impairment losses for €415 million;
- the update of the macro-economic scenario 2020 has led to the recognition of impairment losses on loans for €808 million;
- the inclusion of the evaluation effects connected with the new definition of default has led to the recognition of impairment losses for €535 million.

For additional details concerning the update of the 2021-2023 disposal plan of non performing exposures, refer to Part E - Information on risks and hedging policies - Section 1 - Risks of the accounting consolidated perimeter - Further aspects relating to the valuation of credit exposures as at 31 December 2020.

For additional details concerning the assessment of the increase in credit risk, the update of the macro-economic scenario and the inclusion of the evaluation effects connected with the new definition of default refer to Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated financial statements.

#### 8.1 Net impairment losses for credit risk relating to financial assets at amortised cost: breakdown

TRANSACTIONS/INCOME ITEMS	YEAR 2020						YEAR 2019
	WRITE-DOWNS			WRITE-BACKS		TOTAL	TOTAL
	STAGE 1 AND STAGE 2	STAGE 3		STAGE 1 AND STAGE 2	STAGE 3		
<b>A. Loans and advances to banks</b>	(10)	-	(2)	24	2	14	(5)
- Loans	(8)	-	(2)	24	2	16	(4)
- Debt securities	(2)	-	-	-	-	(2)	(1)
<i>of which: acquired or originated impaired loans</i>	-	-	-	-	-	-	-
<b>B. Loans and advances to customers</b>	(2,840)	(272)	(4,903)	1,079	2,282	(4,654)	(3,473)
- Loans	(2,816)	(272)	(4,903)	1,073	2,282	(4,636)	(3,483)
- Debt securities	(24)	-	-	6	-	(18)	10
<i>of which: acquired or originated impaired loans</i>	(6)	(40)	(13)	5	56	2	(43)
<b>Total</b>	<b>(2,850)</b>	<b>(272)</b>	<b>(4,905)</b>	<b>1,103</b>	<b>2,284</b>	<b>(4,640)</b>	<b>(3,478)</b>

#### 8.1a Net impairment losses for credit risk relating to financial assets at amortised cost subject to Covid-19 measures: breakdown

TRANSACTIONS/INCOME ITEMS	YEAR 2020			
	NET IMPAIRMENT LOSSES			TOTAL
	STAGE 1 AND STAGE 2	STAGE 3		
EBA-compliant moratoria loans and advances	(459)	-	(301)	(760)
Other loans and advances with Covid-19 related forbearance measures	(5)	-	(60)	(65)
Newly originated loans and advances	(43)	-	(20)	(63)
<b>Total 12.31.2020</b>	<b>(507)</b>	<b>-</b>	<b>(381)</b>	<b>(888)</b>

## Part C - Consolidated income statement

### 8.2 Net change for credit risk relating to financial assets at fair value through other comprehensive income: breakdown

TRANSACTIONS/INCOME ITEMS	YEAR 2020						(€ million)	YEAR 2019  TOTAL
	WRITE-DOWNS			WRITE-BACKS			TOTAL	
	STAGE 1 AND STAGE 2	STAGE 3		STAGE 1 AND STAGE 2	STAGE 3			
		WRITE-OFF	OTHER					
<b>A. Debt securities</b>	(23)	-	(1)	8	-	(16)	(11)	
<b>B. Loans</b>	-	-	-	-	-	-	-	
- Loans and advances to customers	-	-	-	-	-	-	-	
- Loans and advances to banks	-	-	-	-	-	-	-	
<i>of which: acquired or originated impaired financial assets</i>	-	-	-	-	-	-	-	
<b>Total</b>	(23)	-	(1)	8	-	(16)	(11)	

For additional information on this section refer to Part E - Information on risks and hedging policies - A. Credit quality.

## Section 9 - Gains/Losses from contractual changes with no cancellations - Item 140

### 9.1 Gains (Losses) from contractual changes: breakdown

	YEAR 2020			(€ million)	YEAR 2019  TOTAL
	GAINS	LOSSES	TOTAL		
<b>A. Financial assets at amortised costs</b>					
A.1 Debt securities	-	-	-	-	-
A.2 Loans to banks	-	-	-	-	-
A.3 Loans to customers	4	(24)	(20)	(20)	(20)
<b>Total (A)</b>	4	(24)	(20)	(20)	(20)
<b>B. Financial assets at fair value through other comprehensive income</b>					
B.1 Debt securities	-	-	-	-	-
B.2 Loans to banks	-	-	-	-	-
B.3 Loans to customers	-	-	-	-	-
<b>Total (B)</b>	-	-	-	-	-
<b>Total (A+B)</b>	4	(24)	(20)	(20)	(20)

## Section 10 - Net premiums - Item 160

There are no amounts to be shown.

## Section 11 - Other net insurance income/expenses - 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

TYPE OF EXPENSES/VALUES	(€ million)	
	YEAR 2020	YEAR 2019
<b>1) Employees</b>	<b>(7,343)</b>	<b>(6,547)</b>
a) Wages and salaries	(4,245)	(4,384)
b) Social charges	(979)	(1,002)
c) Severance pay	(31)	(29)
d) Social security costs	-	-
e) Allocation to employee severance pay provision	(7)	(11)
f) Provision for retirements and similar provisions	(160)	(143)
- Defined contribution	(3)	(3)
- Defined benefit	(157)	(140)
g) Payments to external pension funds	(222)	(221)
- Defined contribution	(221)	(220)
- Defined benefit	(1)	(1)
h) Costs arising from share-based payments	(53)	(69)
i) Other employee benefits	(1,646)	(688)
<b>2) Other non-retired staff</b>	<b>(17)</b>	<b>(16)</b>
<b>3) Directors and Statutory Auditors</b>	<b>(8)</b>	<b>(7)</b>
<b>4) Early retirement costs</b>	<b>-</b>	<b>-</b>
<b>5) Recoveries of payments for seconded employees to other companies</b>	<b>19</b>	<b>21</b>
<b>6) Refund of expenses for seconded employees to the company</b>	<b>(39)</b>	<b>(39)</b>
<b>Total</b>	<b>(7,388)</b>	<b>(6,588)</b>

#### 12.2 Average number of employees by category

	YEAR 2020	YEAR 2019
<b>Employees</b>	<b>91,264</b>	<b>94,711</b>
a) Senior managers	1,003	1,046
b) Managers	26,196	26,761
c) Remaining employees staff	64,066	66,904
<b>Other non-retired staff</b>	<b>1,411</b>	<b>1,434</b>
<b>Total</b>	<b>92,675</b>	<b>96,145</b>

#### Employees by category at year end

	AMOUNTS AS AT	
	12.31.2020	12.31.2019
<b>Employees</b>	<b>89,455</b>	<b>93,073</b>
a) Senior managers	1,008	998
b) Managers	25,902	26,489
c) Remaining employees staff	62,545	65,586
<b>Other non-retired staff</b>	<b>1,381</b>	<b>1,441</b>
<b>Total</b>	<b>90,836</b>	<b>94,514</b>

## Part C - Consolidated income statement

## 12.3 Defined benefit company retirement funds: costs and revenues

	(€ million)	
	YEAR 2020	YEAR 2019
Current service cost	(100)	(84)
Settlement gains (losses)	-	30
Past service cost	-	-
Interest cost on the DBO	(114)	(181)
Interest income on plan assets	57	95
Other costs/revenues	-	-
Administrative expenses paid through plan assets	-	-
<b>Total recognised in profit or loss</b>	<b>(157)</b>	<b>(140)</b>

## 12.4 Other employee benefits

	(€ million)	
	YEAR 2020	YEAR 2019
- Seniority premiums	(7)	(10)
- Leaving incentives	(1,426)	(443)
- Other	(213)	(235)
<b>Total</b>	<b>(1,646)</b>	<b>(688)</b>

The net balance in the sub-item Leaving Incentives both for 2020 and for 2019 is mainly determined by the effects envisaged by the Strategic Plan Team 23.

It shall be noted that the Strategic Plan Team 23, announced to the market on 3 December 2019, foresees the reduction of about 8.000 Full Time Equivalents (FTEs) at Group level in the plan horizon. As at 31 December 2019, the conditions required by IAS37 for the recognition of restructuring costs were met for Germany and Austria, thus requiring the recognition of the associated expenses in 2019 Consolidated financial statements. In Italy, at that date, the restructuring plan was not announced to the affected parties neither its implementation was started. Therefore, no valid expectation about the fulfilment of a constructive obligation was raised.

During the first quarter 2020, the "Lettera di avvio procedura" (Letter for starting the procedure) was sent to Trade Unions in Italy, specifically on 10 February 2020, thus officially starting negotiations. Subsequently, several dedicated meetings were held in February and March; as final and decisive action, a specific communication to the Trade Unions announcing the main features of the restructuring plan was issued on 31 March 2020. On these basis, the associated staff expenses were recognised as conditions required by IAS37 were met. Starting from this date the accession process to the plan by the identified employees was started.

In addition during the fourth quarter 2020 an additional restructuring plan, involving about 700 Full Time Equivalents (FTEs) has been approved and communicated to its employees by Zagrebacka Banka thus determining, also in this case, the fulfilment of the conditions required by IAS37 for the recognition of the associated staff expenses.

It should be noted that these expenses are initially recognised as provisions for risks and charges and are then reclassified to other liabilities when a specific debt toward the employees arises.

## Part C - Consolidated income statement

## 12.5 Other administrative expenses: breakdown

TYPE OF EXPENSES/SECTORS	(€ million)	
	YEAR 2020	YEAR 2019
<b>1) Indirect taxes and duties</b>	<b>(614)</b>	<b>(646)</b>
1a. Settled	(612)	(644)
1b. Unsettled	(2)	(2)
<b>2) Contributions to Resolution Funds and Deposit Guarantee Schemes (DGS)</b>	<b>(719)</b>	<b>(623)</b>
<b>3) Guarantee fee for DTA conversion</b>	<b>(112)</b>	<b>(114)</b>
<b>4) Miscellaneous costs and expenses</b>	<b>(2,646)</b>	<b>(2,713)</b>
a) Advertising marketing and communication	(155)	(155)
b) Expenses relating to credit risk	(129)	(238)
c) Indirect expenses relating to personnel	(66)	(118)
d) Information & Communication Technology expenses	(1,093)	(1,043)
Lease of ICT equipment and software	(76)	(74)
Software expenses: lease and maintenance	(258)	(224)
ICT communication systems	(68)	(72)
Services ICT in outsourcing	(568)	(551)
Financial information providers	(123)	(122)
e) Consulting and professionals services	(200)	(209)
Consulting	(153)	(166)
Legal expenses	(47)	(43)
f) Real estate expenses	(427)	(406)
Premises rentals	(45)	(59)
Utilities	(136)	(142)
Other real estate expenses	(246)	(205)
g) Operating costs	(576)	(544)
Surveillance and security services	(90)	(46)
Money counting services and transport	(47)	(52)
Printing and stationery	(34)	(35)
Postage and transport of documents	(75)	(80)
Administrative and logistic services	(144)	(139)
Insurance	(65)	(70)
Association dues and fees and contributions to the administrative expenses deposit guarantee funds	(64)	(62)
Other administrative expenses - other	(57)	(60)
<b>Total (1+2+3+4)</b>	<b>(4,091)</b>	<b>(4,096)</b>

## Part C - Consolidated income statement

### Contributions to Resolution and Guarantee funds

Item "Other administrative expenses" includes the Group contributions to resolution funds ("SRF") and guarantee funds ("DGS"), harmonised and non-harmonised, respectively equal to €454 million (of which €212 million from UniCredit S.p.A.) and €265 million (of which €134 million from UniCredit S.p.A.).

With reference to the harmonised funds, the ordinary annual contributions due pursuant to the Directives No.49 and No.59 of 2014 are accounted for in full when the legal condition of the obligation to make payment occurs and the application of IFRIC21 does not allow the pro-rata attribution to the interim periods.

In relation to the contribution obligations described below, such schemes have led to expenses during the period and they will lead to expenses in future periods both for ordinary contribution scheme and potential extraordinary contributions.

- 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 (Single Resolution Fund, "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. 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 - Deposit Guarantee Schemes, 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.

The Directives No.49 and No.59 specify the possibility of introducing irrevocable payment commitments as an alternative to collection of fund contributions lost through cash, up to a maximum of 30% of the total resources target.

With reference to Directive No.59 (SRF contributions), Group contributions posted into income statement and paid in 2020 sum up to €454 million, of which: i) ordinary contribution for to €403 million (of which €161 million paid by UniCredit S.p.A.), ii) extraordinary contributions for €51 million (entirely referred to UniCredit S.p.A.).

Specifically referring to UniCredit S.p.A.:

- further to contribution for 2020 equal to €161 million, ordinary contribution for years 2015, 2016, 2017, 2018 and 2019 have been respectively €73 million, €107 million, €109 million, €140 million and €135 million.
- referring to extraordinary contributions:
  - referring to 2015, Banca d'Italia (National Resolution Authority) realised a resolution programme of four banks (Banca delle Marche, Banca Popolare dell'Etruria e del Lazio, Cassa di Risparmio di Ferrara, Cassa di Risparmio della Provincia di Chieti); resolution has been pursued by the separation of the non-performing assets (which flowed into a "bad bank") from the rest of the assets and liabilities that flowed into four new "bridge banks", then sold to BPER Banca S.p.A. (Cassa di Risparmio di Ferrara) and UBI Banca S.p.A. (the other three banks). As a result of this intervention, the ministerial measures led to a request for extraordinary contributions, established at the maximum rate of three times the ordinary yearly contribution (€219 million vs €73 million ordinary contribution), whose amount has been paid by UniCredit S.p.A. and recognised in the income statement in the same year.
  - referring to 2016, Italian Legislative Decree 183/2015 (converted into Law 208/2015) also introduced an additional payment commitment, due to the National Resolution Fund ("NRF"), for the payment of contributions of up to twice the ordinary contribution quotas to the SRF (€214 million for UniCredit S.p.A. versus €107 million of ordinary contribution), entirely requested in December 2016; due to this payment, UniCredit S.p.A. recognised in the income statement €214 million. The liquidity needed to fund this intervention was provided through pool loans in favour of FRN in which UniCredit participated, in particular: (i) 2,350 million and €1,550 million fully repaid (to which UniCredit S.p.A. participated respectively for €783 million and €516 million); (ii) €1,240 million actually outstanding and maturing in 2021 (to which UniCredit S.p.A. participate for €210 million). For facing the reimbursement commitments of capital and interests' payment, in 2018, 2019 and 2020 respectively €52 million, €50 million and €51 million were required to UniCredit S.p.A. as extraordinary contributions.



## Part C - Consolidated income statement

The instrument of the irrevocable payment commitments has been used: (i) by UniCredit S.p.A. in respect of 15% of ordinary contributions referred to 2016 (€107 million), resulting in the payment of guarantees in the form of cash amounting to €16 million, voluntarily converted into effective contribution in the first half 2019; (ii) by UniCredit Bank AG referring to ordinary contribution for 2016, 2017, 2018, 2019 and 2020, for an amount of respectively €12 million, €14 million, €16 million, €18 million and €22 million. The cash collateral has been recognised in the balance sheet as an asset and its contractual characteristics have been taken into account in its measurement.

With reference to Directive No.49 (DGS contribution), Group contributions posted into income statement and paid in 2020 sum up to €265 million, of which: (i) ordinary contribution for €222 million (of which €90 million paid by UniCredit S.p.A.), (ii) extraordinary contributions for €44 million (entirely referred to UniCredit S.p.A.).

Referring to ordinary contribution for 2020, UniCredit Bank AG has adopted irrevocable payment commitments for €13 million for which the collateral has been recognised in the balance sheet as an asset and its contractual characteristics have been taken into account in its measurement.

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.
<b>Directive No.59 (SRF contributions), o/w:</b>	<b>2,508</b>	<b>1,311</b>
Ordinary contributions, o/w for year:	1,922	725
2020	425	161
2019	369	135
2018	364	140
2017	319	109
2016	253	107
2015	192	73
Extraordinary contributions, o/w for year:	586	586
2020	51	51
2019	50	50
2018	52	52
2017	-	-
2016	214	214
2015	219	219
<b>Directive No.49 (DGS contributions), o/w:</b>	<b>278</b>	<b>134</b>
Ordinary contributions 2020	235	90
Extraordinary contributions 2020	43	44
<b>Total</b>	<b>2,786</b>	<b>1,445</b>

### Guarantee fees for DTA conversion

Guarantee fee for DTA conversion, introduced by Art.11 of Law Decree No.59/2016, converted into Law No.119/2016 (as modified by Law Decree No.237/2016, converted in to Law No.15/2017), allows, under certain conditions, the possibility to convert into tax credits certain deferred tax assets ("Convertible DTAs") provided that an irrevocable election for such regime is exercised via the payment of an annual fee ("DTA fee"). The DTA fee has to be corresponded annually for the period 2016-2030.

In respect of financial year 2020 the fee was settled on 26 June 2020 for an amount of €111.7 million for the whole Italian group tax, of which €107.1 million for UniCredit S.p.A., €4.3 million for UniCredit Leasing S.p.A. and €0.3 million for UniCredit Factoring S.p.A.

### Fees paid to the auditing firm

Pursuant to article 2427, first paragraph of the Italian Civil Code, the fees paid to the auditing firm Deloitte & Touche S.p.A. (and firms in its network) by UniCredit S.p.A. and the Italian entities of the UniCredit group (including foreign branches) relating to financial year 2020 were as follows:

- legal audit of annual accounts (including the audit of the first half financial report): €4.8 million;
- other checks: €3.8 million;
- other non-audit services: €4.7 million.

The above amounts are net of VAT and expenses.

## Part C - Consolidated income statement

## 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 2020		
	PROVISIONS	SURPLUS REALLOCATIONS	TOTAL
Loan commitments	(446)	213	(233)
Financial guarantees given	(355)	287	(68)

## 13.2 Net provisions for other commitments and guarantees given: breakdown

(€ million)

	YEAR 2020		
	PROVISIONS	SURPLUS REALLOCATIONS	TOTAL
Other commitments	(11)	9	(2)
Other guarantees given	(69)	42	(27)

## 13.3 Net provisions for risks and charges: breakdown

(€ million)

ASSETS/INCOME ITEMS	YEAR 2020			YEAR 2019
	PROVISIONS	SURPLUS REALLOCATIONS	TOTAL	TOTAL
<b>1. Other provisions</b>				
1.1 Legal disputes	(206)	108	(98)	270
1.2 Staff costs	(5)	-	(5)	-
1.3 Other	(271)	216	(55)	(418)
<b>Total</b>	<b>(482)</b>	<b>324</b>	<b>(158)</b>	<b>(148)</b>

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 UniCredit Bank AG (see Part E - Section 2 - Risks of the prudential consolidated perimeter - 2.5 Operational risks - B. Legal risks for further information).

The item "1.3 Other" is mainly contributed by provisions made by the parent company UniCredit S.p.A. for various types of risks for which refer 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 hedging policies, Section 5 - Operational risks, Qualitative information.

## Part C - Consolidated income statement

## Section 14 - Net value adjustments/write-backs on property, plant and equipment - Item 210

In 2020 impairment/write-backs on property, plant and equipment amount to -€960 million (-€1,425 million in 2019).

The amount of 2020 includes -€115 million write-downs related to tangible assets of Capital Dev S.p.A. in order to align its carrying amount to the economic conditions defined in the agreements closed with a counterparty external to the Group.

The breakdown is provided in the table below:

## 14.1 Net value adjustments/write-backs on property, plant and equipment: breakdown

ASSETS/INCOME ITEMS	YEAR 2020			(€ million)
	DEPRECIATION (A)	IMPAIRMENT LOSSES (B)	WRITE-BACKS (C)	NET PROFIT (A+B-C)
<b>A. Property, plant and equipment</b>				
<b>A.1 Used in the business</b>	<b>(787)</b>	<b>(52)</b>	<b>21</b>	<b>(818)</b>
- Owned	(459)	(11)	2	(468)
- Right of use of Leased Assets	(328)	(41)	19	(350)
<b>A.2 Held for investment</b>	-	-	-	-
- Owned	-	-	-	-
- Right of use of Leased Assets	-	-	-	-
<b>A.3 Inventories</b>	-	<b>(22)</b>	<b>2</b>	<b>(20)</b>
<b>Total A</b>	<b>(787)</b>	<b>(74)</b>	<b>23</b>	<b>(838)</b>
<b>B. Non-current assets and groups of assets held for sale</b>	<b>X</b>	<b>(122)</b>	-	<b>(122)</b>
- Used in the business	X	(7)	-	(7)
- Held for investments	X	(115)	-	(115)
- Inventories	X	-	-	-
<b>Total (A+B)</b>	<b>(787)</b>	<b>(196)</b>	<b>23</b>	<b>(960)</b>

## Part C - Consolidated income statement

### Section 15 - Net value adjustments/write-backs on intangible assets - Item 220

In 2020 net value adjustments/write-backs on intangible assets were -€471 million.

The amortization and the impairment losses are mainly referred to UniCredit Services S.C.p.A.

For further details see the paragraph "Section 10 - Intangible assets - Item 100" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part B - Consolidated balance sheet - Asset.

#### 15.1 Net value adjustments/write-backs on intangible assets: breakdown

(€ million)				
YEAR 2020				
ASSETS/INCOME ITEMS	AMORTISATION (A)	IMPAIRMENT LOSSES (B)	WRITE-BACKS (C)	NET PROFIT (A+B-C)
<b>A. Intangible assets</b>				
<b>A.1 Owned</b>	<b>(428)</b>	<b>(43)</b>	<b>-</b>	<b>(471)</b>
- Generated internally by the company	(299)	(32)	-	(331)
- Other	(129)	(11)	-	(140)
<b>A.2 Right of use of Leased Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>B. Non-current assets and disposal group classified as held for sale</b>	<b>X</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>(428)</b>	<b>(43)</b>	<b>-</b>	<b>(471)</b>

### Section 16 - Other operating expenses/income - Item 230

#### Other net operating income: breakdown

(€ million)		
INCOME ITEMS/VALUE	YEAR 2020	YEAR 2019
Total of other operating expenses	(742)	(913)
Total of other operating income	1,255	1,810
<b>Other operating expenses/income</b>	<b>513</b>	<b>897</b>

#### 16.1 Other operating expenses: breakdown

(€ million)		
TYPE OF EXPENSE/VALUES	YEAR 2020	YEAR 2019
Costs for operating leases	(2)	(5)
Non-deductible tax and other fiscal charges	(2)	(2)
Write-downs on leasehold improvements	(61)	(56)
Costs relating to the specific service of financial leasing	(82)	(91)
Other	(595)	(759)
<b>Total other operating expenses</b>	<b>(742)</b>	<b>(913)</b>

The item "Other" includes:

- various settlements and indemnities of €155 million, €149 million in 2019;
- additional costs for the leasing business of €49 million, €93 million in 2019;
- non-banking business costs €81million, €164 million in 2019; the reduction is mainly due to the effects coming from Ocean Breeze group deconsolidation starting from December 2019;
- additional costs relating to customer accounts of €148 million, €142 million in 2019.

## Part C - Consolidated income statement

## 16.2 Other operating income: breakdown

TYPE OF REVENUE/VALUES	(€ million)	
	YEAR 2020	YEAR 2019
<b>A) Recovery of costs</b>	<b>487</b>	<b>557</b>
<b>B) Other revenues</b>	<b>768</b>	<b>1,253</b>
Revenues from administrative services	39	43
Revenues from operating leases	211	271
Recovery of miscellaneous costs paid in previous years	11	22
Revenues on financial leases activities	74	95
Other	433	822
<b>Total other operating income (A+B)</b>	<b>1,255</b>	<b>1,810</b>

The sub-item "Others" includes:

- additional income received from leasing business of €44 million, €94 million in 2019;
- income from non-banking business of €89 million, €408 million in 2019; the reduction is mainly due to the effects coming from Ocean Breeze group deconsolidation starting from December 2019;
- various income from Group property of €17 million, €24 million in 2019;
- payments of indemnities and compensation of €66 million, €96 million in 2019.

## Section 17 - Gains (Losses) of equity investments - Item 250

In 2020 profit (loss) of associates amounts to -€1,297 million (+€316 million in 2019), exclusively attributable to companies subject to significant influence. It should be noted that Yapi Ve Kredi Bankasi As in 2020 is classified as company subject to significant influence while during 2019 was classified as jointly owned company.

This result consists of "A. Income" of +€406 million and "B. Expense" of -€1,703 million. In more detail:

- sub-item "A. Income" includes:
  - +€395 million of revaluations related to gain on companies valued at Equity method, mainly: Yapi Ve Kredi Bankasi As (+€117 million), Creditras Vita S.p.A. (+€60 million), Aviva S.p.A. (+€39 million), Bank Fuer Tirol Und Vorarlberg Aktiengesellschaft (+€35 million), Oberbank Ag (+€25 million), Comtrade Group B.V. (+€19 million), Oesterreichische Kontrollbank Aktiengesellschaft (+€18 million), Bks Bank Ag (+€18 million), Cnp UniCredit Vita S.p.A. (+€18 million), Barn Bv (+€17 million), Creditras Assicurazioni S.p.A. (+€13 million);
  - +€3 million of gain on disposal attributable Torre SGR S.p.A. (+€3 million);
  - +€8 million of write-backs mainly related to the residual stake of 20% in Yapi Ve Kredi Bankasi As (+€8 million).
- sub-item "B. Expense" includes:
  - -€11 million of write-downs referred to losses on companies valued at Equity method, mainly: Camfin S.p.A. (-€6 million), Da Vinci S.r.l. (-€3 million);
  - -€119 million of impairment losses, attributable to write-downs on investments valued at Equity method, mainly: Bks Bank Ag (-€73 million) and Bank Fuer Tirol Und Vorarlberg Aktiengesellschaft (-€37 million);
  - -€1,573 million of loss on disposal, due to the impact arising from the disposal of holding percentage of Yapi Ve Kredi Bankasi As (of which -€906 million referred to the stake of 11.93% and -€667 million to the stake of 9.02%).

During 2020 no transactions were carried out that would have entailed significant recognitions 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

## 17.1 Gains (Losses) of equity investments: breakdown

INCOME ITEMS/SECTORS	(€ million)	
	YEAR 2020	YEAR 2019
<b>1) Jointly owned companies - Equity</b>		
<b>A. Income</b>	-	227
1. Revaluations	-	227
2. Gains on disposal	-	-
3. Write-backs	-	-
4. Other gains	-	-
<b>B. Expenses</b>	-	(365)
1. Write-downs	-	-
2. Impairment losses	-	(365)
3. Losses on disposal	-	-
4. Other expenses	-	-
<b>Net profit</b>	-	(138)
<b>2) Companies under significant influence</b>		
<b>A. Income</b>	406	491
1. Revaluations	395	394
2. Gains on disposal	3	72
3. Write-backs	8	25
4. Other gains	-	-
<b>B. Expenses</b>	(1,703)	(37)
1. Write-downs	(11)	(5)
2. Impairment losses	(119)	(16)
3. Losses on disposal	(1,573)	(16)
4. Other expenses	-	-
<b>Net profit</b>	(1,297)	454
<b>Total</b>	(1,297)	316

In 2019 profit (loss) of associates were amounts to +€316 million, attributable to jointly owned companies for -€138 million and to companies subject to significant influence for +€454 million.

This result was consisted of "A. Income" of +€718 million and "B. Expense" of -€402 million. In more detail:

- sub-item "A. Income" includes:
  - +€621 million of revaluations related to gains on companies valued at Equity method: Koc Finansal Hizmetler As (+€226 million), Mediobanca Banca Di Credito Finanziario S.p.A. (+€73 million), Oberbank Ag (+€64 million), Bank Fuer Tirol Und Vorarlberg Aktiengesellschaft (+€56 million), Creditras Vita S.p.A. (+€51 million), Aviva S.p.A. (+€40 million), Bks Bank Ag (+€25 million), Oesterreichische Kontrollbank Aktiengesellschaft (+€23 million), Cnp UniCredit Vita S.p.A. (+€19 million), Barn Bv (+€17 million), Creditras Assicurazioni S.p.A. (+€7 million), Incontra Assicurazioni S.p.A. (+€5 million);
  - +€72 million of gain on disposal attributable Swancap Partners GmbH (+€16 million) and Eurotx Sim S.p.A. (+€4 million), in addition to other transactions including the agreement with the B&C Privatstiftung Foundation for the disposal of its ultimate beneficiary position and for the definition of former rights in the foundation;
  - +€25 million of write-backs mainly due Bank Fuer Tirol Und Vorarlberg Aktiengesellschaft (+€10 million), Camfin S.p.A. (+€9 million) and Risanamento S.p.A. (+€6 million).
- sub-item "B. Expense" includes:
  - €5 million of write-downs mainly referred to losses on companies valued at Equity method: Da Vinci S.r.l. (-€4 million);
  - €381 million of impairment losses, mainly attributable to write-downs on investments valued at Equity method, as Koc Finansal Hizmetler As (-€365 million, of which -€51 million referred to the stake of 31.93% classified in item "Equity investments" and -€314 million to the stake of 9.02% classified in item "Non-current assets and disposal groups classified as held for sale"), Bks Bank Ag (-€11 million);
  - €16 million of loss on disposal, mainly due to the impact arising from the disposal of holding percentage of Mediobanca Banca Di Credito Finanziario S.p.A. (-€16 million).

During 2019 no transactions had been carried out that had entailed significant recognitions 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 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

ASSETS/INCOME ITEMS	YEAR 2020				(€ million)
	REVALUATIONS (A)	WRITEDOWNS (B)	EXCHANGE DIFFERENCES		NET PROFIT (A-B+C-D)
			POSITIVE (C)	NEGATIVE (D)	
<b>A. Property, plant and equipment</b>	<b>110</b>	<b>(100)</b>	-	-	<b>10</b>
<b>A.1 Used in the business</b>	<b>30</b>	<b>(25)</b>	-	-	<b>5</b>
- Owned	30	(25)	-	-	5
- Right of use of Leased Assets	-	-	-	-	-
<b>A.2 Held for investment</b>	<b>80</b>	<b>(75)</b>	-	-	<b>5</b>
- Owned	62	(63)	-	-	(1)
- Right of use of Leased Assets	18	(12)	-	-	6
<b>A.3 Inventories</b>	-	-	-	-	-
<b>B. Intangible assets</b>	-	-	-	-	-
<b>B.1 Owned</b>	-	-	-	-	-
- Generated internally by the company	-	-	-	-	-
- Other	-	-	-	-	-
<b>B.2 Right of use of Leased Assets</b>	-	-	-	-	-
<b>Total (A+B)</b>	<b>110</b>	<b>(100)</b>	-	-	<b>10</b>

For additional information on the evaluation of Group real estate portfolio refer to Notes to the consolidated accounts in Part B - Consolidated balance sheet - Assets, Section 9 - Property, plant and equipment - Item 90.

## Section 19 - Goodwill impairment - Item 270

The impairment of goodwill in 2020 is equal to -€886 million.

## 19.1 Impairment of goodwill: breakdown

INCOME COMPONENTS	YEAR 2020		YEAR 2019
Impairment of goodwill	(886)		-

See the paragraph "Goodwill" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part A - Accounting Policies, 7 - Intangible assets, A.2 Main items of the accounts for a description of the methods used to measure impairment of goodwill.

See the paragraph "Section 10 - Intangible assets - Item 100" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part B - Consolidated balance sheet - Assets for a description of goodwill impairment testing procedures and results.

## Part C - Consolidated income statement

## Section 20 - Gains (Losses) on disposals on investments - Item 280

## 20.1 Gains and losses on disposal of investments: breakdown

INCOME ITEMS/SECTORS	(€ million)	
	YEAR 2020	YEAR 2019
<b>A. Property</b>		
- Gains on disposal	466	139
- Losses on disposal	(3)	(7)
<b>B. Other assets</b>		
- Gains on disposal	50	38
- Losses on disposal	(25)	(41)
<b>Net profit</b>	<b>488</b>	<b>129</b>

At 31 December 2020 gains (losses) on disposals of investments are +€488 million and refer to:

## A. Property

Net gains of +€463 million includes the results of the property rationalisation carried out mainly through the sale of a real estate complex in Munich, held by UniCredit Bank AG, composed by both real estate assets held for investment and real estate assets used in the business. The sale of the real estate complex, occurred in the first quarter 2020, has determined the recognition of a gain on disposal for €443 million.

For the effects on gains on disposals of investments deriving from strategic transactions aimed at management and rationalising Group real estate portfolio, see also notes to previous Section 18 - Net gains (losses) on property, plant and equipment and intangible assets measured at fair value.

## B. Other assets

Net gains of +€25 million mainly includes gains from disposal of some equity investments including General Logistic Solutions Llc (+€14 million).

During 2020 no transactions were carried out that would have entailed significant recognitions of gains and losses attributable to measurement at fair value of any equity interests retained at the date of losing control.

At 31 December 2019 gains (losses) on disposals of investments were +€129 million and refer to:

## A. Property

Net gains of +€132 million includes the results of the property rationalisation carried out by the following companies: European Office Fonds (+€56 million), Argentaurus Immobilien Vermietungs und Verwaltungen Gmbh (+€40 million), Hvb Leasing Czech Republic S.r.o. (+€9 million) and Universale International Realitaeten Gmbh (+€6 million).

## B. Other assets

Net loss of -€3 million mainly includes loss from disposal of some equity investments as Ocean Breeze Energy Gmbh & Co. Kg (-€24 million) and Agrob Immobilien Ag (-€8 million).

During 2019 no transactions were carried out that would have entailed significant recognitions 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.

In respect of the main Countries where UniCredit group operates, Italy, Germany, Austria, all have domestic income tax consolidation regimes. While the United Kingdom does not have a domestic income tax consolidation regime, tax losses can nonetheless be transferred between entities of the same Group.

Tax consolidation rules also differ from Country to Country, sometimes markedly. Generally speaking, the main and common benefit of a domestic tax consolidation regime is the offsetting of 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.

As for tax rates, and with reference to the Group's key Countries, the nominal corporate income tax rate is 31.4% in Germany (also taking into account the "solidarity surcharge" and the municipal trade tax), 25% in Austria, 10% in Bulgaria, 18% in Croatia, 19% in Slovenia, 16% in Romania, 19% in the Czech Republic, 21% in Slovak Republic, 20% in Russia, 9% in Hungary, 15% in Serbia, 10% in Bosnia and Herzegovina. In addition, the corporate income tax rate is 27% in the United Kingdom (also considering the 8% surcharge provided for Banks), 12.5% in Ireland, 24.94% in Luxembourg, 21% of federal tax in the United States and 25% in China.

In Italy the standard corporate income tax rate is equal to 24%, which is increased by a 3.5% surcharge applicable to banks and other financial entities only. Therefore, for UniCredit S.p.A. and for the other Group banks and financial entities, the applicable tax rate is equal to 27.5%.

Further to the corporate income tax (IRES), the Italian Regional Tax on Productive Activities (IRAP) levied at a rate of 4.65% for the banking sector must be considered (each Region is entitled to autonomously increase the rate by a surcharge of 0.92% up to a maximum nominal rate of 5.57%, plus an additional surcharge of 0.15% provided for Regions that have a healthcare deficit status); IRAP has a slightly different taxable base from the one provided for in respect of IRES, obviously it has different rules, among which no tax loss carried forward.

For Tax expenses (income) for the period of the Parent Company refer 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 which is herewith quoted entirely.

#### 21.1 Tax expense (income) relating to profit or loss from continuing operations: breakdown

		(€ million)	
INCOME ITEMS/SECTORS		YEAR 2020	YEAR 2019
1.	Current taxes (-)	(608)	(1,032)
2.	Change of current taxes of previous years (+/-)	200	(37)
3.	Reduction of current taxes for the year (+)	153	32
3.bis	Reduction of current taxes for the year due tax credit under Law 214/2011 (+)	806	-
4.	Change of deferred tax assets (+/-)	(987)	(147)
5.	Change of deferred tax liabilities (+/-)	114	322
6.	<b>Tax expenses for the year (-) (-1+/-2+3+3bis+/-4+/-5)</b>	<b>(322)</b>	<b>(862)</b>

Item tax expense relating to profit or loss from continuing operations also includes the tax expense arising from the settlement of a claim received from German Local Tax Authorities, which have contested the payment of income tax according to the tax rate applicable for a location different from where the business was actually conducted.

## Part C - Consolidated income statement

## 21.2 Reconciliation of theoretical tax charge to actual tax charge

	(€ million)	
	YEAR 2020	YEAR 2019
<b>Profit (Loss) before tax from continuing operations (income statement item)</b>	<b>(2,505)</b>	<b>3,021</b>
Theoretical tax rate	27.5%	27.5%
<b>Theoretical computed taxes on income</b>	<b>689</b>	<b>(831)</b>
1. Different tax rates	66	284
2. Non-taxable income - permanent differences	(89)	5
3. Non-deductible expenses - permanent differences	(69)	(432)
4. Different fiscal laws/IRAP	(27)	(157)
a) IRAP (italian companies)	(11)	(127)
b) Other taxes (foreign companies)	(16)	(30)
5. Previous years and changes in tax rates	288	84
a) Effects on current taxes	420	19
- Tax loss carryforward/unused Tax credit	153	32
- Other effects of previous periods	267	(13)
b) Effects on deferred taxes	(132)	65
- Changes in tax rates	5	(1)
- New taxes incurred (+) previous taxes revocation (-)	-	-
- True-ups/adjustments of the calculated deferred taxes	(137)	66
6. Valuation adjustments and non-recognition of deferred taxes	(657)	164
a) Deferred tax assets write-down	(697)	(271)
b) Deferred tax assets recognition	153	803
c) Deferred tax assets non-recognition	(23)	-
d) Deferred tax assets non-recognition according to IAS12.39 and 12.44	(82)	(68)
e) Other	(8)	(300)
7. Amortisation of goodwill	7	(7)
8. Non-taxable foreign income	(9)	24
9. Other differences	(521)	4
<b>Recognised taxes on income</b>	<b>(322)</b>	<b>(862)</b>

## 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

INCOME ITEMS/SECTORS	(€ million)	
	YEAR 2020	YEAR 2019
1. Income	8	323
2. Expenses	(3)	(237)
3. Valuation of discontinued operations and related liabilities	(1)	-
4. Profit (Loss) on disposal	64	1,287
5. Tax	(19)	(41)
<b>Profit (Loss)</b>	<b>49</b>	<b>1,332</b>

The item "Profit (Loss) after tax from discontinued operations" as at 31 December 2020, equal to €49 million, includes mainly the realised gain from the sale of the company Arwag Holding-Aktiengesellschaft and the related tax impact.

As at 31 December 2019 the item included mainly the net result of the company FinecoBank S.p.A. and its subsidiary Fineco Asset Management Designated Activity Company in amount of €30 million referred to the profit generated until the disposal date, which consequently produced a realised gain equal to €1,287 million.

#### 22.2 Breakdown of tax on discontinued operations

	(€ million)	
	YEAR 2020	YEAR 2019
1. Current taxes (-)	(21)	(38)
2. Changes in deferred tax assets (+/-)	-	(2)
3. Changes in deferred tax liabilities (+/-)	2	(1)
<b>4. Income tax (-1+/-2+/-3)</b>	<b>(19)</b>	<b>(41)</b>

### Section 23 - Minority profit (loss) of the year - Item 340

The profit for 2020 attributable to minority interests amounted to +€7 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 group, mainly referring to the minority shareholders of Card Complete Service Bank AG.

The profit for 2019 attributable to minority interests was equal to +€118 million. The deviation from the previous year mainly refers to the deconsolidation of FinecoBank S.p.A. and its subsidiary Fineco Asset Management Designated Activity Company which contributed till the date of disposal.

#### 23.1 Breakdown of item 340 "Minority gains (losses)"

	(€ million)	
	YEAR 2020	YEAR 2019
<b>Consolidated equity investments with significant minority interests</b>	<b>6</b>	<b>100</b>
Zagrebacka Banka D.D.	6	26
UniCredit Bank D.D.	6	8
UniCredit Bank Austria AG Sub-Group	(6)	11
FinecoBank S.p.A.	-	45
Fineco Asset Management Designated Activity Company	-	10
<b>Other equity investments</b>	<b>1</b>	<b>18</b>
<b>Total</b>	<b>7</b>	<b>118</b>

## 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 2019 the UniCredit group collected the following public contributions granted by Italian entities:

**Reduction of the extraordinary contribution pursuant to art.1, paragraph 235 of Law 232 of 11 December 2016 charged to the management of welfare interventions and pension support**

(€ million)		
LENDING ENTITY	LEGAL ENTITY BENEFICIARY	PUBLIC CONTRIBUTION AMOUNT
Istituto Nazionale della Previdenza Sociale	UNICREDIT S.P.A.	13.54
Istituto Nazionale della Previdenza Sociale	UNICREDIT SERVICES S.C.P.A.	1.31
Istituto Nazionale della Previdenza Sociale	UNICREDIT LEASING S.P.A.	0.05
Istituto Nazionale della Previdenza Sociale	CORDUSIO SIM S.P.A.	0.04
Istituto Nazionale della Previdenza Sociale	UNICREDIT FACTORING S.P.A.	0.05
Istituto Nazionale della Previdenza Sociale	CORDUSIO SOCIETA' FIDUCIARIA PER AZIONI	0.01
Istituto Nazionale della Previdenza Sociale	UNICREDIT BANK AG (Milan Branch)	0.01
Istituto Nazionale della Previdenza Sociale	UC LEASED ASSET MGMT SPA	0.00
<b>Total</b>		<b>15.02</b>

**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.	3.73
Fondo Nazionale per il sostegno dell'occupazione nel settore del credito	UNICREDIT SERVICES S.C.P.A.	0.25
Fondo Nazionale per il sostegno dell'occupazione nel settore del credito	UNICREDIT LEASING S.P.A.	0.01
Fondo Nazionale per il sostegno dell'occupazione nel settore del credito	CORDUSIO SIM S.P.A.	0.00
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	CORDUSIO SOCIETA' FIDUCIARIA PER AZIONI	0.00
Fondo Nazionale per il sostegno dell'occupazione nel settore del credito	UNICREDIT BANK AG (Milan Branch)	0.04
Fondo Nazionale per il sostegno dell'occupazione nel settore del credito	UC LEASED ASSET MGMT SPA	0.00
<b>Total</b>		<b>4.03</b>

## Part C - Consolidated income statement

## 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.	0.59
Istituto Nazionale della Previdenza Sociale	UNICREDIT SERVICES S.C.P.A.	0.21
Istituto Nazionale della Previdenza Sociale	UNICREDIT LEASING S.P.A.	0.00
Istituto Nazionale della Previdenza Sociale	CORDUSIO SIM S.P.A.	0.00
Istituto Nazionale della Previdenza Sociale	UNICREDIT FACTORING S.P.A.	0.00
Istituto Nazionale della Previdenza Sociale	CORDUSIO SOCIETA' FIDUCIARIA PER AZIONI	0.00
Istituto Nazionale della Previdenza Sociale	UNICREDIT BANK AG (Milan Branch)	0.04
Istituto Nazionale della Previdenza Sociale	UC LEASED ASSET MGMT SPA	0.00
<b>Total</b>		<b>0.84</b>

## 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.	8.83
Istituto Nazionale della Previdenza Sociale	UNICREDIT SERVICES S.C.P.A.	0.55
Istituto Nazionale della Previdenza Sociale	UNICREDIT LEASING S.P.A.	0.13
Istituto Nazionale della Previdenza Sociale	CORDUSIO SIM S.P.A.	0.13
Istituto Nazionale della Previdenza Sociale	UNICREDIT FACTORING S.P.A.	0.08
Istituto Nazionale della Previdenza Sociale	CORDUSIO SOCIETA' FIDUCIARIA PER AZIONI	0.01
Istituto Nazionale della Previdenza Sociale	UNICREDIT BANK AG (Milan Branch)	0.16
Istituto Nazionale della Previdenza Sociale	UC LEASED ASSET MGMT SPA	0.01
<b>Total</b>		<b>9.89</b>

## Part C - Consolidated income statement

### Result awards decontribution for year 2020 - 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.	2.95
Istituto Nazionale della Previdenza Sociale	UNICREDIT SERVICES S.C.P.A.	0.18
Istituto Nazionale della Previdenza Sociale	UNICREDIT LEASING S.P.A.	0.04
Istituto Nazionale della Previdenza Sociale	CORDUSIO SIM S.P.A.	0.01
Istituto Nazionale della Previdenza Sociale	UNICREDIT FACTORING S.P.A.	0.03
Istituto Nazionale della Previdenza Sociale	CORDUSIO SOCIETA' FIDUCIARIA PER AZIONI	0.00
Istituto Nazionale della Previdenza Sociale	UNICREDIT BANK AG (Milan Branch)	0.01
Istituto Nazionale della Previdenza Sociale	UC LEASED ASSET MGMT SPA	0.00
<b>Total</b>		<b>3.22</b>

For further information, refer to the National State Aid Register "Transparency".

## Section 25 - Earnings per share

### 25.1 and 25.2 Average number of diluted shares and other information

	YEAR 2020	YEAR 2019
Net profit (Loss) attributable to the Group (€ million) <sup>(*)</sup>	(2,907)	3,249
Average number of outstanding shares	2,226,668,543	2,222,881,054
Average number of potential dilutive shares	12,861,551	13,958,453
Average number of diluted shares	2,239,530,094	2,236,839,506
<b>Earnings per share (€)</b>	<b>(1.306)</b>	<b>1.462</b>
<b>Diluted earnings per share (€)</b>	<b>(1.298)</b>	<b>1.453</b>

**Note:**  
 (\*) €122 million has been added from 2020 net loss attributable to the Group of €2,785 million due to disbursements, charged to equity, made in connection with the usufruct contract signed with Mediobanca S.p.A. on UniCredit shares supporting the issuance of convertible securities denominated "Cashes" (€124 million was deducted from 2019 net profit attributable to the Group).

Net of the average number of treasury shares and of further No.9,675,641 shares held under a contract of usufruct.

## Part D - Consolidated other comprehensive income

## Consolidated analytical statement of other comprehensive income

(€ million)

ITEMS	AS AT	
	12.31.2020	12.31.2019
<b>10. Profit (Loss) for the year</b>	<b>(2,778)</b>	<b>3,491</b>
<b>Other comprehensive income not reclassified to profit or loss</b>		
20. Equity instruments designated at fair value through other comprehensive income:	(114)	46
a) fair value changes	(93)	14
b) transfers to other shareholders' equity items	(21)	32
30. Financial liabilities designated at fair value through profit or loss (own creditworthiness changes):	(117)	(181)
a) fair value changes	(173)	(289)
b) transfers to other shareholders' equity items	56	108
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	51	2,090
60. Intangible assets	-	-
70. Defined benefit plans	(372)	(1,210)
80. Non-current assets and disposal groups classified as held for sale	(6)	-
90. Part of valuation reserves from investments valued at equity method	(6)	(26)
100. Tax expenses (income) relating to items not reclassified to profit or loss	102	(250)
<b>Other comprehensive income reclassified to profit or loss</b>		
110. Foreign investments hedging:	-	-
a) fair value changes	-	-
b) reclassification to profit or loss	-	-
c) other changes	-	-
120. Foreign exchange differences:	(922)	309
a) value changes	(923)	309
b) reclassification to profit or loss	1	-
c) other changes	-	-
130. Cash flow hedging:	(67)	(69)
a) fair value changes	(59)	(65)
b) reclassification to profit or loss	1	5
c) other changes	(9)	(9)
<i>of which: net position</i>	-	-
140. Hedging instruments (non-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:	199	1,083
a) fair value changes	345	1,067
b) reclassification to profit or loss:	(126)	17
- impairment losses	13	(2)
- gains/losses on disposals	(139)	19
c) other changes	(20)	(1)
160. Non-current assets and disposal groups classified as held for sale:	668	-
a) fair value changes	-	-
b) reclassification to profit or loss	668	-
c) other changes	-	-
170. Part of valuation reserves from investments valued at equity method:	736	(174)
a) fair value changes	(144)	28
b) reclassification to profit or loss:	888	1
- impairment losses	-	-
- gains/losses on disposals	888	1
c) other changes	(8)	(203)
180. Tax expenses (income) relating to items reclassified to profit or loss	(54)	(250)
<b>190. Total other comprehensive income</b>	<b>98</b>	<b>1,368</b>
<b>200. Other comprehensive income (Item 10+190)</b>	<b>(2,680)</b>	<b>4,859</b>
210. Minority consolidated other comprehensive income	2	(127)
<b>220. Parent Company's consolidated other comprehensive income</b>	<b>(2,678)</b>	<b>4,732</b>

## Part E - Information on risks and 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 Group Risk Management function.

The Group Lending Office, established on 2 February 2018, is responsible for the credit activities, following Group Risk Management strategies, policies and guidelines.

The structure's "Group Risk Management" mission, under the responsibility of the Group Chief Risk Officer (Group CRO) and coordinated functionally by the Head of Finance & Controls, 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. It also ensures that the procedures and systems designed to control risk at Group and individual Entity level are coherent;
- help build a risk culture across the Group by training and developing highly qualified staff, in conjunction with the competent COOs functions;
- help to find ways to rectify asset imbalances, where needed in conjunction with Group CFO;
- help the Business Functions 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 & Internal Control 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 CRO, with the contribution of Group CFO and other relevant functions; each parameter can be complemented by limits and triggers proposed by the CRO<sup>22</sup> 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<sup>23</sup>:

- governing and checking the Group's risks (credit, cross-border, market, balance sheet, liquidity, operational and reputational) 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<sup>24</sup>, 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";
- assigning ratings for banks and for the Group's major exposures, carrying out the relevant mapping, at Group level, and 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;
- performing internal validation activities, at Group level<sup>25</sup>, on systems for measuring, credit, operating and market risks, or Pillar II risks<sup>26</sup> 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;
- coordinating and managing restructuring and workout files related to the non performing "Non Core" portfolio;
- ensuring that the competent Bodies/Functions get adequate reports;

<sup>22</sup> Possible triggers and limits on profitability parameters must be agreed between CRO and Group CFO.

<sup>23</sup> Where applicable, the below listed responsibilities are inclusive of the Foreign Branches of UniCredit S.p.A., as detailed in the Organizational Book - Application.

<sup>24</sup> 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).

<sup>25</sup> Directly validating with direct supervision on group-wide methodologies for which UniCredit S.p.A. is competent, indirect on local methodologies.

<sup>26</sup> Liquidity, Business, Real Estate, Financial Investments, Reputational, Strategic.



## Part E - Information on risks and hedging policies

- 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<sup>27</sup>. The Group CRO define jointly with CLO 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;
- performing second-level checks on the risks of the treasury and credit treasury portfolios within the Group and the Parent Company;
- analysing and controlling, at Italian perimeter level, credit, operating and reputational risks generated by the activities of Italy Network and of the CIB Italy;
- carrying out the functional coordination of Legal Entities in its area of competence.

The Group CRO supervises, together with Group CFO, the Group Data Office activities.

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:

- Risks and Controls Committees:
  - Group Risk & Internal Control Committee ("GR&ICC"), responsible for the Group strategic risk decisions: establishing policies, guidelines, operational limits and the methodologies for the measurement, management and control of risks. It also supports the Group CEO in the management and oversight of the Internal Control System ("ICS");
  - Group Credit Committee ("GCC"), responsible for credit proposals, according to the delegated powers, and status classification.
- Group Portfolio Risks Committees:
  - Group Market Risk Committee ("GMRC"), responsible for monitoring market risks at Group level;
  - Group Operational & Reputational Risks Committee ("GORRIC"), responsible for the evaluation and monitoring of operational risk (including ICT and Cyber) and related reputational risks;
  - Italian Operational & Reputational Risks Committee ("IORRIC"), responsible for monitoring and evaluating operational and reputational risks within UniCredit S.p.A. perimeter and its Italian legal entities<sup>28</sup>;
  - Group Assets & Liabilities Committee ("GALCO"), is involved in the process of defining strategies, policies, methodologies and limits (where applicable) for liquidity risk, FX and banking book interest rate risks, transfer pricing, Funding Plan and Contingency Funding Plan and in monitoring activities;
  - Group Model Risk Management & Governance Committee ("GMRM&GC"), responsible for ensuring steering, coordination and control of Model Risk Governance (focusing on Pillar I, Pillar II and managerial models in scope of the Model Risk Management/ MRM framework<sup>29</sup>), as well as ensuring consistency among the Parent Company and the different Group legal entities;
  - Group NPE Governance Committee ("GNGC"), responsible for ensuring, at Group level, a steering, coordination and control of Non-performing exposures/NPE strategy and targets as well as an effective alignment on common goals between the Parent Company and different legal entities.
- Transactional Committees in charge of evaluating and approving the single counterparties/transactions that impact the overall portfolio risk profile:
  - Group Transactional Credit Committee ("GTCC");
  - Italian Transactional Credit Committee ("ITCC");
  - Italian Non Core Portfolio Credit Committee ("INPCC");
  - Group Reputational Risk Committee ("GRRC");
  - Debt Capital Markets Commitment Committee ("DCMCC");
  - Group Rating Committee ("GRaC").

The Board of Directors, pursuant to the provisions of the Self-Regulatory Code and under Banca d'Italia supervisory provisions, is supported by the Internal Controls & Risks Committee, established among Board members, in order to foster an efficient information and advisory system that enables it to better assess risk related topics for which it is responsible. Further information on Corporate Governance, including the Internal Controls & Risks Committee and the number of meetings held, is included in the document "Corporate Governance Report", published on the Group internet site in the section: Governance » Our Governance System (<https://www.unicreditgroup.eu/en/governance/our-governance-system.html>).

<sup>27</sup> 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 debt securities and nonperforming off-balance-sheet items" (source: ECB NPL Guidance).

<sup>28</sup> UniCredit Leasing S.p.A., UniCredit Factoring S.p.A., Cordusio Fiduciaria per azioni, Cordusio sim, UniCredit Subito Casa S.p.A.

<sup>29</sup> The scope of the Model Risk Management framework is defined in the Global Rule: "Global Policy on MRM".

## Part E - Information on risks and hedging policies

### **Internal Capital Adequacy Assessment Process (“ICAAP”) and Risk Appetite**

UniCredit group assesses its capital adequacy on a going concern approach, 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.

#### **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 includes all the risk types quantifiable by Internal 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 Internal Capital. The Internal 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 (solvency stress test) and/or the liquidity position (liquidity stress test) 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 (see 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 internal 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 performed and reported to the relevant Risk Committees and Governing Bodies, in order to set and implement an 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 Going Concern 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 (Internal Capital - “IC”). 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 Going Concern approach;
- permanence;
- flexibility of payments.

The ratio between AFR and IC is the Risk Taking Capacity (“RTC”). This ratio must be above 100% (AFR>IC) 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 Subgroups and approved by the local competent functions.

## Part E - Information on risks and hedging policies

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 one year horizon; Risk Appetite targets should be consistent with the ones defined in the strategic multi-year plan;
- 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.

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 Compensation 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. 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;
- an indication on strategies to manage key risks within the perimeter of the Group;
- qualitative statements for not quantifiable and emerging risks (e.g. "Tone from the Top", Risk culture, Climate & Environmental risk) 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. In addition, UniCredit group has a series of transversal operational limits and metrics that cover the main risk profiles in order to supplement the Risk Appetite Framework.

## Part E - Information on risks and hedging policies

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 submitted to the meeting held on 8 April 2020. In the Capital Adequacy Statement, the Board of Directors states that the current Capital of the Group is adequate to cover its risk profile and the operation of its business model, which is also grounded on the actions planned within the MYP "Team 2023". In addition the usage of the RAF as a key tool and cornerstone for risk strategy appraisal will continue to represent a fundamental pillar of the ICAAP and allow to activate prompt actions in case of both regulatory and internal capital trigger/limit breaches.

### Risk Culture in UniCredit group

UniCredit defines risk culture as the collective and individual ability to identify, understand, openly discuss and make decisions on current and future risks.

Since the financial markets crisis, both the financial industry and regulators have been addressing the issue of risk culture, giving a definition of it, identifying its key elements, establishing principles of conduct, providing recommendations and issuing guidelines. The main documents are mentioned here below.

- **Institute of International Finance (IIF)**, 17 July 2008, "Final Report of the IIF Committee on Market Best Practices: Principles of Conduct and Best Practices Recommendations - Financial Services Industry Response to the Market Turmoil of 2007-2008". In this document the financial industry establishes the principle that effective cultivation of a consistent risk culture throughout firms is the main enabling tool in risk management.

In addition, the following recommendations are provided:

- companies should establish clear policies that define risk management as the responsibility of each institution's senior management, in particular the CEO;
- Boards of Directors have an essential oversight role in risk management;
- risk management should be a priority for the whole company and not be focused only on particular business areas or a purely quantitative oversight process or an audit or a control function;
- risk management should be a key responsibility of the entire business-line management;
- all the employees should have a clear understanding of their responsibilities with regard to the management of risks assumed by the company and should be held accountable for their performance with reference to these responsibilities.
- **Institute of International Finance (IIF)**, 9 December 2009, "Risk Culture" - Appendix III to the Report of the IIF Steering Committee on Implementation "Reform in the Financial Services Industry: Strengthening Practices for a More Stable System". In this document the IIF identifies the key elements of an effective risk culture and the most common categories of risk culture failings within organisations.
- **European Banking Authority (EBA)**, 27 September 2011 (review November 2017), "EBA Guidelines on Internal Governance". In this document the EBA requires that a financial institution shall develop an integrated and institution-wide risk culture, based on a full understanding of the risks it faces and how they are managed, taking into account its risk tolerance and appetite.

In addition, on 7 April 2014 the **Financial Stability Board (FSB)** issued the document "Guidance on Supervisory Interaction with Financial Institutions on Risk Culture - A Framework for Assessing Risk Culture", which identifies the foundational elements that contribute to the promotion of a sound risk culture within financial institutions. The guidelines aim at assisting supervisors in assessing the soundness and effectiveness of a financial institution's culture in managing risks. Risk Culture indicators are:

- **Tone from the top:** the Board of Directors and senior management are the starting point for setting the financial institution's core values and risk culture, and their behaviours must reflect the values being espoused.
- **Accountability:** a successful risk management requires employees at all levels to understand the core values of the institution's risk culture and its approach to risk, be capable of performing their prescribed roles, and be aware that they are held accountable for their actions in relation to the institution's risk-taking behaviour.
- **Effective communication and challenge:** a sound risk culture promotes an environment of open communication and effective challenge in which decision-making processes encourage a range of views, allow for testing of current practices, and stimulate a positive, critical attitude among employees and an environment of open and constructive engagement.
- **Incentives:** performance and talent management should encourage and reinforce maintenance of the financial institution's desired risk management behaviour. Financial and non-financial incentives should reward servicing the long-term interests of the financial institution and its clients, including sustained profitability, as opposed to short-term revenue generation.

The success of risk-taking institutions in this new economic environment highly depends on their risk management capabilities.

The key pillars of successful risk management include understanding risks and its effects on the income statement and the balance sheet, creating a consistent base level of technical risk knowledge, reinforcing communications at all levels, and creating a mindset that anticipates changes in the macro environment.

## Part E - Information on risks and hedging policies

In order to be properly prepared to deal with these challenges, UniCredit Board of Directors is strongly committed to, and focused on, cultivating a consistent risk culture throughout the Group - the initiative having been identified as the main enabling tool in risk management. In this context of rapidly evolving markets and regulatory requirements, the Group Risk management, in line with its mission as defined by the Board of Directors of UniCredit, has launched a structured and comprehensive approach to strengthen UniCredit risk culture. The transformational program aims at changing mindset and behaviours of all the Bank's employees, across all organisational levels, from top management to front-line, by addressing the following areas:

1. Governance;
2. Learning and development;
3. Performance management;
4. Communication.

### 1. Governance

**Risk Governance** - One of the key elements in risk management is the Risk Appetite Framework, please refer to the "Introduction". Dedicated Group Risk Committees have been established in order to strengthen the capacity of independent steering, coordination and control of Group risks, to improve the efficiency and the flexibility of the risks decision process and to address the interaction between the relevant risk stakeholders.

### 2. Learning & Development

**Training** - Training is fundamental to risk culture. The learning framework is characterised by digital, modular and freestanding solutions and is based on adaptive learning methods. Three main streams ensure that all the participants are fully aware of the different risks. These streams are differentiated according to the target population and the required risk knowledge. At the same time, those in specific positions and risk professionals will receive further training specifically tailored to the requirements and challenges of their jobs.



**Cross-functional job rotation** - Learning on the job and cross-functional rotation, in which colleagues from the business lines work in risk functions, and vice versa, have been extremely valuable and helpful. These initiatives facilitate the virtuous cycle for bringing business knowledge to risk functions and introducing risk awareness to the decision-making process of the business lines. In addition, they enable the exchange of expertise and points of view that improves the colleagues' capabilities to analyse, approach and mutually understand the different situations they both face on a daily basis.

### 3. Performance Management

**Remuneration** - To reinforce the Bank's risk culture, also the link between remuneration and risk represents an important element. This link is ensured by the involvement of the Risk function in compensation design and the definition of an explicit framework to base remuneration within an overarching Group Risk Appetite framework. In particular, the Board of Directors with the support of the competent Supervisory Committees (Remuneration Committee and Internal Controls and Risks Committee) and upon the input of involved functions ensures the link among profitability, risk and reward within Group Incentive Systems. For further information regarding the alignment of risk and remuneration policies, refer to the dedicated chapter published annually in the year-end version of this document.

**Risk-based KPIs** - At Group level, the strong commitment to a consistent risk culture as well as the individual accountability of risk, compliance and controls is constantly promoted and enhanced. Group Human Capital (HC) contributes to this, spreading Group-wide risk, compliance & control culture by leveraging on the existing framework and building selected initiatives.

## Part E - Information on risks and hedging policies

Over the past few years, HC built up a framework to enhance internal control system awareness and accountability by setting processes that embed sensitivity to Risk and Compliance attitudes, such as Executive Development Plan (EDP - the annual performance management and review process of UniCredit, involving all the Executives of the Group), Group Incentive System, Learning & Development.

Since 2012, as part of the EDP and incentive system processes, the Group put specific emphasis on risk, compliance and control features. In particular:

- the KPI Bluebook (a set of guidelines for defining individual goals consistent with business direction, risk perspective, regulatory framework and sustainability) contains specific KPIs focused on risk and control culture;
- the Compliance Assessment, pursuant to which Managers are required to prove the employee's reliability with regards to risks and compliance, with specific focus on legal anti-money laundering obligations.

#### 4. Communication

Within the UniCredit risk culture transformation program, great emphasis is put on aligning and re-iterating key messages on UniCredit mission, values, strategy and risk appetite, as well as on the importance of and commitment to a strong risk culture. In addition, top management care is devoted to transforming words into tangible actions and to show how the Group is embedding risk culture into its operating practices. An editorial plan has been developed, to communicate common statements on risk culture. During 2020 articles and news relating to risk culture and risk management were published on UniCredit group intranet site, reaching about 25,000 page views.

#### Reconciliation between accounting perimeter and prudential 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 IFRS 10, for additional information refer to 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) No 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)

ASSETS	AMOUNTS AS AT 12.31.2020		
	ACCOUNTING PERIMETER	PRUDENTIAL PERIMETER	DELTA
10. Cash and cash balances	101,707	101,707	-
20. Financial assets at fair value through profit or loss:	87,825	87,822	(3)
a) financial assets held for trading	72,705	72,705	-
b) financial assets designated at fair value	226	226	-
c) other financial assets mandatorily at fair value	14,894	14,891	(3)
30. Financial assets at fair value through other comprehensive income	72,737	72,690	(47)
40. Financial assets at amortised cost::	623,501	623,992	491
a) loans and advances to banks	117,489	117,487	(2)
b) loans and advances to customers	506,012	506,505	493
50. Hedging derivatives	3,802	3,802	-
60. Changes in fair value of portfolio hedged items (+/-)	3,886	3,886	-
70. Equity investments	4,354	4,781	427
80. Insurance reserves charged to reinsurers	-	-	-
90. Property, plant and equipment	9,939	9,164	(775)
100. Intangible assets	2,117	2,117	-
<i>of which: goodwill</i>	-	-	-
110. Tax assets:	13,098	13,097	(1)
a) current	1,737	1,736	(1)
b) deferred	11,361	11,361	-
120. Non-current assets and disposal groups classified as held for sale	2,017	2,034	17
130. Other assets	6,473	7,118	645
<b>Total assets</b>	<b>931,456</b>	<b>932,210</b>	<b>754</b>

## Part E - Information on risks and hedging policies

continued:

LIABILITIES AND SHAREHOLDERS' EQUITY	AMOUNTS AS AT 12.31.2020		
	ACCOUNTING PERIMETER	PRUDENTIAL PERIMETER	DELTA
10. Financial liabilities at amortised cost:	775,747	776,078	331
a) deposit from banks	172,473	172,415	(58)
b) deposit from customers	500,750	501,139	389
c) debt securities in issue	102,524	102,524	-
20. Financial liabilities held for trading	47,787	47,787	-
30. Financial liabilities designated at fair value	10,568	10,568	-
40. Hedging derivatives	5,699	5,699	-
50. Value adjustment of hedged financial liabilities (+/-)	6,065	6,065	-
60. Tax liabilities:	1,358	1,306	(52)
a) current	792	775	(17)
b) deferred	566	531	(35)
70. Liabilities associated with non-current assets held for sale	761	700	(61)
80. Other liabilities	12,749	13,306	557
90. Provision for employee severance pay	592	591	(1)
100. Provision for risks and charges:	10,188	10,124	(64)
a) commitments and guarantees given	1,388	1,388	-
b) post retirement benefit obligations	5,677	5,677	-
c) other provisions for risks and charges	3,123	3,059	(64)
110. Technical reserves	-	-	-
120. Valuation reserves	(6,159)	(6,159)	-
130. Redeemable shares	-	-	-
140. Equity instruments	6,841	6,841	-
150. Reserves	31,167	31,167	-
160. Share premium	9,386	9,386	-
170. Share capital	21,060	21,060	-
180. Treasury shares (-)	(3)	(3)	-
190. Minority shareholders' equity (+/-)	435	479	44
200. Net profit (Loss) for the year (+/-)	(2,785)	(2,785)	-
<b>Total liabilities and shareholders' equity</b>	<b>931,456</b>	<b>932,210</b>	<b>754</b>

(€ million)

## Part E - Information on risks and 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	1,663	6,366	503	8,770	606,199	623,501
2. Financial assets at fair value through other comprehensive income	-	-	-	-	71,138	71,138
3. Financial assets designated at fair value	-	-	-	-	226	226
4. Other financial assets mandatorily at fair value	8	65	-	1	12,703	12,777
5. Financial instruments classified as held for sale	30	237	1	827	228	1,323
<b>Total 12.31.2020</b>	<b>1,701</b>	<b>6,668</b>	<b>504</b>	<b>9,598</b>	<b>690,494</b>	<b>708,965</b>
<b>Total 12.31.2019</b>	<b>3,024</b>	<b>5,560</b>	<b>581</b>	<b>13,724</b>	<b>700,182</b>	<b>723,071</b>

##### 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	21,179	12,647	8,532	2,010	619,164	4,195	614,969	623,501
2. Financial assets at fair value through other comprehensive income	1	1	-	-	71,196	58	71,138	71,138
3. Financial assets designated at fair value	-	-	-	-	X	X	226	226
4. Other financial assets mandatorily at fair value	209	136	73	-	X	X	12,704	12,777
5. Financial instruments classified as held for sale	827	559	268	127	1,062	7	1,055	1,323
<b>Total 12.31.2020</b>	<b>22,216</b>	<b>13,343</b>	<b>8,873</b>	<b>2,137</b>	<b>691,422</b>	<b>4,260</b>	<b>700,092</b>	<b>708,965</b>
<b>Total 12.31.2019</b>	<b>26,088</b>	<b>16,923</b>	<b>9,165</b>	<b>2,399</b>	<b>699,732</b>	<b>2,665</b>	<b>713,906</b>	<b>723,071</b>

Note:

(\*) Value shown for information purposes.



## Part E - Information on risks and hedging policies

### Relais Transaction

The "Relais Transaction" (hereinafter "Relais") is part of the programme for the disposal of assets, falling within the "Non Core" perimeter belonging to the UniCredit group, through a market transaction. It relates to a set of credit exposures classified as Bad loans and referred to a real estate Leasing portfolio that, as at 31 March 2020 and 31 July 2020 (cut-off dates), amounted to €1,566 billion in terms of gross book value (€1,582 billion in terms of credit claim), hereinafter it is defined also the "Portfolio".

Relais is a comprehensive transaction, approved by the Board of Directors of UniCredit Leasing S.p.A. on 24 November 2020, implemented through 2 process phases:

- **PHASE 1:** securitization of receivables (Bad Loans) originated by UniCredit Leasing S.p.A. (the "Securitization"). On 1 December 2020, UniCredit Leasing S.p.A. sold the above-mentioned Portfolio to the special purpose vehicle Relais SPV S.r.l. for a consideration of €567 million, which was settled on 9 December 2020 through the full subscription by UniCredit Leasing S.p.A. of all Asset Backed Secured securities (hereinafter ABS or Notes) (Senior Notes for €466 million, Mezzanine for €91 million and Junior for €10 million).

UniCredit Leasing S.p.A. does not have any role in the recovery or administrative management of collections of securitised receivables as Servicer or Master Servicer or other similar parties within the Securitization transaction, nor any control over the recovery process pursuant to the agreements signed.

It is worth to note that, before the sale, the Corporate Servicer of the operation, a company outside the UniCredit group, in order to maintain the guarantee link between the credit reasons of the Buyer and the assets subject to the leasing contracts from which the Leasing Receivables originate and consistently with the provisions of Law 130/99, has create "support vehicle company" Relais Leasco S.r.l. with the aim to acquiring, managing and enhancing the assets and the legal relationships connected with the securitised receivables. The properties and management contracts not yet regularised and/or repossessed associated with the Portfolio were transferred to Relais Leasco S.r.l. through a spin-off (on 26 November 2020), while those regularised or repossessed were transferred through a block sale (on 1 December 2020) pursuant to Art.58 (Consolidated law on banking - "TUB").

- **PHASE 2:** Partial sale by UniCredit Leasing S.p.A. of the Mezzanine and Junior Notes to third parties outside the UniCredit group. On 22 December 2020, UniCredit Leasing S.p.A. exercised its put option on the basis of which it sold 95% of the Mezzanine and Junior Notes (€86,450,000 and €9,500,000 nominal value respectively) to doValue, for a total price of €20,558,070, retaining the remaining 5%. The agreements with doValue provide a profit-sharing mechanism to be linked to the option, from the subsequent sale of the notes on the market, equal to 50% of the difference, if positive, between the sale price and the exercise price of the backstop, up to a maximum of €4 million in favor of doValue.

The sale of 95% of the Mezzanine and Junior Securities created the fundamental and substantial requirements, pursuant to Accounting Principles, for the derecognition from the UniCredit Leasing S.p.A. balance sheet of the receivables belonging to bad loans portfolio securitised with the Relais Transaction.

In this context, it should be noted that the combination of the sale of the mezzanine and junior notes and the backstop agreement has implicate that UniCredit Leasing S.p.A. is partly exposed to the returns generated by the transaction, in terms of profits from the sale of the notes to third-party investors, while it is only limitedly exposed to the losses of the original portfolio (taking into account that any losses incurred on the junior and mezzanine notes due to the failure to repay the securitised receivables or their sale at a lower price than that paid by doValue will be borne, for 95%, by the third buyers of the notes themselves and/or by doValue itself).

Considered the above, it was concluded, also with the support of a specific quantitative analysis, that UniCredit Leasing S.p.A. has neither retained nor substantially transferred all the risks and returns associated with the transferred Portfolio.

As a result, pursuant to paragraph 3.2.6 of accounting standard IFRS9, it has been verified that UniCredit Leasing S.p.A. has transferred the control on the transferred assets. In this context, it was noted that there were no restrictions on the ability of the vehicle Relais SPV S.r.l. to freely sell the receivables transferred to it. Indeed, after the transfer, UniCredit Leasing S.p.A. will not be able to influence in any way the management of the receivables by the vehicle and the servicer, including their sale, either directly or indirectly considered the limited share of mezzanine and junior notes held.

On the basis of the above, and having verified that UniCredit Leasing S.p.A. - although it has neither transferred nor retained substantially all the risks and returns associated with the transferred portfolio - has nevertheless transferred the control over the assets subject to disposal, the Portfolio was derecognised coherently with the aforementioned paragraph 3.2.6 of IFRS9.

At consolidated level the analysis performed have led to confirm that credit recovery activities are carried out by the Master and Special Servicer of the securitization without any power of UniCredit Leasing S.p.A. to influence the relative decisions, therefore on the basis of the requirements of IFRS10 UniCredit Leasing S.p.A. does not control the vehicle and consequently the vehicle itself is not consolidated within the UniCredit group.

## Part E - Information on risks and hedging policies

### Aspects relating to the valuation of credit exposures as at 31 December 2020

As at 31 December 2020, also taking into account the effects of the Covid-19 pandemic, the evaluation included some additional aspects compared with previous years.

In this regard, it is worth to note the valuations performed in order to verify the significant increase in credit risk and to embed the effects related to the new definition of default, for details refer to Part E - Information on risks and hedging policies - Section 2 - Risks of the prudential consolidation. In this context, it should be specified that:

- the assessment of the increase in credit risk connected with the pandemic context, has determined impairment losses for €415 million following the classification in Stage 2 of the related exposures (of which €274 million relating to UniCredit S.p.A.);
- the inclusion of the effects connected with the new definition of default, according to the methods explained in the aforementioned Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidation has led to the recognition of impairment losses for €535 million (of which €366 million relating to UniCredit S.p.A.).

Moreover, the update of the macro-economic scenario during 2020 has led to the recognition of impairment losses on loans for €808 million (of which €504 million relating to UniCredit S.p.A.). For further details refer to Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated financial statements, 2.1 Credit risk, Qualitative information and, for a description of the assumptions characterizing the scenarios used, to Part A - Accounting policies, Section 2 - General preparation criteria of the Notes to the consolidated accounts.

Finally, as specified in Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated financial statements, to which refer for further details, the valuation of impaired exposures (Stage 3), among other things, considers possible sale scenarios whether the Group's NPE strategy envisages recovery also through their sale on the market.

With regard to the selling scenarios, already during the 2019, the Strategic Plan 2020-2023 (Team 23), completing what had already been defined in the context of the previous Plan 2016-2019 (Transform 2019), strengthened the strategy to reduce impaired credit exposures by envisaging the total "rundown" of the Non Core<sup>30</sup> portfolio by the end of 2021. This reinforcement, approved by UniCredit's Board of Directors on 2 December 2019 had implicated the recognition of additional loan loss provisions for €1,055 million as at 31 December 2019 (€827 million relating to UniCredit S.p.A.). In December 2020, the Group updated its disposal plan 2021-2023 providing, in addition to the total rundown of the "Non Core" portfolio, also the disposal of non-performing exposures belonging to the "Core" perimeter.

The non-performing exposures, for which a sale strategy is envisaged, falling within the "Core" perimeter (€2.6 billion at 31 December 2020, entirely attributable to UniCredit S.p.A.) and within the "Non Core" perimeter (about €1.8 billion at the end of 2020, of which €1.7 billion referred to UniCredit S.p.A.) have been evaluated based on the sales expectations of the related portfolios included into the IFRS9 Selling Scenarios.

For the purposes of this measurement, steps were taken to:

- identify the perimeters ("Core" and "Non Core") by aggregating the positions into macro-cluster based on guiding values (nature of the credit, classification, type of counterparty, existence of supporting guarantees, liquidity characteristics, etc.) and to
- define the price for each cluster deemed most representative, through observable internal or market benchmarks, depending on the availability of information and in compliance with the criteria defined by the internal regulations.

Further specific parameters have been considered that have been applied in relation to each of the two perimeters "Core" and "Non Core", as the probability of disposal and additional factors to represent in the most appropriate way the characteristics and specificities of the receivables falling within each cluster, such as vintage, any causes of illiquidity, the observation of migrations at a different stage, the recovery estimates no later than 2021 for "Non Core" perimeter. These analyses led to the determination of reference prices, also on the basis of the evidence arising from the collaboration with a leading company outside the Group; the application of these prices to the exposures belonging to the potential sale perimeter generated the recognition of write-downs for €502 million (of which €473 million referred to UniCredit S.p.A.) broken down as follows: (i) €453 million related to the "Core" portfolio (entirely related to UniCredit S.p.A.); (ii) €49 million related to the "Non Core" portfolio (€20 million related to UniCredit S.p.A.).

The results have been therefore incorporated into Selling Scenarios IFRS9 and contributed to determine the evaluation described above.

PORTFOLIOS/QUALITY		ASSETS OF EVIDENT LOW CREDIT QUALITY		OTHER ASSETS
		CUMULATED LOSSES	NET EXPOSURE	NET EXPOSURE
1. Financial assets held for trading		64	143	63,786
2. Hedging derivatives		-	-	3,802
<b>Total</b>	<b>12.31.2020</b>	<b>64</b>	<b>143</b>	<b>67,588</b>
<b>Total</b>	<b>12.31.2019</b>	<b>146</b>	<b>79</b>	<b>60,722</b>

<sup>30</sup> Non Core is a portfolio of Italian credit impaired exposures toward costumers held by UniCredit S.p.A. and by UniCredit Leasing S.p.A., for which the management, since 2014, has been separated from the management of other exposures with the aim to reduce the non-strategic credit exposures.

## Part E - Information on risks and 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 by the Group 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 in the course of credit recovery processes;
- **Funding SPV:** these structured entities are set-up by the Group 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;
- **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.

These exposures are eliminated in the consolidation process.

(€ million)

BALANCE SHEET ITEM/SPV TYPE	TOTAL ASSETS	OFF BALANCE SHEET EXPOSURES
Leasing SPV	1,879	-
Project Finance SPV	-	-
Real Estate SPV	21	10
Funding SPV	323	-
Investment funds	290	-
Warehousing SPV	-	-
<b>Total</b>	<b>2,513</b>	<b>10</b>

## Part E - Information on risks and hedging policies

### 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.

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 Part E - Section 1 that also define the level of equity that has to be provided by the sponsor.

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 Part E - Section 1. 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 Part E - Section 1 that also define the level of equity that has to be provided by the customers.

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 Part E - Section 1 that also define the level of equity that has to be provided by the customers.

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 Part E - Section 1 that also define the level of equity that has to be provided by the customers.

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.

## Part E - Information on risks and hedging policies

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 12.31.2020							DIFFERENCE BETWEEN MAXIMUM EXPOSURE TO LOSS AND ACCOUNTING VALUE
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)	
<b>Acquisition and Leverage Finance SPV</b>		<b>44</b>		<b>10</b>	<b>34</b>	<b>117</b>	<b>83</b>
	HFT	-	Deposits	10			
	DFV	-	Securities	-			
	MFV	-	HFT	-			
	FVOCI	-	DFV	-			
	AC	44		-			
<b>Leasing SPV</b>		<b>52</b>		<b>-</b>	<b>52</b>	<b>52</b>	<b>-</b>
	HFT	-	Deposits	-			
	DFV	-	Securities	-			
	MFV	5	HFT	-			
	FVOCI	-	DFV	-			
	AC	47		-			
<b>Market Related SPV</b>		<b>186</b>		<b>9</b>	<b>177</b>	<b>204</b>	<b>27</b>
	HFT	6	Deposits	9			
	DFV	-	Securities	-			
	MFV	-	HFT	-			
	FVOCI	-	DFV	-			
	AC	180		-			
<b>Notes Issuing Vehicles</b>		<b>21</b>		<b>-</b>	<b>21</b>	<b>49</b>	<b>28</b>
	HFT	3	Deposits	-			
	DFV	-	Securities	-			
	MFV	-	HFT	-			
	FVOCI	-	DFV	-			
	AC	18		-			
<b>Project Finance SPV</b>		<b>1,725</b>		<b>583</b>	<b>1,142</b>	<b>1,339</b>	<b>197</b>
	HFT	-	Deposits	583			
	DFV	-	Securities	-			
	MFV	-	HFT	-			
	FVOCI	-	DFV	-			
	AC	1,725		-			
<b>Real Estate SPV</b>		<b>3,327</b>		<b>485</b>	<b>2,842</b>	<b>2,996</b>	<b>154</b>
	HFT	-	Deposits	485			
	DFV	-	Securities	-			
	MFV	-	HFT	-			
	FVOCI	54	DFV	-			
	AC	3,273		-			
<b>Shipping Aircraft SPV</b>		<b>87</b>		<b>2</b>	<b>85</b>	<b>133</b>	<b>48</b>
	HFT	-	Deposits	2			
	DFV	-	Securities	-			
	MFV	-	HFT	-			
	FVOCI	-	DFV	-			
	AC	87		-			
<b>Warehousing SPV</b>		<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	HFT	-	Deposits	-			
	DFV	-	Securities	-			
	MFV	-	HFT	-			
	FVOCI	-	DFV	-			
	AC	-		-			
<b>Total</b>		<b>5,442</b>		<b>1,089</b>	<b>4,353</b>	<b>4,890</b>	<b>537</b>

**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 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 entities different from Securitisation SPV not consolidated for accounting purposes - Investment funds

(€ million)

AMOUNTS AS AT 12.31.2020							
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
<b>Real Estate investment funds</b>		<b>4,570</b>		<b>2,021</b>	<b>2,549</b>	<b>3,670</b>	<b>1,121</b>
	HFT	-	Deposits	2,019			
	DFV	-	Securities	2			
	MFV	246	HFT	-			
	FVOCI	-	DFV	-			
	AC	4,324		-			
<b>Mixed Asset investment funds</b>		<b>1,401</b>		<b>1,322</b>	<b>79</b>	<b>107</b>	<b>28</b>
	HFT	723	Deposits	1,293			
	DFV	-	Securities	-			
	MFV	381	HFT	29			
	FVOCI	-	DFV	-			
	AC	297		-			
<b>Equity investment funds</b>		<b>1,305</b>		<b>402</b>	<b>903</b>	<b>913</b>	<b>10</b>
	HFT	1,022	Deposits	402			
	DFV	-	Securities	-			
	MFV	2	HFT	-			
	FVOCI	-	DFV	-			
	AC	281		-			
<b>Private Equity/Debt investment funds</b>		<b>691</b>		<b>89</b>	<b>602</b>	<b>602</b>	<b>-</b>
	HFT	-	Deposits	89			
	DFV	-	Securities	-			
	MFV	691	HFT	-			
	FVOCI	-	DFV	-			
	AC	-		-			
<b>Fixed Income investment funds</b>		<b>535</b>		<b>799</b>	<b>(264)</b>	<b>(264)</b>	<b>-</b>
	HFT	441	Deposits	796			
	DFV	-	Securities	-			
	MFV	25	HFT	3			
	FVOCI	-	DFV	-			
	AC	69		-			
<b>Other investment funds</b>		<b>173</b>		<b>9,078</b>	<b>(8,905)</b>	<b>(8,905)</b>	<b>-</b>
	HFT	41	Deposits	9,078			
	DFV	-	Securities	-			
	MFV	-	HFT	-			
	FVOCI	-	DFV	-			
	AC	132		-			
<b>Total</b>		<b>8,675</b>		<b>13,711</b>	<b>(5,036)</b>	<b>(3,877)</b>	<b>1,159</b>

**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 €43 million as a result of the management of investment funds not consolidated.

## Part E - Information on risks and hedging policies

### Section 2 - Risks of the prudential consolidated perimeter

#### 2.1 Credit risk

##### *Qualitative information*

##### *1. General aspects*

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 Risk Governance 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 risk portfolios at Country level.

This model also leverages the current governance structure which provides the organisational separation between the functions responsible for the credit operational management (i.e. Group Lending Office) and the control functions (within Group Risk Management).

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, issuance of credit products, monitoring and reporting portfolio credit risk.

In line with such credit governance rules, the Group legal entities request the Group Lending Office's opinion before granting new or reviewing existing credit lines to individual borrowers or economic groups whenever these credit lines exceed defined thresholds, also with reference to the 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 ("General principles for credit activities") defining Group-wide rules and principles for guiding, governing and standardising the credit risk assessment and management, 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. Some examples are the policies on FIBS counterparties (Financial Institutions, Banks and Sovereigns), on Country Risk Limits, on Project Finance and Acquisition & Leveraged Finance transactions, on underwriting risk limits for Syndicated Loan portfolio, on Commercial Real Estate Financing (CREF) and on Structured Trade and Export Finance (STEF);
- 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.

At both legal entity and Parent Company level, the policies (if necessary) are further detailed through operating instructions that describe specific rules supporting the execution of day-by-day activities.

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.

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.

On the basis of 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 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 of particular importance. 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 operation "core" of the Group.

## Part E - Information on risks and hedging policies

In compliance with the relevant regulatory framework, UniCredit group manages the credit risk of concentration through specific limits that represent the maximum risk that the Group intends to accept regarding:

- 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 related to expected loss are an integrated part of the definition of credit strategies.

With specific reference to the UniCredit S.p.A. perimeter, useful for integrating the general contents valid at Group level, refers to paragraph of Part E - Notes to the accounts of the parent company UniCredit S.p.A. - Section 1 - Credit Risk - Qualitative information - 1. General Aspects which is herewith quoted entirely.

### **Effects arising from Covid-19 pandemic**

With reference to credit risk, UniCredit positively sees all the initiatives aimed at supporting the real economy that have been put in place by the EU government and is complementing them with additional measure to support customers over this period and to reduce as much as possible the negative effects of this crisis. All concessions are defined to respond as quickly as possible to the drawback deriving from a temporary slow-down of the economic cycle and related liquidity issues. The potential impact on the bank's risk profile is mitigated with:

- acquisition of public guarantees in line with the mechanisms put in place by the various governments;
- an ex-ante and ongoing evaluation of the client's risk profile.

UniCredit has defined Group guiding principles for underwriting, monitoring and management of Moratorium/emergency schemes, to cope with the new challenges and to early detect potential signals of asset quality deterioration.

With specific reference to the moratorium measures, and in order to provide relief to the lockdown measures put in place for containing Covid-19 outbreak, UniCredit group arranged several initiatives available to customers, whose specific features are different in each country in terms of scope of customers and product types, typically allow the postponement of instalments and the increase in the residual maturity of credit exposures.

Among these initiatives, a number of moratoriums specifically have met the definition of "General Payment" (either legislative or assimilated non-legislative ones) according the "Guidelines on legislative and non-legislative moratoria on loan repayments applied in the light of the Covid-19 crisis"<sup>31</sup> issued by EBA in April 2020 (and updated in September and December 2020), as broadly applied by credit institution on the basis of national laws or industry- or sector-wide private initiatives. The Group has also implemented other moratorium initiatives not specifically referred to the above mentioned EBA guidelines and therefore granted by the Institutions as additional customer support tools to deal with the context of difficulties and independently from national law or industry- or sector-wide private initiatives.

On the basis of the above-mentioned EBA GLs the Group Guidelines defined by the Parent Company address all legal entities on rating assignment process and regulatory treatment for the above-mentioned Moratoria and Guarantee Schemes.

Specifically, different regulatory treatments are allowed with respect to forbearance measures as well as Default detection, particularly from the point of view of the Unlikely To Pay ("UTP") assessment:

- General Payment Moratoria granting does not trigger automatically a forbearance classification, but a specific assessment is aimed at verifying the financial difficulty situation; in this case UTP assessment shall be applied both during the period of the moratorium and shortly after its end;
- for other moratoria initiatives the ordinary forbearance process is applied testing financial difficulty at concession; in this case UTP assessment shall be applied at concession and afterwards.

Specific guidelines have been established for rating assignment with the request for a forward-looking perspective to be adopted for the qualitative component of the rating to incorporate potential macro-economic rebound combined with sector outlook in case applicable.

Such Guidelines are intended valid up to the duration set for General Payment Moratoria and up to 2020-year end for Bank specific initiatives.

<sup>31</sup> Guidelines on legislative and non-legislative moratoria on loan repayments applied in the light of the Covid-19 crisis issued on 2 April 2020 ("EBA/GL/2020/02") and subsequent amendment EBA/GL/2020/15.



## Part E - Information on risks and 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 amount of transactions, or one more large transaction, 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

As highlighted in the previously paragraph "General aspects", the credit risk management in the UniCredit group breaks down into two structures:

- Group Risk Management, responsible for steering, governance and control of credit risk;
- Group Lending Office, responsible for the operational credit management;

which internally have different organisational levels:

- functions with responsibilities at Group level;
- functions with responsibilities at Country level.

Regarding Group Risk Management, parent company Functions with responsibilities at Group level include:

- the "Group Credit & Integrated Risks" structure responsible, at Group level, for credit risk strategies definition, monitoring and controlling (through the execution of the second level controls and the definition of the areas of higher risk within the credit processes) the credit risk of Group portfolio as well as ensuring an integrated view across Pillar I and II risks to Top Management. Furthermore, ensures that risk control activities on risks assumed in the Foreign Branches of UniCredit S.p.A. and in the Structured Entities/SE/SPE (e.g. Special Purpose Vehicles/SPV, Obbligazioni Bancarie Garantite/OBG), are monitored and reported to the Group Chief Risk Officer/GCRO and to the Top Management. The structure is also responsible for supporting Group Chief Risk Officer/GCRO in preparing and participating to transactional credit committees (e.g. GTCC, ITCC, INPCC) analysing the credit proposals to be discussed in such committees from a risk management perspective/perimeter of competence (e.g. consistency with defined credit risk strategies, respect of risk appetite framework, analysis of coverage ratio based on average portfolio benchmark);
- the "Group Risk Models & Credit Risk Governance" responsible for guaranteeing at Group level the coordination and steering of the overall landscape of Pillar 1 Credit and financial risk models as well as the related methodologies. 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 Assets/RWA contents.;
- the "Group Internal Validation" structure responsible for validating, at Group level, the risk measurement methodologies for Pillar I and Pillar II risks, the related processes, the IT components and the data quality, the main managerial models and the Group Risk Reporting, as defined in the Internal Validation Global Policy, providing adequate reporting for Company Bodies and Supervisory Authority. In addition, it is responsible for coordinating the issuing of Global rules in the competence perimeter, checking their approval and implementation in the Group legal entities; managing the Group monitoring process for the recommendation issued following validation activities; checking, in its competence area, the consistency and implementation of the adopted corrective measures based on Supervisory Authority requests on IRB models; coordinating the preparation and update of the Group validation plan, and monitoring its execution; coordinating and preparing the reporting on validation activities outcomes; certifying that the model inventory, defined at Group level, is an unique, complete, correct and up-to-date source for the model risk assessment, as well as assessing, monitoring and reporting the model risk to the competent committees and the Board of Directors;

## Part E - Information on risks and hedging policies

- the “CRO CEE” structure, responsible for the management and control of credit operations activities and for credit risk steering in relation to Central Eastern Europe/CEE portfolio booked in UniCredit S.p.A. and for the comprehensive view and the coordination in the management of different types of risks (e.g. credit, financial, operational, liquidity, reputational risks) in regard to CEE portfolio booked in UniCredit S.p.A. and CEE legal entities, together with the risk management responsible functions. It is responsible for credit operation activities for the CEE portfolio booked in UniCredit S.p.A. as well as for the Non-Binding Credit Opinion (NBCO) issue for transactions above the competence level of CEE legal entities; it is also responsible for credit risk steering and control activities over the “for Non-Binding Credit Opinion (NBCO) issue for transactions above the competence level of the CEE portfolio booked in UniCredit S.p.A. with regard to credit risk retail and corporate topics;
- the “Group NPE” structure, responsible for developing the strategy and overseeing the management, process, targets and disposals of Non-Performing Exposures/NPE, repossessed assets and any other distressed assets for the whole Group.

Regarding Group Lending Office, Functions with responsibilities at Group level include:

- the “Group Credit Transactions” structure, responsible for the Group-wide assessment, monitoring and oversight of large credit transactions and financial institutions, banks and sovereigns (FIBS) global credit model management, as well as the assessment, approval and daily management of Country risks and cross-border credit risk-taking;
- the “Group NPE Operational Management structure, responsible at Group level for disposal and platforms set-up and maintenance activities on NPE portfolios and for the steering and coordination on special credit and restructuring activities both for “Core” and “Non Core” portfolios, supporting “Local NPE Operational Management” structures in implementing activities related to restructuring and special credit, coherently with Group set strategies and KPIs;
- the Asia & Pacific Risks Officer structure, responsible for ensuring risk control activities in the Asia and Pacific area by coordinating, evaluating and approving the credit proposals submitted by UniCredit S.p.A.’s Foreign Branches based in the Asia & Pacific area, ensuring the implementation of the Group risk management strategies, ensuring the production of reports on the risks of the area and the coherence of risk transactions and reporting activity for all the risk typologies, and collaborating with the competent counterparts in the development of a regional strategy that is consistent with the risk appetite of the area.

At Country level, steering and credit risk control activities, as well as the conducting of operational activities (e.g. credit underwriting and renewal, monitoring, restructuring, workout, etc.) falls under the responsibility of the CRO function of the controlled subsidiaries.

With respect to credit risk, the following specific Committees are active:

- the “Group Risk & Internal Control Committee” supports the CEO in the role of steering, coordinating and monitoring the risks at Group level in the management and oversight of the Group’s and UniCredit S.p.A.’s internal control system, with specific reference to: establishing policies, guidelines, operational limits and methodologies for the measurement, management and control of the risks as well as for the definition of the methodologies for the measurement and control of internal capital and for the evaluation of risks reporting and estimates of provisions on risks. In this regard, the Committee has consulting and suggestion functions with particular reference for the definition and periodic review of the Group’s Risk Appetite Framework (RAF), the overall risk control framework, in order to ensure their consistency with the strategic guidelines and risk appetite established and their capacity to track the evolution of risks and their interaction;
- the “Group Credit Committee”, in charge of evaluating and approving competent credit proposals referring to all files, including restructuring/workout ones, status classification of files, relevant strategies and corrective actions to be taken for watch list files, specific limits for transactions relating to Debt Capital Markets on trading book, single issuer exposures limits on trading book, Debt to Equity transactions and transactions relating to Equity participations deriving from Debt to Equity transactions;
- the “Group Model Risk Management & Governance Committee” responsible for ensuring, at Group level, a steering, coordination and control of Model Risk Governance (focusing on Pillar I, Pillar II and managerial models in scope of the Model Risk Management/MRM framework) as well as ensuring a consistency among the Parent company and the different legal entities, including the management of possible issues raised by the legal entities to Group Chief Risk Officer/GCRO;
- the “Group NPE Governance Committee”, responsible for supporting the Group Chief Risk Officer in ensuring, at Group level, a steering, coordination and control of Non-Performing Exposures/NPE strategy and targets as well as an effective alignment on common goals between the Group and different Group legal entities;
- the “Group Transactional Credit Committee” responsible (with approval function within the delegated powers: decision-making and/or issuing of non-binding opinions to the Group legal entities, and/or consulting function) for files to be approved by upper Bodies, for credit proposals referring to all the files, including restructuring, INC or workout ones, status classification of files relevant strategies and corrective actions to be taken for watching list files, single issuer exposure limits on trading book, Debt-to-Equity transactions and/or actions/rights-execution relating 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 addition, the GTCC approves or submits for approval to Group Credit Committee of temporary/annual breaches to Single Names Concentration Risk Limits within the thresholds defined by dedicated Group regulation;
- the “Group Rating Committee” responsible, within its perimeter of competence and its delegated powers, for approving (rating overrides).

## Part E - Information on risks and hedging policies

Specific Committees related to UniCredit S.p.A. are described in the paragraph "2.1 Organisational aspects which is herewith quoted entirely" to the company accounts of UniCredit S.p.A., Notes to the accounts Part E - Information on risks and hedging policies, Section 1 - Credit Risk, Qualitative information, 2. Credit risk management policies, which is herewith quoted entirely.

### 2.2 Credit Risk Management, Measurement and Control

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 behaviour within the entity or the banking system (e.g. Bank of Italy Centrale dei Rischi), 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 based on the new information acquired. Each borrower is also assessed in the context of the belonging economic group by 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 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.

Besides the methodologies summarised in the rating systems, the Group Risk Management function leverages on portfolio models enabled to measure credit risk on an aggregated basis and to identify the contribution of single sub-portfolio or obligor to the overall risk.

There are three 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");
- Expected Shortfall ("ES").

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 (Loss Given Default) and EAD (Exposure At Default) for transactions relating to defaulted counterparties. For most liquid 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 counterparties simulated in default.

The Expected Loss ("EL") at portfolio level represents the average loss of the portfolio due to potential defaults of the obligors. The EL of the portfolio corresponds to the sum of single obligors, which can be evaluated as the product of PD, LGD and EAD, and is independent from the default correlations in the portfolio. EL is typically charged as a cost component.

The Value at Risk ("VaR") represents the monetary threshold 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 Internal Capital set up to cover potential losses from all the sources of risk.

The Expected Shortfall ("ES") represents the expected value of losses that exceed the VaR. Portfolio Credit VaR and ES depend significantly on the correlations among the defaults and can be reduced by portfolio diversification at sector and country level, limiting the concentration of each counterpart.

## Part E - Information on risks and hedging policies

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.

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.

The internal Credit VaR model is also subject to assessment in the context of Basel 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 entities of the Group.

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).

In order to determine capital requirements for credit and operational risks, UniCredit group uses the IRB Advanced approach, as stated by Banca d'Italia act No.365138 dated 28 March 2008.

With 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, Multinationals 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), UniCredit Bank AG (UCB AG) 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 named, UniCredit Leasing GMBH and Subsidiaries, UniCredit Banka Slovenija dd, UniCredit Bulbank AD, UniCredit Bank Czech Republic and Slovakia a.s., UniCredit Bank Ireland plc., UniCredit Bank Hungary, UniCredit Bank Romania a.s. and AO UniCredit Bank in Russia.

## Part E - Information on risks and hedging policies

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 UniCredit Group Disclosure (Pillar III), Credit risk, use of the IRB approach.

Prevailing asset class	Rating system	Legal entity	
Central governments and central banks	Sovereign (PD, LGD, EAD)	UCI, UCB AG, UCBA AG, UCB CZ, UCB SK, UCB RO <sup>(*)</sup>	
	Financial Institutions & Banks (PD, LGD, EAD)	UCI, UCB AG, UCBA AG, UCB Slo <sup>(*)</sup> , UCB IE <sup>(*)</sup> , UCB BG <sup>(*)</sup> , UCB CZ, UCB HU <sup>(*)</sup> , UCB SK, UCB RO <sup>(*)</sup> , UCL GMBH	
Corporates	Group wide	Multinational (PD, LGD, EAD)	UCI <sup>(***)</sup> , UCB AG, UCBA AG, UCB Slo <sup>(*)</sup> , UCB BG, UCB CZ, UCB HU <sup>(*)</sup> , UCB SK, UCB RO <sup>(*)</sup> , UCL GMBH, AO UCB <sup>(*)</sup>
		Global Project Finance (PD, LGD, EAD)	UCI, UCB AG, UCBA AG, UCB CZ, UCB SK
	Local	Integrated Corporate Rating RIC (PD, LGD)	UCI
		Mid Corporate (PD, LGD, EAD)	UCB AG, UCBA AG, UCB CZ, UCL GMBH, UCB BG, UCB HU <sup>(*)</sup> , UCB Slo <sup>(*)</sup> , UCB SK <sup>(*)</sup> , UCB RO <sup>(*)</sup>
		Foreign Small and Medium Sized Enterprises (PD, LGD, EAD)	UCB AG
		Income Producing Real Estate (IPRE) (PD, LGD, EAD)	UCB AG, UCBA AG, UCB CZ
		Acquisition and Leverage Finance (PD, LGD, EAD)	UCB AG
		Global Shipping (PD, LGD, EAD)	UCB AG
		Wind Project Finance (PD, LGD, EAD)	UCB AG
		Commercial Real Estate Finance (PD, LGD, EAD)	UCB AG
		Public Value Joint Building Association (PD, LGD, EAD)	UCBA AG
		Real Estate Customers (PD, LGD, EAD)	UCBA AG
		Income Producing Real Estate (IPRE) (Slotting criteria)	UCI, UCB BG, UCB SK
		Object Finance and Project Finance (Slotting criteria)	UCL GMBH
		Project Finance (Slotting Criteria)	UCB BG
Institutions subjected to supervision, Corporates	Other minor rating systems (Public Sector Entities, Municipalities, Religious Companies, Leasing) (PD, LDG, EAD)	UCB CZ	
Retail exposures	Integrated Small Business Rating RISB (PD, LGD)	UCI	
	Integrated Private Rating (RIP) Mortgages (PD, LGD, EAD)	UCI	
	Overdraft and credit cards (PD, LGD, EAD) <sup>(****)</sup>	UCI	
	Personal Loan (PD, LGD, EAD) <sup>(****)</sup>	UCI	
	Small Business (PD, LGD, EAD)	UCB AG, UCBA AG, UCB CZ, UCL GMBH, UCB BG, UCB SK	
	Securitisation	Private Individuals (PD, LGD, EAD)	UCB AG, UCBA AG, UCB CZ, UCB BG, UCB SK
Asset Backed Commercial Paper (PD, LGD, EAD)		UCB AG	

**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.

(\*\*) This entity has been authorised to adopt the Group Wide model Financial Institution & Banks (GW BANKS) only for the Commercial Bank segment with the exclusion of the Securities Industry segment.

(\*\*\*) Starting from 2012, the Group Wide Multinational Corporate (GW MNC) rating system (for the estimation of parameters PD, LGD and EAD) is also adopted for the Italian Large Corporate (ILC) portfolio, which includes Italian companies with an operating revenues/value between €250 and €500 million.

(\*\*\*\*) Systems authorised since 2010 but reported under Standardised approach for regulatory purposes; in December 2019 a unique PD model for Private Individuals at counterparty level has been submitted to ECB extended also to Personal Loans, Overdraft and credit cards.

**Keywords:**

UCI: UniCredit S.p.A.

UCB AG: UniCredit Bank AG

UCBA AG: UniCredit Bank Austria AG

UCB IE: UniCredit Bank Ireland p.l.c.

UCL GMBH: UniCredit Leasing GMBH and Subsidiaries

(UniCredit Leasing Finance GMBH, UniCredit Leasing Aviation

GMBH)

UCB Slo: UniCredit Banka Slovenija d.d.

UCB BG: UniCredit Bulbank AD

UCB CZ: Czech portfolio of UniCredit Bank Czech Republic and Slovakia, a.s.

UCB HU: UniCredit Hungary

UCB SK: Slovak portfolio of UniCredit Bank Czech Republic and Slovakia a.s

UCB RO: UniCredit Bank Romania a.s.

AO UCB: AO UniCredit Bank (Russia)

## Part E - Information on risks and hedging policies

With reference to the strategies of credit risk management, the use of Credit Risk Stress Test is considered of particular importance because its aim is to analyse the portfolio vulnerability in case of an economic downturn or a structural change of the macroeconomic framework. 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 set of models aimed at translating the macro-economic conditions into credit risk parameters (PD/LGD). Within the wider stress testing framework, the models serve as basis for calculating the stressed PD/LGD projections under the Adverse Scenarios. They are used in the same way for the estimation of Forward Looking component within the IFRS9 framework.

As regards the modelling methodology, the current framework envisages to estimate, at cluster level (Country/Asset Class) through time series and/or panel regressive analysis, the relationships between the macro-economic factors and the internal default/recovery rate historically observed. However, with regard to the low default portfolios (e.g. Multinational, Banks, Sovereigns), for which no enough defaults events are available, alternative approaches are considered. These imply to leverage either on external data (i.e. external rating) or stressing directly the input of Group Wide Rating System (i.e. Sovereign Rating System).

Model's output in terms of expected variations of PD/LGD conditional to the macro-economic scenarios are then used in order to obtain stressed PD/LGD of each credit exposure. Starting from the stressed PD/LGD the Pillar I Credit Risk metrics (LLP and RWA) are calculated through dedicated simulation engine and according to the EBA Stress test methodology. While 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*

The Credit Risk Management, Measurement and Control processes described in the previous paragraph, are also reference 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.

In UniCredit group the Stage Allocation is based on a combination of relative and absolute elements; the main are:

- comparison for each transaction between PD as measured at the time of origination and PD as at the reporting date, both calculated according to internal models, through thresholds set in such a way as to consider all key variables of each transaction that can affect the bank's expectation of PD changes over time (e.g. age, maturity, PD level at the time of origination);
- absolute elements such as the backstops required by law (e.g. 30 days past-due). In this case UniCredit group has chosen not to reject the significant deterioration presumption after 30 days past-due by allocating always in Stage 2 transactions with more than 30 days past due;
- additional internal evidence, including renegotiations of financial instruments due to financial difficulties met by the counterparty (e.g. Forborne classification).

Regarding debt securities, UniCredit group is opting for application of the low credit risk exemption on investment grade securities, in full compliance with the accounting standard.

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);
- 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).

## Part E - Information on risks and hedging policies

In particular, EBA<sup>32</sup> 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.

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.

Fundamental part of the model is the definition of the quantile which 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 deterioration 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 on the basis of 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.

*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.

The result of the stage allocation affects the amount of expected credit losses recognised in financial statements. 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.

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.

Such parameters are calculated starting from the same parameters applied for regulatory purposes specifically adjusted in order to guarantee full consistency, a part of the different requirements, between accounting and regulatory treatment.

Main adjustments are aimed at:

- removing the conservatism required purely for regulatory purposes;
- introducing “point in time” adjustments substituting 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 in order 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.

<sup>32</sup> The regulatory framework for the new definition of default will be integrated with the entry into force of the “Guidelines on the application of the definition of default under article 178 of EU Regulation No.575/2013 (EBA/GL/2016/07) as at 1 January 2021.

## Part E - Information on risks and hedging policies

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.

The process defined to include multiple macroeconomic scenarios is fully consistent with forecast processes used by UniCredit group for additional risk management purposes (for example processes adopted to calculate expected credit losses from macroeconomic forecasts based on EBA stress test and ICAAP Framework). Similarly, to other processes (ICAAP) the scenarios are provided by the independent function of UniCredit Research function.

Specifically, the Group has selected three macroeconomic scenarios to determine the forward-looking component of expected losses: a baseline scenario, an improved scenario ("positive scenario") with respect to baseline and a worsened scenario ("negative Scenario") with respect to baseline.

The baseline scenario is the reference central scenario and therefore is considered to be the most probable realization. Positive and negative scenarios represent possible alternative realizations, respectively a better and a worst one compared to the baseline in terms of evolution of the economies of the countries in which the Group operates.

For a description of main assumptions behind "base" and "downturn" scenarios and related probability realization, refer to Part A - Accounting policies, A.1 General, Section 2 - General preparation criteria of the Notes to the consolidated accounts.

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

The measure is aimed at keeping a sound provisioning as recommended also by European Central Bank in the Letter to CEOs of significant institution as of 4 December 2020 and along the line of what applied since 31 March 2020 financial reporting.

An estimation of the IFRS9 Expected Credit Loss to change in macroeconomic scenarios has been made, the ECL under the two IFRS9 alternative scenarios (positive and negative) have been estimated and compared with the ECL baseline:

- a) in the positive scenario the ECL at Group level has been estimated to decrease of about 8% equivalent to around €460 million (12% and €250 million for UniCredit S.p.A. stand-alone);
- b) in the negative scenario the ECL at Group level has been estimated to increase of about 9% equivalent to around €520 million (13% and €280 million for UniCredit S.p.A. stand-alone).

Moreover, a sensitivity to GDP variations embedded in the different scenarios have been also estimated as ratio between:

- the difference of ECL observed under the alternative scenarios compared to the ECL baseline;
- the GDP points deviations (on 3 years cumulative basis) between alternative and baseline scenarios 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 AG the German GDP, etc.).

The results considering the current IFRS9 scenarios and portfolio are:

- for 1 point of GDP rise (cumulated over 3 Years) the ECL at Group level is estimated to decrease of 2% (3% for UniCredit S.p.A.);
- for 1 point of GDP drop (cumulated over 3 years) the ECL at Group level is estimated to increase of 3% (5% for UniCredit S.p.A.).

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 shall be calculated on an individual basis for "individually significant exposures".

Expected cash flows on already defaulted exposures that are not individually significant may be calculated either on an individual or a collective basis. Where a legal entity has a number of individually significant exposures towards one single counterparty, each loan is individually assessed while also considering the overall position of the counterparty.



## Part E - Information on risks and hedging policies

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.

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.

### *Changes due to Covid-19 - Assessment of the Significant Increase of the Credit Risk (SICR)*

In the context of the Covid-19 pandemic, specific initiatives have been put in place in order to ensure a proper assessment of the Significant Increase of the Credit Risk. Indeed, Covid-19 crisis cannot be considered a normal recession driven by business cycle dynamics as the macroeconomic shock is completely exogenous (i.e. lockdown) and may trigger asymmetric medium-term effects across different industry sectors. In order to cope with this particular contingent situation, two measures have been adopted:

1. adoption of a specific approach for the adjustment of the IFRS metrics;
2. management of the Payment Moratoria.

With reference to point sub.1, a methodological approach has been designed for the Italian perimeter, thus covering UniCredit S.p.A., UniCredit Factoring S.p.A. and UniCredit Leasing S.p.A., with the aim to correct the IFRS Probability of Default according to the expected increase in credit risk due to the specificity of the industry. More in details, starting from the forward-looking default rates resulting from the adoption of UniCredit Research Baseline Scenario for the period 2021-2023, a breakdown by economic sector was carried out in order to identify the areas most affected by the pandemic (this activity was also conducted with the support of a leading specialist company outside the Group). The IFRS Probability of Default parameter has therefore been adjusted upwards (downwards), considering the year-on-year deviation of the sector default rate from the average value for the entire economy. This adjustment also generated a potential classification of the related exposures in Stage 2, based on comparison with the Probability of Default at the time of disbursement.

In the other Group legal entities, outside Italy, dedicated analyses have been done leveraging on Industry-specific Risk Indexes provided by the same external advisor, also taking into account forward-looking information related to the country of reference. In particular, analyses have been conducted for UniCredit Bank AG, UniCredit Bank Austria AG, UniCredit Czech Republic and Slovakia a.s., AO UniCredit Bank (Russia), UniCredit Romania S.A. and Zagrebacka Banka d.d. According to the outcome of such analysis, loan loss provisions adjustments have been recognised as well as the potential classification into Stage 2.

With reference to point sub.2, UniCredit has deemed necessary to strengthen the Significant Increase in Credit Risk (SICR) assessment on customers.

In this context it was observed that default risk in year 2020 was mitigated as a consequence of government support schemes (including payment moratoria). As a result, methodological measures have been introduced to correct, through internal benchmark analyses, the credit variables used to calculate impairment losses (the default rate), in order to introduce into the calibration of these variables the worsening of the pandemic situation in the last quarter 2020 and the expected increase in the default risk in 2021 when protection schemes will expire.

Such upwards measures deploy their effects not only on the Expected Credit Losses estimation but also on the Staging allocation given the punctual effect on the IFRS PD at the reporting date, limiting the potential down-lift effect, the revert to Stage 1 bucket and avoiding to neglect potential asset deterioration for the portfolio currently benefiting from support of moratoria or other protection schemes.

Furthermore, in Italy, with reference to Corporate, Small Business and Leasing, the SICR assessment leveraged on some initiative based on:

- Financial distress indicators, by monitoring balance sheet and some rating indicators;
- Industry/Sector forward looking view, also leveraging on input from external provider based on the forward-looking effects of Covid-19 virus.

By crossing the financial distress indicators with the Industry/Sector view, a matrix has been set-up which makes it possible to group counterparties on the basis of the above-mentioned dimensions. Therefore, counterparties belonging to the riskiest sections of this matrix have been classified as Stage 2 since a significant worsening of credit risk has been assessed for them.

Finally, for Mortgages and Consumer loans under moratoria (excluding those granted to public sector and retired persons) classified under Stage 1 and, with specific reference to Mortgage, having higher probability of default have been migrated to Stage 2.

## Part E - Information on risks and hedging policies

Also in some other Group legal entities, portfolio clustering approaches for clients assessment, mainly based on industry riskiness as a consequence of Covid-19 outbreak, have been put in place, leading to Stage 2 classification of part of the portfolio assessed. In particular in Germany and Austria customers belonging to certain industries and with rating higher than a specific threshold have been moved to Stage 2. Beside the additional Staging measures put in place to cope with the extraordinary Covid-19 contingency, the usual IFRS ordinary framework remains up and running without any kind of relaxation of the existing qualitative staging criteria. Particularly: (i) forbearance classification (potentially relevant for moratoria not compliant with EBA Guidelines) and 30 days past due trigger are always considered Stage 2 qualitative classification events within UniCredit IFRS Framework; (ii) additional qualitative events for Stage 2 classification (e.g. certain kinds of credit monitoring watchlist classifications) are considered in UniCredit group IFRS Framework and applied by Legal Entities. Similarly, to the qualitative criteria for staging, also for the quantitative ones based on internal thresholds set according to the IFRS9 methodologies in place since FTA have been kept up-and-running without any kind of relaxations.

The aforementioned initiatives strongly contributed to the 2020 migration from Stage 1 to Stage 2. Comparing 31 December 2019, the Stage 2 gross exposure as at 31 December 2020 is about €37.7 billion higher (of which €19.0 billion at UniCredit S.p.A.).

The assessment of the increase in credit risk has led to the classification in Stage 2 and the consequent recognition of impairment losses for €415 million (of which €274 million relating to UniCredit S.p.A.).

Furthermore a monthly based monitoring has been set up in order to check the trend of the rating migrations for the part of the portfolios affected by moratoria, foreseeing, in case of upgrading due to the effect of the payment suspensions on the behavioral component of the rating systems, the adoption of conservative adjustment on the PD, deploying the consequent effect on Expected Credit Loss and Significant Increase in Credit Risk.

### *New Definition of Default*

The new definition of default, is applied starting from the first quarter 2021, in line with the deadline for the entry in force (1 January 2021), set out by European Banking Authority in the related Guidelines for Banks adopting Internal Rating Based Approaches. The new classification criteria will envisage as main changes the review of the materiality thresholds of past due and a further articulated structures of Unlikely-To-Pay triggers (it is worth mentioning the one related to the Distressed Restructuring for forborne exposures, where a maximum threshold for diminished Net Present Value of 1% has been set), including additional requirements on default contagions effects in case of connected clients (primarily, Group of companies, joint credit obligations among individuals and link among natural persons and unlimited liability companies). Furthermore, a minimum probation period before returning in a non-defaulted status has been set as mandatory.

In consideration of the application of the new definition of default starting from 1 January 2021, which envisages, as mentioned above, more stringent criteria for the classification of counterparties, the Group is therefore aware, as from the fourth quarter of 2020, of the information elements arising from such rule and related to the measurement of riskiness of its portfolio.

Therefore, also in consideration of the provisions of IFRS9 (related to the expected downgrade of the debtor), the Group decided to recognise impairment losses consistent with this information, for an amount of €535 million (of which €366 million relating to UniCredit S.p.A.).

This effect also includes the recalculation of the estimate of the expected loss. In fact, it should be noted that the deterioration of credit risk deriving from an expected downgrade of a debtor not only leads to an increase in the provisions for credit losses of that individual debtor, but also of all those debtors that share common credit risk characteristics.

Considering that the classification of the counterparty among impaired exposures can only take place as from the adoption of the rule (January 2021), the impairment losses related to the expected worsening of counterparties have been allocated by homogeneous sub-portfolios sharing common credit risk characteristics and identified as the ones having higher likelihood of occurrence of new default events.

If the new classification criteria had been adopted, the ratio of credit impaired exposures (gross book value) to total loans to customers (at notional amount) of the UniCredit group, which at 31 December 2020 stood at 4.5% (5.3% the ratio of UniCredit S.p.A.), would have been higher than the ratio reported (approximately 4.8% and 5.8% referring to UniCredit S.p.A.).

Exceptions to the approach described above are the jurisdictions of Croatia and Bosnia where, in light of the request from the respective local National Competent Authorities, the new definition of default was applied as early as 31 December 2020.

## Part E - Information on risks and hedging policies

### 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) No.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 recognition of credit risk mitigation techniques, according to the different approaches adopted (Standardised, Foundation IRB or Advanced IRB), both for internal use in operations and for regulatory capital purposes as necessary for the calculation of credit risk capital requirement.

At the moment specific Group guidelines are in force, issued by the Parent Company, defining group-wide rules and principles with the aim to guide, govern and standardise the credit risk mitigation management, best practice, as well as in accordance with the relevant regulatory requirements.

Integrating these guidelines, all legal entities have adopted internal 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, among others, the soundness, legal enforceability and timely liquidation of valuable collateral.

Collateral management assessments and credit risk mitigation compliance verification have been performed by the Group's legal entities, specifically as part of 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 current credit policy, 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.

Collaterals accepted in support of credit lines granted by the Group's 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 (pledged goods or pledged loans and life insurance policies) 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.

Moreover, can be considered as eligible netting agreements of reciprocal credit exposures between the Bank and its counterparty if they are legally effective and enforceable in all relevant jurisdictions, including in the event of default or bankruptcy of counterparty, and if they meet the following operational conditions:

- provide for the netting of gains and losses on transactions cleared under the master agreement;
- fulfil the minimum requirements for recognition of financial collateral (valuation requirements and monitoring).

Group legal entities can apply netting agreements only if they are able at any time to determine the position netting value (assets and liabilities with the same counterparty that are subject to the netting agreement), monitoring and controlling debts, credit and netting value.

In relation to 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, for which the risk mitigation serves as additional security for repayment. At consolidated level, personal guarantees are 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 IRB-A 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.

## Part E - Information on risks and 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 appropriate linking to the categories defined for LGD estimates purposes. Controls and related responsibilities are duly formalised and documented in internal rules. Furthermore, processes are implemented to control that all the relevant information regarding the identification and evaluation of the credit protection are correctly registered 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 bank's system of authority;
- 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.

### 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. With regard to this definition (which includes the concept of "default" ruled by Art.178 EU Regulation No.575/2013 and the "impaired" definition reported in accounting standard IFRS9) at operational level UniCredit group has pursued a substantial alignment between the three definitions. Furthermore, in accordance with the provisions of Banca d'Italia in Circular 272/2008, 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 EU Regulation No.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 unlikelihood, 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 Art.156 EBA ITS, an exposure must remain classified as non-performing<sup>33</sup> 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.

<sup>33</sup>The regulatory framework for the transition from performing to non-performing exposures ("criteria for a return to a non-defaulted status ") will be integrated with the entry into force of the "Guidelines on the application of the definition of default under Art.178 of EU Regulation No.575/2013 "(EBA/GL/2016/07) as of 1 January 2021.

## Part E - Information on risks and hedging policies

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 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; 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;
- 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 2020, highlighting:

- write-off for €2,436 million (124% of the total planned in Team 23 for 2020 year);
- recoveries of €3,350 million (111% of the total planned in Team 23 for 2020 year);
- total non-performing loans sold for €5,640 million (159% of the total planned in Team 23 for 2020 year).

The decrease amount of the stock of impaired loans to Group customers was therefore in line with the reduction targets set in Team 23, achieving an improvement in asset quality. This result was possible thanks also to the reduction of the "Non Core" portfolio, for which, UniCredit group can confirm the complete closure of its Non Core legacy by 2021, thanks to the activation of a coordinated set of levers aimed at reducing the stock.

A successful NPE Strategy execution requires effective interaction between the Group Risk Management structure and the functions dedicated to the management of non-performing exposures directly reporting the local CLOs of the Legal Entities. More specifically, within Group Risk Management, the Group NPE structure was set-up in order to ensure on the one hand an adequate control over the execution and monitoring of the NPE Strategy (which includes the sale of non-performing loans through "Group Distressed Asset Solutions" and the proactive management of the collateral for the properties acquired through "Group Repossessed Assets") and, on the other hand, an effective cooperation thanks to the joint work carried out with the other Group Risk Management functions.

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 pertains 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 Special Credit unit within which an ad hoc department was created (i.e. Customer Recovery) exclusively dedicated to soft collection and re-management for retail portfolio.

## Part E - Information on risks and hedging policies

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 Solutions), which evaluates various disposal options alternatives, in cooperation with the legal entity's peer function where deemed necessary to handle specific local cases.

The proactive management of real estate guarantees is coordinated at Parent Company level by a dedicated department (Group Repossessed Assets), which oversees the strategy of repossession of the collateral and the specific activities carried out within the Group, particularly in those entities specialised in the acquisition of collateral (for example the UCTAM company). The aforementioned function also oversees the possible creation of a "Real Estate Owned Company" ("ReoCo") in Italy.

Beyond the operational responsibilities in the non-performing exposures management, from a governance and strategic coordination standpoint, the Group NPE Governance Committee ("GNGC") has been set up in order to ensure the effective steering, coordination and control of the non-performing loans reduction plan, ensuring an effective alignment of the common objectives between the Parent Company and the various Group legal entities, also through the involvement of both "Group Risk Management" and "Group Lending Officer" functions according to the instructions of the Banca d'Italia (Circular No.272/2008 and subsequent updates).

As clarified above, UniCredit has defined group-wide guidelines in order to ensure the full alignment between the Default, Impaired and NPE definitions, in order to have a homogeneous approach on the loan categorisation practices for supervisory and reporting purposes, adopting the Default definition as the basis for the provisions calculation.

To this aim the Group has defined a list of events directly qualifying the Unlikely to Pay status (Default events) and a list of triggers for the detection to be assessed for the confirmation of the Unlikely to Pay status. In line with the guidelines provided by ECB the latter are differentiated among trigger events "hard" and "soft". The "hard" triggers imply that obligors are classified as Unlikely to Pay with little room of interpretation, as these events very often, due to their nature, fulfill the definition of Unlikely to Pay. The "Soft" triggers shall be considered for the assessment of the unlikeliness to pay requirement of the obligor. In presence of one of these evidences, the capability of repayment has to be assessed.

### 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 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 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 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.

## Part E - Information on risks and hedging policies

Specifically, for UniCredit group perimeter, Write-offs on financial assets still subject to an enforcement procedure amount to €11,428 million as of 31 December 2020, of which partial write-offs amount to €2,008 million and total write-offs amount to €9,420 million. The amount of write-offs (both partial and total) related to the 2020 financial year is €1,541 million. 2020 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.

These credit exposures might be recognised either as a result of a purchase of non-performing exposures from third parties or as a result of the restructuring of impaired exposures which has led to the provision of significant new finance, either in absolute terms or in relative terms, compared with the amount 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 which is herewith quoted entirely” to the consolidated accounts of UniCredit group, notes to the consolidated accounts Part E - Information on risks and hedging policies, Section 2 - Risk of the prudential consolidated perimeter, 2.1 Credit risk, Qualitative information, 2. Credit risk policies management.

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, and such exposure are conventionally allocated into Stage 3, or in Stage 2 if, as a result of an improvement in the creditworthiness of the counterparty following the initial recognition, the assets are performing.

These assets are never classified under Stage 1 because the expected credit loss must always be calculated considering a time horizon equal to the residual duration.

### 4. Financial assets subject to commercial renegotiations and forbore 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 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 forbore 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 forbore 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.

## Part E - Information on risks and hedging policies

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.

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;
- collection and monitoring of the relevant information of the new Quarterly Template with disclosure on:
  - performing and non-performing portfolio;
  - guarantees;
  - default inflows and outflows;
  - list of the FBE Measures granted including the indication of their effectiveness.

With reference to the monitoring and reporting activity on forborne exposures, as at 31 December 2020 the number of instruments (loans and advances at amortised cost) with forbearance measures amounts to 177,750 (127.090 for UniCredit S.p.A. perimeter). Specifically, on a consolidated level:

- forbearance measures granted during the period represent 42% of the total (45% considering only UniCredit S.p.A.);
- forbearance measures granted on the performing portfolio represent the 56% of the total (similar data 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 amortised 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, 71% of forborne performing exposures has a vintage of classification  $\leq$  24 months, in line with UniCredit S.p.A. portfolio (66%). In terms of forborne non-performing loans, 60% of consolidated exposures fall within a classification vintage  $\leq$  24 months (48% for UniCredit S.p.A. portfolio).

In light of the Covid-19 Pandemic, the European Banking Authority issued the “*Guidelines on legislative and non-legislative moratoria on loan repayments applied in the light of the Covid-19 crisis issued*<sup>34</sup>” providing specific indications to the banks on the regulatory treatment of the legislative moratoria and banking initiatives in terms of Forbearance Classification; for details refer to the paragraph General Aspects - Section 2.1. Credit Risk.

In addition, regarding the assessment of the Significant Increase of the Credit Risk. in the context of the Covid-19 pandemic, please refer to the paragraph Measurement methods for expected losses - Section 2.1. Credit Risk.

<sup>34</sup> EBA Guidelines - on legislative and non-legislative moratoria on loan repayments applied in the light of the Covid-19 crisis issued on 2 April 2020 (“EBA/GL/2020/02”).



## Part E - Information on risks and 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)

PORTFOLIOS/RISK STAGES	STAGE 1			STAGE 2			STAGE 3		
	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	4,267	114	95	1,568	775	616	2,100	178	2,792
2. Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-
3. Financial instruments classified as held for sale	27	-	-	-	14	-	120	4	110
<b>Total 12.31.2020</b>	<b>4,294</b>	<b>114</b>	<b>95</b>	<b>1,568</b>	<b>789</b>	<b>616</b>	<b>2,220</b>	<b>182</b>	<b>2,902</b>
<b>Total 12.31.2019</b>	<b>7,533</b>	<b>253</b>	<b>194</b>	<b>1,431</b>	<b>1,190</b>	<b>732</b>	<b>2,458</b>	<b>512</b>	<b>4,727</b>

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)

SOURCES/RISK STAGES	OVERALL WRITE-DOWNS									
	FINANCIAL ASSETS CLASSIFIED IN STAGE 1					FINANCIAL ASSETS CLASSIFIED IN STAGE 2				
	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
<b>Opening balance (gross amount)</b>	<b>1,091</b>	<b>44</b>	<b>5</b>	<b>206</b>	<b>934</b>	<b>1,854</b>	<b>5</b>	<b>1</b>	<b>328</b>	<b>1,532</b>
Increases in acquired or originated financial assets	248	4	-	-	252	411	3	-	-	413
Reversals different from write-offs	(203)	(6)	-	(4)	(205)	(193)	-	-	(2)	(190)
Net losses/recoveries on credit impairment	154	12	2	(1)	168	1,213	1	2	171	1,045
Contractual changes without cancellation	9	-	10	-	9	1	-	-	-	1
Changes in estimation methodology	-	-	-	-	-	-	-	-	-	-
Write-off	(3)	-	-	-	(3)	(10)	-	-	-	(10)
Other changes	(92)	(4)	(3)	(110)	8	(278)	(1)	-	(272)	(7)
<b>Closing balance (gross amount)</b>	<b>1,204</b>	<b>50</b>	<b>14</b>	<b>91</b>	<b>1,163</b>	<b>2,998</b>	<b>8</b>	<b>3</b>	<b>225</b>	<b>2,784</b>
Recoveries from financial assets subject to write-off	-	-	-	-	-	-	-	-	-	-
Write-off are not recognised directly in profit or loss	(29)	-	-	-	(29)	(3)	-	-	-	(3)

## Part E - Information on risks and hedging policies

continued: A.1.2 Regulatory consolidation - Financial assets, loan commitments and financial guarantees given: changes in overall impairments and provisions

(€ million)

SOURCES/RISK STAGES	OVERALL WRITE-DOWNS						TOTAL PROVISIONS ON LOANS COMMITMENTS AND FINANCIAL GUARANTEES GIVEN			TOTAL
	ASSETS BELONGING TO THIRD STAGE					OF WHICH: ACQUIRED OR ORIGINATED IMPAIRED FINANCIAL ASSETS	STAGE 1	STAGE 2	STAGE 3	
	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)	17,544	-	371	13,998	3,918	19	168	90	784	21,957
Increases in acquired or originated financial assets	336	-	2	288	50	-	38	56	79	1,177
Reversals different from write-offs	(2,210)	-	(2,393)	(4,044)	(559)	(3)	(30)	(18)	(195)	(5,248)
Net losses/recoveries on credit impairment	2,762	-	74	1,975	862	(45)	13	43	293	4,569
Contractual changes without cancellation	(1)	-	-	(3)	2	2	-	-	-	19
Changes in estimation methodology	-	-	-	-	-	-	-	-	-	-
Write-off	(2,349)	-	(44)	(2,078)	(315)	(3)	-	-	-	(2,406)
Other changes	(3,333)	1	2,539	(368)	(427)	44	(14)	11	(55)	(1,229)
Closing balance (gross amount)	12,749	1	549	9,768	3,531	14	175	182	906	18,839
Recoveries from financial assets subject to write-off	81	-	-	54	28	-	-	-	-	81
Write-off are not recognised directly in profit or loss	(184)	-	(32)	(145)	(71)	(40)	-	-	-	(248)

## 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	51,938	8,138	3,318	484	3,141	174
2. Financial assets at fair value through other comprehensive income	-	-	-	-	-	-
3. Financial instruments classified as held for sale	83	8	8	2	28	1
4. Loan commitments and financial guarantees given	13,163	3,128	323	48	550	21
<b>Total 12.31.2020</b>	<b>65,184</b>	<b>11,274</b>	<b>3,649</b>	<b>534</b>	<b>3,719</b>	<b>196</b>
<b>Total 12.31.2019</b>	<b>24,957</b>	<b>12,116</b>	<b>2,062</b>	<b>518</b>	<b>2,752</b>	<b>507</b>

## A.1.3a Other loans and advances subject to Covid-19 measures: 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
<b>A. Financial assets at amortised cost</b>	<b>14,811</b>	<b>574</b>	<b>817</b>	<b>27</b>	<b>418</b>	<b>16</b>
A.1. EBA-compliant moratoria loans and advances	11,505	487	395	24	346	16
A.2. Other loans and advances with Covid-19 related forbearance measures	150	1	406	1	61	-
A.3. Newly originated loans and advances	3,156	86	16	2	11	-
<b>B. Financial assets at fair value through other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
B.1. EBA-compliant moratoria loans and advances	-	-	-	-	-	-
B.2. Other loans and advances with Covid-19 related forbearance measures	-	-	-	-	-	-
B.3. Newly originated loans and advances	-	-	-	-	-	-
<b>Total 12.31.2020</b>	<b>14,811</b>	<b>574</b>	<b>817</b>	<b>27</b>	<b>418</b>	<b>16</b>

## Part E - Information on risks and hedging policies

## A.1.4 Regulatory consolidation - On- and off-balance sheet credit exposures with banks: gross and net values

(€ million)

EXPOSURE TYPES/VALUES	AMOUNTS AS AT		12.31.2020		
	GROSS EXPOSURE		OVERALL WRITE-DOWNS AND PROVISIONS	NET EXPOSURE	OVERALL PARTIAL WRITE-OFFS <sup>(*)</sup>
	NON-PERFORMING	PERFORMING			
<b>A. On-balance sheet credit exposures</b>					
a) Bad exposures	1	X	1	-	-
<i>of which: forbome exposures</i>	-	X	-	-	-
b) Unlikely to pay	6	X	6	-	-
<i>of which: forbome exposures</i>	2	X	2	-	-
c) Non-performing past due	-	X	-	-	-
<i>of which: forbome exposures</i>	-	X	-	-	-
d) Performing past due	X	382	-	382	-
<i>of which: forbome exposures</i>	X	-	-	-	-
e) Other performing exposures	X	133,147	18	133,129	-
<i>of which: forbome exposures</i>	X	-	-	-	-
<b>Total (A)</b>	<b>7</b>	<b>133,529</b>	<b>25</b>	<b>133,511</b>	<b>-</b>
<b>B. Off-balance sheet credit exposures</b>					
a) Non-performing	10	X	-	10	-
b) Performing	X	30,531	5	30,526	-
<b>Total (B)</b>	<b>10</b>	<b>30,531</b>	<b>5</b>	<b>30,536</b>	<b>-</b>
<b>Total (A+B)</b>	<b>17</b>	<b>164,060</b>	<b>30</b>	<b>164,047</b>	<b>-</b>

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).

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.

## A.1.5 Regulatory consolidation - On- and off-balance sheet credit exposures with customers: gross and net values

(€ million)

EXPOSURE TYPES/VALUES	AMOUNTS AS AT		12.31.2020		
	GROSS EXPOSURE		OVERALL WRITE-DOWNS AND PROVISIONS	NET EXPOSURE	OVERALL PARTIAL WRITE-OFFS <sup>(*)</sup>
	NON-PERFORMING	PERFORMING			
<b>A. On-balance sheet credit exposures</b>					
a) Bad exposures	7,915	X	6,173	1,742	2,083
<i>of which: forbome exposures</i>	2,142	X	1,559	583	405
b) Unlikely to pay	13,676	X	7,009	6,667	52
<i>of which: forbome exposures</i>	7,551	X	4,053	3,498	6
c) Non-performing past due	760	X	256	504	-
<i>of which: forbome exposures</i>	37	X	16	21	-
d) Performing past due	X	9,736	468	9,268	-
<i>of which: forbome exposures</i>	X	840	140	700	-
e) Other performing exposures	X	580,305	3,779	576,526	-
<i>of which: forbome exposures</i>	X	4,993	396	4,597	-
<b>Total (A)</b>	<b>22,351</b>	<b>590,041</b>	<b>17,685</b>	<b>594,707</b>	<b>2,135</b>
<b>B. Off-balance sheet credit exposures</b>					
a) Non-performing	4,078	X	1,011	3,067	-
b) Performing	X	328,698	372	328,326	-
<b>Total (B)</b>	<b>4,078</b>	<b>328,698</b>	<b>1,383</b>	<b>331,393</b>	<b>-</b>
<b>Total (A+B)</b>	<b>26,429</b>	<b>918,739</b>	<b>19,068</b>	<b>926,100</b>	<b>2,135</b>

Note:

(\*) Value shown for information purposes.

## Part E - Information on risks and hedging policies

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).

## A.1.5a Other loans and advances subject to Covid-19 measures: gross and net value

(€ million)

EXPOSURE TYPES/VALUES	AMOUNTS AS AT 12.31.2020		
	GROSS EXPOSURE	OVERALL WRITE-DOWNS AND PROVISIONS	NET EXPOSURE
<b>A. Bad loans</b>	<b>22</b>	<b>13</b>	<b>9</b>
EBA-compliant moratoria loans and advances	13	10	3
Other loans and advances with Covid-19 related forbearance measures	6	3	3
Newly originated loans and advances	3	-	3
<b>B. Unlikely to pay loans</b>	<b>1,297</b>	<b>436</b>	<b>861</b>
EBA-compliant moratoria loans and advances	722	346	376
Other loans and advances with Covid-19 related forbearance measures	515	70	445
Newly originated loans and advances	60	20	40
<b>C. Non-performing past due loans</b>	<b>21</b>	<b>9</b>	<b>12</b>
EBA-compliant moratoria loans and advances	14	5	9
Other loans and advances with Covid-19 related forbearance measures	6	4	2
Newly originated loans and advances	1	-	1
<b>D. Performing past due loans</b>	<b>554</b>	<b>33</b>	<b>521</b>
EBA-compliant moratoria loans and advances	464	31	433
Other loans and advances with Covid-19 related forbearance measures	12	1	11
Newly originated loans and advances	78	1	77
<b>E. Other performing exposures loans</b>	<b>37,967</b>	<b>713</b>	<b>37,254</b>
EBA-compliant moratoria loans and advances	21,668	654	21,014
Other loans and advances with Covid-19 related forbearance measures	161	10	151
Newly originated loans and advances	16,138	49	16,089

During 2020 several actions have been taken regarding lending processes across the Group Legal Entities to properly deal with Covid-19 emergency. At the end of December 2020, loans benefitting from moratoria and guarantees amounted to €39,861 million, of which €38,521 million performing and €1,340 million non performing (3,4% of total loans), of which €22 million bad loans, €1,297 million unlikely to pay, €21 million non performing past due. The largest components of the loans benefitting from Covid-19 initiatives are in Italy, representing 84% of Group figures (99% classified as Performing), and in CEE countries, representing 11% of Group figures (92% classified as Performing).

## Part E - Information on risks and hedging policies

**A.1.6 Regulatory consolidation - On-balance sheet exposures with banks: changes in gross non-performing exposures**

(€ million)

SOURCES/CATEGORIES	CHANGES IN 2020		
	BAD EXPOSURES	UNLIKELY TO PAY	NON-PERFORMING PAST DUE
<b>A. Opening balance (gross amount)</b>	<b>2</b>	<b>4</b>	<b>-</b>
<i>of which sold non-cancelled exposures</i>	-	-	-
<b>B. Increases</b>	<b>-</b>	<b>17</b>	<b>-</b>
B.1 Transfers from performing loans	-	15	-
B.2 Transfers from acquired or originated impaired financial assets	-	-	-
<i>of which: business combinations</i>	-	-	-
B.3 Transfers from other categories of non-performing exposures	-	-	-
B.4 Contractual changes with no cancellations	-	-	-
B.5 Other increases	-	2	-
<i>of which: business combinations - mergers</i>	-	-	-
<b>C. Reductions</b>	<b>1</b>	<b>15</b>	<b>-</b>
C.1 Transfers to performing loans	-	-	-
C.2 Write-offs	-	-	-
C.3 Collections	-	15	-
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	1	-	-
<i>of which: business combinations</i>	-	-	-
<b>D. Closing balance (gross amount)</b>	<b>1</b>	<b>6</b>	<b>-</b>
<i>of which sold non-cancelled exposures</i>	-	-	-

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 forbore exposures**

(€ million)

SOURCES/QUALITY	CHANGES IN 2020	
	FORBORNE EXPOSURES: NON PERFORMING	FORBORNE EXPOSURES: PERFORMING
<b>A. Opening balance (gross amount)</b>	<b>-</b>	<b>-</b>
<i>of which sold non-cancelled exposures</i>	-	-
<b>B. Increases</b>	<b>3</b>	<b>-</b>
B.1 Transfers from performing non-forborne exposures	-	-
B.2 Transfers from performing forbore exposures	-	X
B.3 Transfers from non-performing forbore exposures	X	-
<i>of which: business combinations</i>	X	-
B.4 Other increases	3	-
<i>of which: business combinations - mergers</i>	-	-
<b>C. Reductions</b>	<b>1</b>	<b>-</b>
C.1 Transfers to performing non-forborne exposures	X	-
C.2 Transfers to performing forbore exposures	-	X
C.3 Transfers to non-performing forbore exposures	X	-
C.4 Write-offs	-	-
C.5 Collections	1	-
C.6 Sale proceeds	-	-
C.7 Losses from disposal	-	-
C.8 Other reductions	-	-
<i>of which: business combinations</i>	-	-
<b>D. Closing balance (gross amount)</b>	<b>2</b>	<b>-</b>
<i>of which sold non-cancelled exposures</i>	-	-

## Part E - Information on risks and hedging policies

Off-balance sheet exposures to customers comprises guarantees given, irrevocable commitments, derivatives regardless of each transaction's classification category and the revocable commitments to disburse funds.

The total amount of forbore exposures (including those belonging to disposal groups/held for sale) is €16.5 billion (€10.1 billion non performing and €6.4 billion performing). These exposures refer for 59% to the Italian perimeter, while the remaining amount refers for 20% to CEE countries, to Germany for 11% and for the 9% to Austria.

For a description of the rules for identification of forbore exposures refer to Part E - Information on risks and hedging policies - Section 1 Credit Risk, Paragraph 2.5 (Non-performing exposures).

On-balance sheet impaired gross exposures connected to the proposals for recourse to an arrangement with creditors made by the debtor, for the positions that have been converted into a Debt restructuring agreement pursuant to article 182-bis of the Bankruptcy Law or continuity of business, as well as the positions not yet assigned or with liquidatory purposes, amounted to a total of €1,151 million at 31 December 2020, against which specific impairments have been made for €855 million, with a total coverage level of 74%.

### A.1.7 Regulatory consolidation - On-balance sheet credit exposures with customers: changes in gross non-performing exposures

(€ million)

SOURCES/CATEGORIES	CHANGES IN 2020		
	BAD EXPOSURES	UNLIKELY TO PAY	NON-PERFORMING PAST DUE
<b>A. Opening balance (gross amount)</b>	<b>13,553</b>	<b>13,204</b>	<b>1,378</b>
<i>of which sold non-cancelled exposures</i>	372	840	7
<b>B. Increases</b>	<b>2,621</b>	<b>7,335</b>	<b>736</b>
B.1 Transfer from performing loans	533	5,876	668
B.2 Transfer from acquired or originated impaired financial assets	-	-	-
<i>of which: business combinations</i>	-	-	-
B.3 Transfer from other non-performing exposures	1,453	286	13
B.4 Contractual changes with no cancellations	-	-	-
B.5 Other increases	635	1,173	55
<i>of which: business combinations - mergers</i>	-	-	-
<b>C. Decreases</b>	<b>8,259</b>	<b>6,863</b>	<b>1,354</b>
C.1 Transfers to performing loans	180	613	165
C.2 Write-offs	1,726	705	5
C.3 Collections	1,101	2,036	213
C.4 Sale proceeds	807	514	4
C.5 Losses on disposals	136	56	-
C.6 Transfers to other non-performing exposures	100	1,219	433
C.7 Contractual changes with no cancellations	-	6	-
C.8 Other decreases	4,209	1,714	534
<i>of which: business combinations</i>	-	-	-
<b>D. Closing balance (gross amount)</b>	<b>7,915</b>	<b>13,676</b>	<b>760</b>
<i>of which sold non-cancelled exposures</i>	464	1,346	7

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 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 2020	
	FORBORNE EXPOSURES: NON-PERFORMING	FORBORNE EXPOSURES: PERFORMING
<b>A. Opening balance (gross amount)</b>	<b>10,978</b>	<b>5,912</b>
<i>of which sold non-cancelled exposures</i>	794	62
<b>B. Increases</b>	<b>4,867</b>	<b>4,548</b>
B.1 Transfers from performing non-forborne exposures	1,345	3,633
B.2 Transfers from performing forbone exposures	1,017	X
B.3 Transfers from non-performing forborne exposures	X	420
<i>of which: business combinations</i>	X	-
B.4 Other increases	2,505	495
<i>of which: business combinations - mergers</i>	-	-
<b>C. Reductions</b>	<b>6,115</b>	<b>4,627</b>
C.1 Transfers to performing non-forborne exposures	X	1,092
C.2 Transfers to performing forbone exposures	420	X
C.3 Transfers to non-performing forborne exposures	X	1,017
C.4 Write-offs	1,063	2
C.5 Collections	1,805	1,147
C.6 Sale proceeds	463	2
C.7 Losses from disposal	51	-
C.8 Other reductions	2,313	1,367
<i>of which: business combinations</i>	-	-
<b>D. Closing balance (gross amount)</b>	<b>9,730</b>	<b>5,833</b>
<i>of which sold non-cancelled exposures</i>	1,461	62

## Part E - Information on risks and hedging policies

## A.1.8 Regulatory consolidation - On-balance sheet non-performing credit exposures with banks: changes in overall write-downs

(€ million)

SOURCES/CATEGORIES	CHANGES IN 2020					
	NON-PERFORMING LOANS		UNLIKELY TO PAY		NON-PERFORMING PAST DUE	
	TOTAL	OF WHICH FORBORNE EXPOSURES	TOTAL	OF WHICH FORBORNE EXPOSURES	TOTAL	OF WHICH FORBORNE EXPOSURES
<b>A. Opening balance (gross amount)</b>	<b>2</b>	-	<b>4</b>	-	-	-
<i>of which sold non-cancelled exposures</i>	-	-	-	-	-	-
<b>B. Increases</b>	-	-	<b>4</b>	<b>2</b>	-	-
B.1 Write-downs of acquired or originated impaired financial assets	-	X	2	X	-	X
<i>of which: business combinations</i>	-	-	-	-	-	-
B.2 Other write-downs	-	-	-	2	-	-
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	-	-	2	-	-	-
<i>of which: business combinations - mergers</i>	-	-	-	-	-	-
<b>C. Reductions</b>	<b>1</b>	-	<b>2</b>	-	-	-
C.1 Write-backs from valuation	-	-	-	-	-	-
C.2 Write-backs from collections	-	-	2	-	-	-
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	1	-	-	-	-	-
<i>of which: business combinations</i>	-	-	-	-	-	-
<b>D. Closing balance (gross amount)</b>	<b>1</b>	-	<b>6</b>	<b>2</b>	-	-
<i>of which sold non-cancelled exposures</i>	-	-	-	-	-	-



## Part E - Information on risks and hedging policies

## A.1.9 Regulatory consolidation - On-balance sheet non-performing credit exposures with customers: changes in overall write-downs

(€ million)

SOURCES/CATEGORIES	CHANGES IN 2020					
	NON-PERFORMING LOANS		UNLIKELY TO PAY		NON-PERFORMING PAST DUE	
	TOTAL	OF WHICH FORBORNE EXPOSURES	TOTAL	OF WHICH FORBORNE EXPOSURES	TOTAL	OF WHICH FORBORNE EXPOSURES
<b>A. Opening balance (gross amount)</b>	<b>10,266</b>	<b>2,374</b>	<b>7,329</b>	<b>4,395</b>	<b>464</b>	<b>63</b>
<i>of which sold non-cancelled exposures</i>	273	132	394	338	2	-
<b>B. Increases</b>	<b>2,939</b>	<b>1,023</b>	<b>4,090</b>	<b>2,398</b>	<b>239</b>	<b>13</b>
B.1 Write-downs of acquired or originated impaired financial assets	63	X	186	X	6	X
<i>of which: business combinations</i>	-	-	-	-	-	-
B.2 Other write-downs	1,573	560	3,185	1,837	178	6
B.3 Losses on disposal	188	28	53	23	-	-
B.4 Transfers from other categories of non-performing exposures	831	404	119	20	8	3
B.5 Contractual changes with no cancellations	-	X	6	X	-	X
B.6 Other increases	284	31	541	518	47	4
<i>of which: business combinations - mergers</i>	-	-	-	-	-	-
<b>C. Reductions</b>	<b>7,032</b>	<b>1,838</b>	<b>4,410</b>	<b>2,740</b>	<b>447</b>	<b>60</b>
C.1 Write-backs from valuation	513	213	863	559	25	2
C.2 Write-backs from collections	470	136	316	137	49	1
C.3 Gains from disposals	94	13	103	63	-	-
C.4 Write-offs	1,726	617	705	446	5	-
C.5 Transfers to other categories of non-performing exposures	57	12	741	405	160	10
C.6 Contractual changes with no cancellations	-	X	7	X	-	X
C.7 Other decreases	4,172	847	1,675	1,130	208	47
<i>of which: business combinations</i>	-	-	-	-	-	-
<b>D. Closing balance (gross amount)</b>	<b>6,173</b>	<b>1,559</b>	<b>7,009</b>	<b>4,053</b>	<b>256</b>	<b>16</b>
<i>of which sold non-cancelled exposures</i>	368	199	724	677	2	-

## Part E - Information on risks and 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)

EXPOSURES	AMOUNT AS AT 12.31.2020							(€ million)	
	EXTERNAL RATING CLASSES						NO RATING	TOTAL	
	CLASS 1	CLASS 2	CLASS 3	CLASS 4	CLASS 5	CLASS 6			
<b>A. Financial assets at amortised cost</b>									
- Stage 1	49,231	33,733	72,359	7,227	4,412	341	367,906	535,209	
- Stage 2	354	431	1,416	1,115	675	263	80,155	84,409	
- Stage 3	1	11	121	-	293	51	20,844	21,321	
<b>B. Financial assets at fair value through other comprehensive income</b>									
- Stage 1	24,941	9,468	31,639	859	-	-	3,818	70,725	
- Stage 2	-	-	31	53	124	-	263	471	
- Stage 3	-	-	-	-	-	-	1	1	
<b>C. Financial instruments classified as held for sale</b>									
- Stage 1	-	38	139	136	181	220	230	944	
- Stage 2	-	-	-	8	10	94	3	115	
- Stage 3	-	-	-	-	-	45	782	827	
<b>Total (A+B+C)</b>	<b>74,527</b>	<b>43,681</b>	<b>105,705</b>	<b>9,398</b>	<b>5,695</b>	<b>1,014</b>	<b>474,002</b>	<b>714,022</b>	
<i>of which: acquired or originated impaired financial assets</i>	-	-	14	-	-	-	127	141	
<b>D. Loan commitments and financial guarantees given</b>									
- Stage 1	2,726	7,713	27,819	7,613	2,192	85	144,406	192,554	
- Stage 2	101	796	1,451	140	182	125	25,283	28,078	
- Stage 3	-	-	37	-	443	-	2,130	2,610	
<b>Total (D)</b>	<b>2,827</b>	<b>8,509</b>	<b>29,307</b>	<b>7,753</b>	<b>2,817</b>	<b>210</b>	<b>171,819</b>	<b>223,242</b>	
<b>Total (A+B+C+D)</b>	<b>77,354</b>	<b>52,190</b>	<b>135,012</b>	<b>17,151</b>	<b>8,512</b>	<b>1,224</b>	<b>645,821</b>	<b>937,264</b>	

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 Sovereigns, 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 agency rating is available, the most prudential rating is assigned.

Here below the mapping between the external rating classes and the ECAI's rating used.

EXTERNAL RATING CLASSES	ECAI					
	MOODY'S		STANDARD & POOR'S		FITCH	
	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 90.8% of rated counterparties were investment grade (from Class 1 to Class 3), referring to highly rated borrowers.

## Part E - Information on risks and hedging policies

Unrated exposures, i.e. those with no external rating, were 68.8% 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)

EXPOSURES	AMOUNT AS AT 12.31.2020									NO RATING	TOTAL
	INTERNAL RATING CLASSES										
	1	2	3	4	5	6	7	8	9		
<b>A. Financial assets at amortised cost</b>											
- Stage 1	59,061	10,908	88,982	238,183	47,426	25,142	8,094	1,767	521	55,125	535,209
- Stage 2	237	1,315	3,262	19,511	14,545	18,742	12,465	7,053	4,555	2,724	84,409
- Stage 3	-	-	-	-	-	1	37	571	3,933	16,779	21,321
<b>B. Financial assets at fair value through other comprehensive income</b>											
- Stage 1	17,445	5,067	12,450	27,651	21	131	-	15	-	7,945	70,725
- Stage 2	-	-	-	-	390	76	5	-	-	-	471
- Stage 3	-	-	-	-	-	-	-	-	-	1	1
<b>C. Financial instruments classified as held for sale</b>											
- Stage 1	-	38	139	137	181	137	81	2	-	229	944
- Stage 2	-	-	-	8	10	7	87	-	-	3	115
- Stage 3	-	-	-	-	-	-	-	32	13	782	827
<b>Total (A+B+C)</b>	<b>76,743</b>	<b>17,328</b>	<b>104,833</b>	<b>285,490</b>	<b>62,573</b>	<b>44,236</b>	<b>20,769</b>	<b>9,440</b>	<b>9,022</b>	<b>83,588</b>	<b>714,022</b>
<i>of which: acquired or originated impaired financial assets</i>	-	-	-	2	2	4	1	1	31	100	141
<b>D. Loan commitments and financial guarantees given</b>											
- Stage 1	1,811	7,377	35,996	62,711	14,420	19,325	2,848	846	119	47,101	192,554
- Stage 2	13	2,089	4,671	7,218	4,638	4,904	2,359	1,331	348	507	28,078
- Stage 3	-	-	-	-	-	-	-	39	622	1,949	2,610
<b>Total (D)</b>	<b>1,824</b>	<b>9,466</b>	<b>40,667</b>	<b>69,929</b>	<b>19,058</b>	<b>24,229</b>	<b>5,207</b>	<b>2,216</b>	<b>1,089</b>	<b>49,557</b>	<b>223,242</b>
<b>Total (A+B+C+D)</b>	<b>78,567</b>	<b>26,794</b>	<b>145,500</b>	<b>355,419</b>	<b>81,631</b>	<b>68,465</b>	<b>25,976</b>	<b>11,656</b>	<b>10,111</b>	<b>133,145</b>	<b>937,264</b>

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 and sovereigns) or bank-specific, by segment (e.g. retail or corporate).

The various rating scales of these models are mapped onto a single master-scale of 9 classes based on Probability of Default (PD).

75.4% of internally rated exposures were investment grade (classes 1 to 4), while exposures towards unrated counterparties were 14.1% 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 that were authorised for the IRB approach from Central bank. Legal Entities currently authorised are: UniCredit S.p.A., UniCredit Bank AG, UniCredit Bank Austria AG, UniCredit Bank Ireland p.l.c., UniCredit Banka Slovenija d.d., UniCredit Bulbank AD, UniCredit Bank Czech Republic and Slovakia a.s., UniCredit Bank Hungary zrt, UniCredit Tiriac Bank S.A., ZAO UniCredit Bank and UniCredit Leasing GmbH and related subsidiaries UniCredit Leasing Finance GMBH, UniCredit Leasing Aviation GMBH.

## Part E - Information on risks and hedging policies

## 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 12.31.2020					
	GROSS EXPOSURE	NET EXPOSURE	COLLATERALS (1)			
			PROPERTY - MORTGAGES	PROPERTY - LEASE LOANS	SECURITIES	OTHER COLLATERALS
<b>1. Secured on-balance sheet credit exposures</b>						
1.1 Totally secured	20,839	20,838	45	1	10,861	9,408
<i>of which non-performing</i>	-	-	-	-	-	-
1.2 Partially secured	4,696	4,695	3	-	4,364	-
<i>of which non-performing</i>	-	-	-	-	-	-
<b>2. Secured off-balance sheet credit exposures</b>						
2.1 Totally secured	1,712	1,712	-	-	1,110	62
<i>of which non-performing</i>	-	-	-	-	-	-
2.2 Partially secured	1,556	1,556	-	-	3	2
<i>of which non-performing</i>	-	-	-	-	-	-

continued: A.3.1 Regulatory consolidation - Secured on-balance and off-balance sheet credit exposures with banks

(€ million)

	AMOUNT AS AT 12.31.2020									
	GUARANTEES (2)									
	CLN	CREDIT DERIVATIVES				SIGNATURE LOANS (LOANS GUARANTEES)				TOTAL (1)+(2)
		OTHER CREDIT DERIVATIVES				GOVERNMENTS AND OTHER PUBLIC SECTOR ENTITIES	BANKS	OTHER PUBLIC ENTITIES	OTHER ENTITIES	
GOVERNMENT AND CENTRAL BANKS		BANKS	OTHER PUBLIC ENTITIES	OTHER ENTITIES						
<b>1. Secured on-balance sheet credit exposures</b>										
1.1 Totally secured	-	-	-	-	370	53	3	1	20,742	
<i>of which non-performing</i>	-	-	-	-	-	-	-	-	-	
1.2 Partially secured	-	-	-	-	102	25	4	-	4,498	
<i>of which non-performing</i>	-	-	-	-	-	-	-	-	-	
<b>2. Secured off-balance sheet credit exposures</b>										
2.1 Totally secured	-	-	-	-	-	175	1	361	1,709	
<i>of which non-performing</i>	-	-	-	-	-	-	-	-	-	
2.2 Partially secured	-	-	-	-	-	29	6	33	73	
<i>of which non-performing</i>	-	-	-	-	-	-	-	-	-	

## Part E - Information on risks and hedging policies

## A.3.2 Regulatory consolidation - Secured on-balance and off-balance sheet credit exposures with customers

(€ million)

	AMOUNT AS AT 12.31.2020					
	GROSS EXPOSURE	NET EXPOSURE	COLLATERALS (1)			
			PROPERTY - MORTGAGES	PROPERTY - LEASE LOANS	SECURITIES	OTHER COLLATERALS
<b>1. Secured on-balance sheet credit exposures</b>						
1.1 Totally secured	231,845	223,088	121,613	10,469	34,505	18,523
<i>of which non-performing</i>	11,873	4,950	2,699	569	13	262
1.2 Partially secured	75,602	73,826	17,955	334	1,224	5,115
<i>of which non-performing</i>	2,547	1,469	316	9	49	135
<b>2. Secured off-balance sheet credit exposures</b>						
2.1 Totally secured	49,334	49,120	4,285	18	19,176	2,432
<i>of which non-performing</i>	776	619	203	-	13	41
2.2 Partially secured	54,774	54,557	1,245	-	518	1,900
<i>of which non-performing</i>	648	490	9	-	4	27

continued: A.3.2 Regulatory consolidation - Secured on-balance and off-balance sheet credit exposures with customers

(€ million)

	AMOUNT AS AT 12.31.2020									
	GUARANTEES (2)									
	CREDIT DERIVATIVES					SIGNATURE LOANS (LOANS GUARANTEES)				
	CLN	OTHER CREDIT DERIVATIVES				GOVERNMENTS AND OTHER PUBLIC SECTOR ENTITIES	BANKS	OTHER PUBLIC ENTITIES	OTHER ENTITIES	TOTAL (1)+(2)
GOVERNMENT AND CENTRAL BANKS		BANKS	OTHER PUBLIC ENTITIES	OTHER ENTITIES						
<b>1. Secured on-balance sheet credit exposures</b>										
1.1 Totally secured	-	-	-	-	13,002	1,034	2,226	18,743	<b>220,115</b>	
<i>of which non-performing</i>	-	-	-	-	607	35	33	478	<b>4,696</b>	
1.2 Partially secured	-	-	-	-	12,151	1,523	354	3,398	<b>42,054</b>	
<i>of which non-performing</i>	-	-	-	-	295	67	53	63	<b>987</b>	
<b>2. Secured off-balance sheet credit exposures</b>										
2.1 Totally secured	-	-	-	-	2,366	1,528	2,790	15,957	<b>48,552</b>	
<i>of which non-performing</i>	-	-	-	-	77	51	26	187	<b>598</b>	
2.2 Partially secured	-	-	-	-	1,324	492	457	2,603	<b>8,539</b>	
<i>of which non-performing</i>	-	-	-	-	79	23	4	45	<b>191</b>	

## 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
<b>A. Property, plant and equipment</b>	<b>872</b>	<b>825</b>	<b>88</b>	<b>737</b>	<b>49</b>
A.1 Used in business	-	1	-	1	-
A.2 Held for investment	19	37	19	18	-
A.3 Inventories	853	787	69	718	49
<b>B. Equity instruments and debt securities</b>	<b>721</b>	<b>608</b>	<b>47</b>	<b>561</b>	<b>46</b>
<b>C. Other assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>D. Non-current assets and disposal groups classified as held for sale</b>	<b>3</b>	<b>37</b>	<b>16</b>	<b>21</b>	<b>-</b>
D.1 Property, plant and equipment	3	37	16	21	-
D.2 Other assets	-	-	-	-	-
<b>Total 12.31.2020</b>	<b>1,596</b>	<b>1,470</b>	<b>151</b>	<b>1,319</b>	<b>95</b>
<b>Total 12.31.2019</b>	<b>591</b>	<b>678</b>	<b>154</b>	<b>522</b>	<b>202</b>

## Part E - Information on risks and 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
<b>A. On-balance sheet credit exposures</b>										
A.1 Bad exposures	3	31	151	410	1	-	1,221	4,135	367	1,597
of which: forbome exposures	-	1	92	189	1	-	396	1,089	95	280
A.2 Unlikely to pay	391	14	634	435	1	-	4,579	5,571	1,063	989
of which: forbome exposures	3	2	254	164	1	-	2,679	3,348	562	539
A.3 Non-performing past-due	53	1	1	-	-	-	134	50	316	205
of which: forbome exposures	-	-	-	-	-	-	9	9	12	7
A.4 Performing exposures	142,154	122	83,184	262	4,268	1	238,092	1,955	122,364	1,908
of which: forbome exposures	18	-	195	8	2	-	3,454	256	1,630	272
<b>Total (A)</b>	<b>142,601</b>	<b>168</b>	<b>83,970</b>	<b>1,107</b>	<b>4,270</b>	<b>1</b>	<b>244,026</b>	<b>11,711</b>	<b>124,110</b>	<b>4,699</b>
<b>B. Off-balance sheet credit exposures</b>										
B.1 Non-performing exposures	138	-	73	49	-	-	2,805	957	51	5
B.2 Performing exposures	14,922	4	61,742	51	1,800	1	233,158	286	16,804	31
<b>Total (B)</b>	<b>15,060</b>	<b>4</b>	<b>61,815</b>	<b>100</b>	<b>1,800</b>	<b>1</b>	<b>235,963</b>	<b>1,243</b>	<b>16,855</b>	<b>36</b>
<b>Total (A+B)</b>										
<b>12.31.2020</b>	<b>157,661</b>	<b>172</b>	<b>145,785</b>	<b>1,207</b>	<b>6,070</b>	<b>2</b>	<b>479,989</b>	<b>12,954</b>	<b>140,965</b>	<b>4,735</b>
<b>Total (A+B)</b>										
<b>12.31.2019</b>	<b>155,900</b>	<b>158</b>	<b>156,948</b>	<b>979</b>	<b>4,609</b>	<b>4</b>	<b>501,309</b>	<b>17,022</b>	<b>149,840</b>	<b>3,993</b>

## 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
<b>A. On-balance sheet credit exposures</b>										
A.1 Bad exposures	793	4,055	918	2,031	18	34	12	12	1	41
A.2 Unlikely to pay	2,820	4,440	3,259	2,387	165	76	28	96	395	10
A.3 Non-performing past-due	326	153	127	98	-	4	51	1	-	-
A.4 Performing exposures	247,567	2,314	309,199	1,853	10,882	45	13,878	22	4,268	13
<b>Total (A)</b>	<b>251,506</b>	<b>10,962</b>	<b>313,503</b>	<b>6,369</b>	<b>11,065</b>	<b>159</b>	<b>13,969</b>	<b>131</b>	<b>4,664</b>	<b>64</b>
<b>B. Off-balance sheet credit exposures</b>										
B.1 Non-performing exposures	1,995	333	868	669	48	7	18	1	138	1
B.2 Performing exposures	132,832	88	175,108	256	15,483	17	2,891	10	312	1
<b>Total (B)</b>	<b>134,827</b>	<b>421</b>	<b>175,976</b>	<b>925</b>	<b>15,531</b>	<b>24</b>	<b>2,909</b>	<b>11</b>	<b>450</b>	<b>2</b>
<b>Total (A+B)</b>										
<b>12.31.2020</b>	<b>386,333</b>	<b>11,383</b>	<b>489,479</b>	<b>7,294</b>	<b>26,596</b>	<b>183</b>	<b>16,878</b>	<b>142</b>	<b>5,114</b>	<b>66</b>
<b>Total (A+B)</b>										
<b>12.31.2019</b>	<b>403,462</b>	<b>14,103</b>	<b>507,531</b>	<b>7,784</b>	<b>30,639</b>	<b>131</b>	<b>16,346</b>	<b>47</b>	<b>6,020</b>	<b>86</b>

## 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
<b>A. On-balance sheet credit exposures</b>										
A.1 Bad exposures	-	-	-	-	-	-	-	1	-	-
A.2 Unlikely to pay	-	-	-	-	-	4	-	2	-	-
A.3 Non-performing past-due	-	-	-	-	-	-	-	-	-	-
A.4 Performing exposures	20,599	3	103,689	14	4,164	-	3,785	1	1,274	-
<b>Total (A)</b>	<b>20,599</b>	<b>3</b>	<b>103,689</b>	<b>14</b>	<b>4,164</b>	<b>4</b>	<b>3,785</b>	<b>4</b>	<b>1,274</b>	<b>-</b>
<b>B. Off-balance sheet credit exposures</b>										
B.1 Non-performing exposures	-	-	-	-	-	-	10	-	-	-
B.2 Performing exposures	2,267	1	19,065	2	1,589	-	5,441	1	1,662	1
<b>Total (B)</b>	<b>2,267</b>	<b>1</b>	<b>19,065</b>	<b>2</b>	<b>1,589</b>	<b>-</b>	<b>5,451</b>	<b>1</b>	<b>1,662</b>	<b>1</b>
<b>Total (A+B)</b>										
<b>12.31.2020</b>	<b>22,866</b>	<b>4</b>	<b>122,754</b>	<b>16</b>	<b>5,753</b>	<b>4</b>	<b>9,236</b>	<b>5</b>	<b>2,936</b>	<b>1</b>
<b>Total (A+B)</b>										
<b>12.31.2019</b>	<b>24,364</b>	<b>3</b>	<b>115,913</b>	<b>29</b>	<b>5,614</b>	<b>5</b>	<b>10,631</b>	<b>19</b>	<b>2,804</b>	<b>3</b>

## Part E - Information on risks and hedging policies

### B.4 Large exposures

	12.31.2020
a) Amount book value (€ million)	315,983
b) Amount weighted value (€ million)	12,764
c) Number	10

In compliance with 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 above mentioned regulatory approach, in both the amounts shown in letter a), b), and the number in letter c) in the table above the exposure towards the Central Government assessed according to the above mentioned method is considered only once.

It should be noted that deferred tax assets towards Italian Central Government were considered as fully exempted and, as a consequence, the weighted amount reported is null.

### 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.

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 (i.e. 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 (e.g. Pillarstone and Sandokan transactions);
- other purposes related for example to corporate re-organization, M&A or divestment's assets where the true sale securitization is instrumental to the deleveraging and assets transfer.

The Group carries out both traditional securitisations whereby the receivables portfolio is sold to the SPV 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 deriving from maintenance of the risk of first loss 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.

## Part E - Information on risks and hedging policies

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 the related significant risk transfer, by subscribing a limited portion of securities issued by vehicles of securitisation, in compliance with the rules for maintaining a net economic interest in the securitisation transaction according to the current regulatory requirements (Retention Rule).

The Group's main objectives in its securitisation transactions (whether traditional or synthetic) until 2007 were the optimisation of the loan portfolio by freeing up regulatory and economic capital and obtaining fresh liquidity 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 securitisation 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.

Analysis and realisation of securitisation transactions are carried out within the Parent in close cooperation with the Group originator entities involved and with UniCredit Bank AG, 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 Part C, as required by regulations.

### **Developments of the period**

The Group makes limited use of this type of transactions. The amount of securitised loans<sup>35</sup>, net of the transactions in which the Group has acquired all the liabilities issued by the SPVs (the so-called self-securitisations), accounts for 1.35% of the Group's credit portfolio. Self-securitisations in turn account for 4.46% of the loan portfolio.

During 2020 the Group carried out seven new transactions, of which 4 traditional and 3 synthetic ones:

- Basket Bond Puglia - traditional (originator UniCredit S.p.A.);
- Sandokan 2 - traditional (originator UniCredit S.p.A.);
- Rosenkavalier 2020 - traditional (self-securitisation - originator UniCredit Bank AG);
- Relais 2020 - traditional (originator UniCredit Leasing S.p.A.);
- ArtigianCredito Toscano - synthetic (originator UniCredit S.p.A.);
- Bond del Mezzogiorno 2 - SME Initiative - synthetic (originator UniCredit S.p.A.);
- EaSi MicroCredito 2 - synthetic (originator UniCredit 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.

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.

<sup>35</sup> It refers to loans sold, also synthetically, but not derecognised from balance sheet.



## Part E - Information on risks and hedging policies

The conduits' purchase of assets is financed by short-term commercial paper and medium-term note 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 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)

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
<b>A. Totally derecognised</b>	<b>1,595</b>	<b>-</b>	<b>61</b>	<b>-</b>	<b>28</b>	<b>-</b>
A.1 Residential mortgages	959	-	3	-	-	-
A.2 Loans to SME	117	-	57	-	28	-
A.3 Leasing	520	-	1	-	-	-
<b>B. Partially derecognised</b>	<b>-</b>	<b>-</b>	<b>8</b>	<b>-</b>	<b>1</b>	<b>-19</b>
B.1 Loans to SME	-	-	8	-	1	-19
<b>C. Not-derecognised</b>	<b>2,769</b>	<b>-</b>	<b>295</b>	<b>-</b>	<b>923</b>	<b>-138</b>
C.1 Residential mortgages	319	-	189	-	595	-44
C.2 Loans to SME	2,450	-	106	-	234	-94
C.3 Leasing	-	-	-	-	94	-

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

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
<b>A. Totally derecognised</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
A.1 Residential mortgages	-	-	-	-	-	-
A.2 Loans to SME	-	-	-	-	-	-
A.3 Leasing	-	-	-	-	-	-
<b>B. Partially derecognised</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
B.1 Loans to SME	-	-	-	-	-	-
<b>C. Not-derecognised</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
C.1 Residential mortgages	-	-	-	-	-	-
C.2 Loans to SME	-	-	-	-	-	-
C.3 Leasing	-	-	-	-	-	-

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

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
<b>A. Totally derecognised</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
A.1 Residential mortgages	-	-	-	-	-	-
A.2 Loans to SME	-	-	-	-	-	-
A.3 Leasing	-	-	-	-	-	-
<b>B. Partially derecognised</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
B.1 Loans to SME	-	-	-	-	-	-
<b>C. Not-derecognised</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
C.1 Residential mortgages	-	-	-	-	-	-
C.2 Loans to SME	-	-	-	-	-	-
C.3 Leasing	-	-	-	-	-	-

Write-downs and write-backs, including depreciations and revaluations posted on the income statement or to reserves, refer to financial year 2020 only.

## Part E - Information on risks and hedging policies

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 €1,480 million as at December 2020 from €1,605 million as at December 2019 was due to the termination of the securitisation Large Corporate One and to the natural development of the other transactions.

Moreover, the decrease in balance-sheet net exposures concerning synthetic transactions from €3,885 million in December 2019 to €2,516 million in December 2020 was due to the natural development of the transactions, only partially offset by three new transactions called ArtigianCredito Toscano, Bond del Mezzogiorno 2 - SME Initiative and EaSi MicroCredito 2.

Finally, it should be noted that:

- the net balance-sheet exposure totally derecognised refers to the securitisations of FINO Project, to the traditional securitisation Prisma and to the new traditional securitisation Relais 2020, 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)

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.1 Residential mortgages	1,938	-	20	-	-	-
A.2 Commercial mortgages	24	-	25	-	-	-
A.3 Loans to SME <sup>(*)</sup>	3,114	-	16	-	30	-
A.4 Leasing	196	-	-	-	-	-
A.5 Consumer loans	2,875	-	11	-	-	-
A.6 Other retail exposures	512	-	-	-	3	-
A.7 Trade receivables <sup>(*)</sup>	2,314	-	-	-	1	-

Note:

(\*) Included exposures of subsidiaries subject to consolidation, but not belonging to the banking group.

Write-downs and write-backs, including depreciations and revaluations posted on the income statement or to reserves, refer to financial year 2019 only.

### 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

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.1 Residential mortgages	-	-	-	-	-	-
A.2 Commercial mortgages	-	-	-	-	-	-
A.3 Loans to SME <sup>(*)</sup>	-	-	-	-	-	-
A.4 Leasing	-	-	-	-	-	-
A.5 Consumer loans	-	-	-	-	-	-
A.6 Other retail exposures	-	-	-	-	-	-
A.7 Trade receivables <sup>(*)</sup>	-	-	-	-	-	-

## Part E - Information on risks and 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

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.1 Residential mortgages	-	-	-	-	-	-
A.2 Commercial mortgages	-	-	-	-	-	-
A.3 Loans to SME <sup>(1)</sup>	17	-	-	-	-	-
A.4 Leasing	-	-	-	-	-	-
A.5 Consumer loans	-	-	-	-	-	-
A.6 Other retail exposures	-	-	-	-	-	-
A.7 Trade receivables <sup>(2)</sup>	3,792	-	17	-	-	-

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 €6,070 million (€6,265 million as at 31 December 2019), broken down into asset backed commercial paper and loans for €2,291 million and undrawn credit lines for €3,779 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 underwritten by the Group. This figure is the additional risk exposure incurred by the Group in addition to the underwritten commercial paper.

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 conduits in which the Group acts as sponsor.

## Part E - Information on risks and hedging policies

## Exposures sponsored by the Group

(€ million)

	AMOUNTS AS AT 12.31.2020
<b>Asset Backed Commercial Paper</b>	<b>2,291</b>
- Arabella Finance DAC	2,234
- 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. 39 DAC	-
- Elektra Purchase No. 41 DAC	-
- Elektra Purchase No. 43 DAC	-
- Elektra Purchase No. 44 DAC	-
- Elektra Purchase No. 46 DAC	-
- Elektra Purchase No. 54 DAC	-
- Elektra Purchase No. 55 DAC	-
- Elektra Purchase No. 56 DAC	-
- Elektra Purchase No. 57 DAC	-
- Elektra Purchase No. 64 DAC	-
- Elektra Purchase No. 69 DAC	-
- Elektra Purchase No. 71 DAC	-
- Elektra Purchase No. 74 DAC	-
- Elektra Purchase No. 718 DAC	57
- Elektra Purchase No. 911 Ltd	-
<b>Credit facilities</b>	<b>3,779</b>
- Arabella Finance DAC	-
- Elektra Purchase No. 28 DAC	158
- Elektra Purchase No. 31 DAC	72
- Elektra Purchase No. 32 S.A. - Compartment 1	353
- Elektra Purchase No. 33 DAC	148
- Elektra Purchase No. 36 DAC	530
- Elektra Purchase No. 37 DAC	83
- Elektra Purchase No. 38 DAC	127
- Elektra Purchase No. 39 DAC	362
- Elektra Purchase No. 41 DAC	41
- Elektra Purchase No. 43 DAC	221
- Elektra Purchase No. 44 DAC	66
- Elektra Purchase No. 46 DAC	79
- Elektra Purchase No. 54 DAC	40
- Elektra Purchase No. 55 DAC	119
- Elektra Purchase No. 56 DAC	216
- Elektra Purchase No. 57 DAC	244
- Elektra Purchase No. 64 DAC	441
- Elektra Purchase No. 69 DAC	36
- Elektra Purchase No. 71 DAC	67
- Elektra Purchase No. 74 DAC	132
- Elektra Purchase No. 718 DAC	1
- Elektra Purchase No. 911 Ltd	243

The lines of credit shown are the difference between total credit lines granted and the amount of commercial paper 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 2020 there were 2 SPVs of third parties securitisations, Ice Creek Pool No.1 DAC and Ice Creek Pool No.2 DAC, where the Group acts as lender or investor, and subject to consolidation. Exposures to these vehicles amount to €401 million of cash exposures and €17 million of credit lines.

## Part E - Information on risks and 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	Yes	5,032	-	-	5,014	-	-
Capital Mortgage S.r.l. - CAPITAL MORTGAGE 2007 - 1	Piazzetta Monte 1 - 37121 Verona	Yes	468	-	26	326	74	67
Cordusio RMBS - UCFin S.r.l.	Piazzetta Monte 1 - 37121 Verona	Yes	318	-	22	131	148	13
Cordusio RMBS Securitisation S.r.l.	Piazzetta Monte 1 - 37121 Verona	Yes	554	-	18	289	236	2
Elektra Purchase No. 28 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Yes	179	-	-	179	-	-
Elektra Purchase No. 31 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Yes	18	-	-	18	-	-
Elektra Purchase No. 32 S.A. - Compartiment 1	52-54 avenue du X Septembre, L-2550 Luxembourg	Yes	311	-	-	311	-	-
Elektra Purchase No. 33 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Yes	169	-	-	169	-	-
Elektra Purchase No. 36 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Yes	600	-	-	600	-	-
Elektra Purchase No. 37 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Yes	93	-	-	93	-	-
Elektra Purchase No. 38 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Yes	111	-	-	111	-	-
Elektra Purchase No. 39 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Yes	345	-	-	345	-	-
Elektra Purchase No. 41 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Yes	47	-	-	47	-	-
Elektra Purchase No. 43 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Yes	231	-	-	231	-	-
Elektra Purchase No. 44 DAC	11-12 Warrington Place, Dublin 2	Yes	75	-	-	75	-	-
Elektra Purchase No. 46 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Yes	46	-	-	46	-	-
Elektra Purchase No. 54 DAC	Haddington Road, 1-2 Victoria Buildings, D04 XN32 Dublin	Yes	38	-	-	38	-	-
Elektra Purchase No. 55 DAC	Haddington Road 2 Victoria Buildings, D04 XN32, Dublin 4	Yes	104	-	-	104	-	-
Elektra Purchase No. 56 DAC	1-2 Victoria Buildings, 4 Dublin	Yes	217	-	-	217	-	-
Elektra Purchase No. 57 DAC	1-2 Victoria Buildings, 4 Dublin	Yes	244	-	20	264	-	-
Elektra Purchase No. 64 DAC	Haddington Road, 1-2 Victoria Building, 4, Dublin	Yes	500	-	-	500	-	-
Elektra Purchase No. 69 DAC	Haddington Road, 1-2 Victoria Buildings, 4, Dublin	Yes	40	-	-	40	-	-
Elektra Purchase No. 71 DAC	Haddington Road, 1-2 Victoria Buildings, D04XN32, Dublin	Yes	68	-	-	68	-	-
Elektra Purchase No. 74 DAC	Haddington Road, 1-2 Victoria Buildings, D04 XN32, Dublin	Yes	106	-	-	106	-	-
Elektra Purchase No. 718 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Yes	57	-	-	57	-	-
Elektra Purchase No. 911 Ltd	OGIER HOUSE, THE ESPLANADE, ST. HELIER, JE4 9WG - Jersey	Yes	251	-	-	251	-	-
F-E Mortgages S.r.l. - 2003	Piazzetta Monte 1 - 37121 Verona	Yes	78	-	24	22	43	8
F-E Mortgages S.r.l. - 2005	Piazzetta Monte 1 - 37121 Verona	Yes	134	-	13	47	37	32
Helicomus S.r.l.	Piazzetta Monte 1 - 37121 Verona	Yes	36	-	13	10	18	9
Ice Creek Pool No. 1 DAC	1st Fl., 1-2 Victoria Building, Haddington Road, D04 XN32, Dublin	Yes	189	-	-	189	-	-
Ice Creek Pool No. 2 DAC	1-2 Victoria Buildings, Haddington Road, 4, Dublin	Yes	212	-	-	212	-	-
SUCCESS 2015 B.V.	Barbara Strozziiaan 101, 1083HN Amsterdam	Yes	98	-	-	-	-	89
ARCOBALENO FINANCE SRL	FORO BUONAPARTE, 70 20121 MILANO	No	47	-	4	2	-	55
CREDIARCO SPV SRL	FORO BUONAPARTE, 70 20121 MILANO	No	17	-	2	10	-	26
Elektra Purchase No. 8 Limited	OGIER HOUSE, THE ESPLANADE, ST. HELIER, JE4 9WG - Jersey	No	125	-	-	125	-	-
Elektra Purchase No. 17 S.A. RE COMPARTIMENT 14	52-54 avenue du X Septembre, L-2550 Luxembourg	No	18	-	-	18	-	-
Elektra Purchase No. 17 S.A. (Re Compartiment 18)	52-54 avenue du X Septembre, L-2550 Luxembourg	No	40	-	-	40	-	-
Elektra Purchase No. 25 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	No	121	-	-	121	-	-
Elektra Purchase No. 29 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	No	219	-	-	219	-	-
Elektra Purchase No. 45 DAC	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	No	126	-	-	126	-	-
Elektra Purchase No. 60 DAC	1-2 Victoria Buildings, D04, Dublin	No	95	-	-	95	-	-
Elektra Purchase No. 61 DAC	Haddington Road, 1-2 Victoria Buildings, D04, Dublin	No	21	-	-	21	-	-
Elektra Purchase No. 62 DAC	1-2 Victoria Buildings, Dublin 4, Dublin	No	248	-	-	248	-	-
Elektra Purchase No. 66 DAC	Haddington Road, 1-2 Victoria Buildings, D04XN32, Dublin	No	34	-	-	34	-	-
Elektra Purchase No. 67 DAC	Haddington Road, 1-2 Victoria Buildings, D04XN32, Dublin	No	11	-	-	11	-	-
Elektra Purchase No. 68 DAC	Haddington Road, 1-2 Victoria Buildings, D04 XN32, Dublin 4	No	25	-	-	25	-	-
Elektra Purchase No. 70 DAC	Haddington Road, 1-2 Victoria Buildings, 4, Dublin	No	38	-	-	38	-	-
Elektra Purchase No. 72 DAC	Haddington Road, 1-2 Victoria Buildings, D04 XN32, Dublin	No	17	-	-	17	-	-
Elektra Purchase No. 73 DAC	Haddington Road, 1-2 Victoria Buildings, D04 XN32, Dublin	No	86	-	-	86	-	-
FCT GK	Ref FCT GK Immeubles Les, F-93500 Pantin	No	200	-	-	200	-	-
FINO 1 SECURITISATION SRL	VIALE LUIGI MAJNO 45, 20122 MILANO	No	372	-	72	250	70	50
FINO 2 SECURITISATION SRL	VIALE LUIGI MAJNO 45, 20122 MILANO	No	210	-	279	236	201	40
ONIF FINANCE SRL	VIA ALESSANDRO PESTALOZZA 12/14, 20131 MILANO	No	227	-	16	-	104	107
Pillarstone Italy SPV S.r.l. - Premuda	Via Pietro Mascagni 14, 20122 MILANO	No	131	-	89	4	186	87
Pillarstone Italy SPV S.r.l. - Rainbow	Via Pietro Mascagni 14, 20122 MILANO	No	43	-	-	1	47	106
PRISMA SPV S.R.L.	VIA MARIO CARUCCI 131, Roma	No	1,055	-	139	1,017	80	30
RELAIS 2020	VIA VITTORIO ALFIERI 1, 31015 Conegliano	No	527	-	40	466	91	10
Sestante Finance S.r.l.	Via Borromei, 5 - 20123 Milano	No	189	-	259	126	90	9
YANEZ SPV S.R.L. - SANDOKAN	VIA VITTORIO ALFIERI 1, 31015 Conegliano	No	314	-	33	8	249	750
YANEZ SPV S.R.L. - SANDOKAN 2	Via Vittorio Alfieri 1, 31015 Conegliano	No	529	-	50	-	142	766

## Part E - Information on risks and 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

(€ million)							
AMOUNTS AS AT 12.31.2020							
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)
<b>ABS Issuing vehicles (Investor)</b>		<b>8,391</b>		<b>83</b>	<b>8,308</b>	<b>8,331</b>	<b>23</b>
	HFT	30	Deposits	83			
	DFV	-	Securities	-			
	MFV	62	HFT	-			
	FVOCI	82	DFV	-			
	AC	8,217		-			
<b>Commercial Paper Conduits (Sponsor)</b>		<b>-</b>		<b>4</b>	<b>(4)</b>	<b>1,648</b>	<b>1,652</b>
	HFT	-	Deposits	4			
	DFV	-	Securities	-			
	MFV	-	HFT	-			
	FVOCI	-	DFV	-			
	AC	-		-			
<b>Own securitisations (Originator)</b>		<b>1,685</b>		<b>232</b>	<b>1,453</b>	<b>1,453</b>	<b>-</b>
	HFT	-	Deposits	232			
	DFV	-	Securities	-			
	MFV	79	HFT	-			
	FVOCI	1,513	DFV	-			
	AC	93		-			
<b>Total</b>		<b>10,076</b>		<b>319</b>	<b>9,757</b>	<b>11,432</b>	<b>1,675</b>

#### 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

Exposures toward ABS Issuing vehicles are constituted for the most part, €8,365 million, by exposures in Asset Backed Securities.

The remaining part is constituted by loans.

The good credit quality of this portfolio is borne out by the fact that over 83% of these instruments are rated A or better and over 63% of the portfolio is triple-A rated while at 31 December 2019 over 90% of these exposures were rated A and 62% of the portfolio was rated triple-A.

Over 88% of the exposures is toward countries belonging to European Union. Exposures to Greece, Ireland, Portugal and Spain accounts for 12.17%, most of which concerns exposures to Spanish underlying assets (9.86%).

## Part E - Information on risks and hedging policies

### Structured credit product exposures broken down by rating class

UNDERLYING TYPE	AAA	AA	A	BBB	BB	B	CCC	CC	C	NR
Residential Mortgages	38.07%	53.26%	4.77%	0.72%	0.01%	0.09%	0.00%	0.00%	0.00%	3.08%
Commercial Mortgages	16.19%	51.78%	0.00%	32.03%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Leasing	6.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	94.00%
Loans to SME	97.40%	1.36%	0.00%	0.00%	0.14%	0.00%	0.00%	0.00%	0.00%	1.10%
Consumer Loans	64.89%	15.10%	0.83%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	19.18%
Other retail exposures	0.00%	1.79%	1.10%	1.71%	0.00%	0.00%	0.00%	0.00%	0.00%	95.40%
<b>Total</b>	<b>63.69%</b>	<b>18.56%</b>	<b>1.47%</b>	<b>0.46%</b>	<b>0.05%</b>	<b>0.02%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>15.75%</b>

### Structured credit product exposures broken down by geographical area

EXPOSURE TYPE	ITALY	OTHER UE COUNTRIES	OTHER EUROPEAN COUNTRIES (NON UE)	ASIA	USA	REST OF THE WORLD
Residential Mortgages	27.10%	72.70%	0.00%	0.00%	0.04%	0.16%
Commercial Mortgages	0.00%	94.31%	0.00%	0.00%	5.69%	0.00%
Leasing	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%
Loans to SME	2.46%	63.10%	0.00%	0.00%	12.11%	22.33%
Consumer loans	30.62%	69.18%	0.00%	0.00%	0.03%	0.17%
Other retail exposures	0.25%	96.86%	0.00%	0.00%	2.89%	0.00%
<b>Total</b>	<b>17.76%</b>	<b>70.57%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>4.22%</b>	<b>7.45%</b>

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)					
		IMPAIRED	PERFORMING	IMPAIRED	PERFORMING	SENIOR		MEZZANINE		JUNIOR	
						IMPAIRED ASSETS	PERFORMING ASSETS	IMPAIRED ASSETS	PERFORMING ASSETS	IMPAIRED ASSETS	PERFORMING ASSETS
UniCredit Leasing (Austria) GmbH	SUCCESS 2015 B.V.	5	93	1	89	-	100.00%	-	-	-	5.46%
UniCredit S.p.A.	Capital Mortgage S.r.l.	16	452	4	64	-	86.28%	-	-	-	-
	Cordusio RMBS Securitisation S.r.l. - SERIE 2007	17	538	6	110	-	92.14%	-	-	-	-
	Cordusio RMBS UCFin S.r.l.	12	307	3	58	-	94.39%	-	-	-	-
	F-E Mortgage S.r.l. - SERIE 2003	2	75	1	13	-	100.00%	-	26.84%	-	-
	F-E Mortgage S.r.l. - SERIE 2005	5	129	2	19	-	95.05%	-	10.31%	-	10.31%
	Heliconus S.r.l.	1	35	1	8	-	100.00%	-	40.04%	-	-



## Part E - Information on risks and hedging policies

## C.6 Regulatory consolidation - Consolidated securitisation vehicles

(€ million)

SPECIAL PURPOSE VEHICLE	12.31.2020		
	Arabella Finance DAC	Capital Mortgage S.r.l. - CAPITAL MORTGAGE 2007 - 1	Cordusio RMBS - UCFin S.r.l.
COUNTRY OF INCORPORATION	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Piazzetta Monte 1 - 37121 Verona	Piazzetta Monte 1 - 37121 Verona
<b>A. Securitised assets</b>	<b>5,028</b>	<b>468</b>	<b>318</b>
A.1 Loans	5,028	468	318
A.2 Bonds	-	-	-
<b>B. Loans disbursed</b>	<b>4</b>	<b>-</b>	<b>-</b>
<b>C. Use of liquid assets resulting from loan operations</b>	<b>-</b>	<b>13</b>	<b>19</b>
C.1 Loans (including bank current account)	-	13	19
C.2 Bonds	-	-	-
<b>D. Other assets</b>	<b>-</b>	<b>13</b>	<b>3</b>
D.1 Derivatives	-	-	-
D.2 Other assets	-	13	3
<b>TOTAL ASSETS (A+B+C+D)</b>	<b>5,032</b>	<b>494</b>	<b>340</b>
<b>E. Bond issued</b>	<b>5,014</b>	<b>425</b>	<b>292</b>
E.1 Senior	5,014	326	131
E.2 Mezzanine	-	74	148
E.3 Junior	-	25	13
<b>F. Loans received</b>	<b>-</b>	<b>42</b>	<b>-</b>
F.1 Senior	-	-	-
F.2 Mezzanine	-	-	-
F.3 Junior	-	42	-
<b>G. Other liabilities</b>	<b>18</b>	<b>27</b>	<b>48</b>
G.1 Derivatives	16	-	2
G.2 Due to originator	-	27	44
G.3 Other liabilities	2	-	2
G.4 Own funds	-	-	-
<b>TOTAL LIABILITIES (E+F+G)</b>	<b>5,032</b>	<b>494</b>	<b>340</b>
<b>H. Interest expense</b>	<b>-</b>	<b>2</b>	<b>2</b>
H.1 Interest expense on bond issued	-	-	-
H.2 Interest expense on loans received	-	-	-
H.3 Interest expense on derivatives	-	2	2
<b>I. Commissions and fees related to the transaction</b>	<b>20</b>	<b>-</b>	<b>2</b>
I.1 for servicing	20	-	2
I.2 for other services	-	-	-
<b>J. Other charges</b>	<b>3</b>	<b>12</b>	<b>8</b>
J.1 Additional positive returns for exposure junior	-	-	-
J.2 Other costs	3	12	8
<b>TOTAL COSTS (H+I+J)</b>	<b>23</b>	<b>14</b>	<b>12</b>
<b>K. Interest generated by securitised assets</b>	<b>-6</b>	<b>6</b>	<b>6</b>
<b>L. Interest income on derivatives</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>M. Other revenues</b>	<b>29</b>	<b>8</b>	<b>6</b>
M.1 Additional returns for exposure junior	-	8	6
M.2 Other revenues	29	-	-
<b>TOTAL REVENUES (K+L+M)</b>	<b>23</b>	<b>14</b>	<b>12</b>
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Part E - Information on risks and hedging policies

continued C.6 Regulatory consolidation - Consolidated securitisation vehicles

(€ million)

SPECIAL PURPOSE VEHICLE	12.31.2020		
	Cordusio RMBS Securitisation S.r.l.	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
<b>A. Securitised assets</b>	<b>554</b>	<b>179</b>	<b>18</b>
A.1 Loans	554	179	18
A.2 Bonds	-	-	-
<b>B. Loans disbursed</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>C. Use of liquid assets resulting from loan operations</b>	<b>9</b>	<b>-</b>	<b>-</b>
C.1 Loans (including bank current account)	9	-	-
C.2 Bonds	-	-	-
<b>D. Other assets</b>	<b>9</b>	<b>-</b>	<b>-</b>
D.1 Derivatives	-	-	-
D.2 Other assets	9	-	-
<b>TOTAL ASSETS (A+B+C+D)</b>	<b>572</b>	<b>179</b>	<b>18</b>
<b>E. Bond issued</b>	<b>527</b>	<b>-</b>	<b>-</b>
E.1 Senior	289	-	-
E.2 Mezzanine	236	-	-
E.3 Junior	2	-	-
<b>F. Loans received</b>	<b>-</b>	<b>179</b>	<b>18</b>
F.1 Senior	-	179	18
F.2 Mezzanine	-	-	-
F.3 Junior	-	-	-
<b>G. Other liabilities</b>	<b>45</b>	<b>-</b>	<b>-</b>
G.1 Derivatives	2	-	-
G.2 Due to originator	13	-	-
G.3 Other liabilities	30	-	-
G.4 Own funds	-	-	-
<b>TOTAL LIABILITIES (E+F+G)</b>	<b>572</b>	<b>179</b>	<b>18</b>
<b>H. Interest expense</b>	<b>3</b>	<b>-</b>	<b>-</b>
H.1 Interest expense on bond issued	1	-	-
H.2 Interest expense on loans received	-	-	-
H.3 Interest expense on derivatives	2	-	-
<b>I. Commissions and fees related to the transaction</b>	<b>2</b>	<b>-</b>	<b>1</b>
I.1 for servicing	2	-	1
I.2 for other services	-	-	-
<b>J. Other charges</b>	<b>9</b>	<b>-</b>	<b>-</b>
J.1 Additional positive returns for exposure junior	-	-	-
J.2 Other costs	9	-	-
<b>TOTAL COSTS (H+I+J)</b>	<b>14</b>	<b>-</b>	<b>1</b>
<b>K. Interest generated by securitised assets</b>	<b>8</b>	<b>-</b>	<b>1</b>
<b>L. Interest income on derivatives</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>M. Other revenues</b>	<b>6</b>	<b>-</b>	<b>-</b>
M.1 Additional returns for exposure junior	6	-	-
M.2 Other revenues	-	-	-
<b>TOTAL REVENUES (K+L+M)</b>	<b>14</b>	<b>-</b>	<b>1</b>
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Part E - Information on risks and hedging policies

continued C.6 Regulatory consolidation - Consolidated securitisation vehicles

(€ million)

SPECIAL PURPOSE VEHICLE	12.31.2020		
	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
<b>A. Securitised assets</b>	<b>311</b>	<b>169</b>	<b>600</b>
A.1 Loans	311	169	600
A.2 Bonds	-	-	-
<b>B. Loans disbursed</b>	-	-	-
<b>C. Use of liquid assets resulting from loan operations</b>	-	-	-
C.1 Loans (including bank current account)	-	-	-
C.2 Bonds	-	-	-
<b>D. Other assets</b>	-	-	-
D.1 Derivatives	-	-	-
D.2 Other assets	-	-	-
<b>TOTAL ASSETS (A+B+C+D)</b>	<b>311</b>	<b>169</b>	<b>600</b>
<b>E. Bond issued</b>	-	-	-
E.1 Senior	-	-	-
E.2 Mezzanine	-	-	-
E.3 Junior	-	-	-
<b>F. Loans received</b>	<b>311</b>	<b>169</b>	<b>600</b>
F.1 Senior	311	169	600
F.2 Mezzanine	-	-	-
F.3 Junior	-	-	-
<b>G. Other liabilities</b>	-	-	-
G.1 Derivatives	-	-	-
G.2 Due to originator	-	-	-
G.3 Other liabilities	-	-	-
G.4 Own funds	-	-	-
<b>TOTAL LIABILITIES (E+F+G)</b>	<b>311</b>	<b>169</b>	<b>600</b>
<b>H. Interest expense</b>	-	<b>2</b>	<b>-1</b>
H.1 Interest expense on bond issued	-	-	-
H.2 Interest expense on loans received	-	2	-1
H.3 Interest expense on derivatives	-	-	-
<b>I. Commissions and fees related to the transaction</b>	<b>1</b>	<b>2</b>	<b>1</b>
I.1 for servicing	1	2	1
I.2 for other services	-	-	-
<b>J. Other charges</b>	-	-	-
J.1 Additional positive returns for exposure junior	-	-	-
J.2 Other costs	-	-	-
<b>TOTAL COSTS (H+I+J)</b>	<b>1</b>	<b>4</b>	-
<b>K. Interest generated by securitised assets</b>	<b>1</b>	<b>4</b>	-
<b>L. Interest income on derivatives</b>	-	-	-
<b>M. Other revenues</b>	-	-	-
M.1 Additional returns for exposure junior	-	-	-
M.2 Other revenues	-	-	-
<b>TOTAL REVENUES (K+L+M)</b>	<b>1</b>	<b>4</b>	-
<b>PROFIT (LOSS) FOR THE PERIOD</b>	-	-	-

## Part E - Information on risks and hedging policies

continued C.6 Regulatory consolidation - Consolidated securitisation vehicles

(€ million)

SPECIAL PURPOSE VEHICLE	12.31.2020		
	Elektra Purchase No. 37 DAC	Elektra Purchase No. 38 DAC	Elektra Purchase No. 39 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
<b>A. Securitised assets</b>	<b>93</b>	<b>111</b>	<b>346</b>
A.1 Loans	93	111	346
A.2 Bonds	-	-	-
<b>B. Loans disbursed</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>C. Use of liquid assets resulting from loan operations</b>	<b>-</b>	<b>-</b>	<b>-</b>
C.1 Loans (including bank current account)	-	-	-
C.2 Bonds	-	-	-
<b>D. Other assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
D.1 Derivatives	-	-	-
D.2 Other assets	-	-	-
<b>TOTAL ASSETS (A+B+C+D)</b>	<b>93</b>	<b>111</b>	<b>346</b>
<b>E. Bond issued</b>	<b>-</b>	<b>-</b>	<b>-</b>
E.1 Senior	-	-	-
E.2 Mezzanine	-	-	-
E.3 Junior	-	-	-
<b>F. Loans received</b>	<b>93</b>	<b>111</b>	<b>346</b>
F.1 Senior	93	111	346
F.2 Mezzanine	-	-	-
F.3 Junior	-	-	-
<b>G. Other liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
G.1 Derivatives	-	-	-
G.2 Due to originator	-	-	-
G.3 Other liabilities	-	-	-
G.4 Own funds	-	-	-
<b>TOTAL LIABILITIES (E+F+G)</b>	<b>93</b>	<b>111</b>	<b>346</b>
<b>H. Interest expense</b>	<b>-</b>	<b>-</b>	<b>1</b>
H.1 Interest expense on bond issued	-	-	-
H.2 Interest expense on loans received	-	-	1
H.3 Interest expense on derivatives	-	-	-
<b>I. Commissions and fees related to the transaction</b>	<b>1</b>	<b>1</b>	<b>2</b>
I.1 for servicing	1	1	2
I.2 for other services	-	-	-
<b>J. Other charges</b>	<b>-</b>	<b>-</b>	<b>-</b>
J.1 Additional positive returns for exposure junior	-	-	-
J.2 Other costs	-	-	-
<b>TOTAL COSTS (H+I+J)</b>	<b>1</b>	<b>1</b>	<b>3</b>
<b>K. Interest generated by securitised assets</b>	<b>1</b>	<b>1</b>	<b>3</b>
<b>L. Interest income on derivatives</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>M. Other revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>
M.1 Additional returns for exposure junior	-	-	-
M.2 Other revenues	-	-	-
<b>TOTAL REVENUES (K+L+M)</b>	<b>1</b>	<b>1</b>	<b>3</b>
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Part E - Information on risks and hedging policies

continued C.6 Regulatory consolidation - Consolidated securitisation vehicles

(€ million)

SPECIAL PURPOSE VEHICLE	12.31.2020		
	Elektra Purchase No. 41 DAC	Elektra Purchase No. 43 DAC	Elektra Purchase No. 44 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	11-12 Warrington Place; Dublin 2
<b>A. Securitised assets</b>	<b>47</b>	<b>231</b>	<b>75</b>
A.1 Loans	47	231	75
A.2 Bonds	-	-	-
<b>B. Loans disbursed</b>	-	-	-
<b>C. Use of liquid assets resulting from loan operations</b>	-	-	-
C.1 Loans (including bank current account)	-	-	-
C.2 Bonds	-	-	-
<b>D. Other assets</b>	-	-	-
D.1 Derivatives	-	-	-
D.2 Other assets	-	-	-
<b>TOTAL ASSETS (A+B+C+D)</b>	<b>47</b>	<b>231</b>	<b>75</b>
<b>E. Bond issued</b>	-	-	-
E.1 Senior	-	-	-
E.2 Mezzanine	-	-	-
E.3 Junior	-	-	-
<b>F. Loans received</b>	<b>47</b>	<b>231</b>	<b>75</b>
F.1 Senior	47	231	75
F.2 Mezzanine	-	-	-
F.3 Junior	-	-	-
<b>G. Other liabilities</b>	-	-	-
G.1 Derivatives	-	-	-
G.2 Due to originator	-	-	-
G.3 Other liabilities	-	-	-
G.4 Own funds	-	-	-
<b>TOTAL LIABILITIES (E+F+G)</b>	<b>47</b>	<b>231</b>	<b>75</b>
<b>H. Interest expense</b>	-	-	-
H.1 Interest expense on bond issued	-	-	-
H.2 Interest expense on loans received	-	-	-
H.3 Interest expense on derivatives	-	-	-
<b>I. Commissions and fees related to the transaction</b>	-	<b>1</b>	-
I.1 for servicing	-	1	-
I.2 for other services	-	-	-
<b>J. Other charges</b>	-	-	-
J.1 Additional positive returns for exposure junior	-	-	-
J.2 Other costs	-	-	-
<b>TOTAL COSTS (H+I+J)</b>	-	<b>1</b>	-
<b>K. Interest generated by securitised assets</b>	-	<b>1</b>	-
<b>L. Interest income on derivatives</b>	-	-	-
<b>M. Other revenues</b>	-	-	-
M.1 Additional returns for exposure junior	-	-	-
M.2 Other revenues	-	-	-
<b>TOTAL REVENUES (K+L+M)</b>	-	<b>1</b>	-
<b>PROFIT (LOSS) FOR THE PERIOD</b>	-	-	-

## Part E - Information on risks and hedging policies

continued C.6 Regulatory consolidation - Consolidated securitisation vehicles

(€ million)

SPECIAL PURPOSE VEHICLE	12.31.2020		
	Elektra Purchase No. 46 DAC	Elektra Purchase No. 54 DAC	Elektra Purchase No. 55 DAC
COUNTRY OF INCORPORATION	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Haddington Road, 1-2 Victoria Buildings, D04 XN32 Dublin	Haddington Road,2 Victoria Buildings, D04 XN32, Dublin 4
<b>A. Securitised assets</b>	<b>46</b>	<b>38</b>	<b>104</b>
A.1 Loans	46	38	104
A.2 Bonds	-	-	-
<b>B. Loans disbursed</b>	-	-	-
<b>C. Use of liquid assets resulting from loan operations</b>	-	-	-
C.1 Loans (including bank current account)	-	-	-
C.2 Bonds	-	-	-
<b>D. Other assets</b>	-	-	-
D.1 Derivatives	-	-	-
D.2 Other assets	-	-	-
<b>TOTAL ASSETS (A+B+C+D)</b>	<b>46</b>	<b>38</b>	<b>104</b>
<b>E. Bond issued</b>	-	-	-
E.1 Senior	-	-	-
E.2 Mezzanine	-	-	-
E.3 Junior	-	-	-
<b>F. Loans received</b>	<b>46</b>	<b>38</b>	<b>104</b>
F.1 Senior	46	38	104
F.2 Mezzanine	-	-	-
F.3 Junior	-	-	-
<b>G. Other liabilities</b>	-	-	-
G.1 Derivatives	-	-	-
G.2 Due to originator	-	-	-
G.3 Other liabilities	-	-	-
G.4 Own funds	-	-	-
<b>TOTAL LIABILITIES (E+F+G)</b>	<b>46</b>	<b>38</b>	<b>104</b>
<b>H. Interest expense</b>	-	-	-
H.1 Interest expense on bond issued	-	-	-
H.2 Interest expense on loans received	-	-	-
H.3 Interest expense on derivatives	-	-	-
<b>I. Commissions and fees related to the transaction</b>	<b>1</b>	<b>1</b>	-
I.1 for servicing	1	1	-
I.2 for other services	-	-	-
<b>J. Other charges</b>	-	-	-
J.1 Additional positive returns for exposure junior	-	-	-
J.2 Other costs	-	-	-
<b>TOTAL COSTS (H+I+J)</b>	<b>1</b>	<b>1</b>	-
<b>K. Interest generated by securitised assets</b>	<b>1</b>	<b>1</b>	-
<b>L. Interest income on derivatives</b>	-	-	-
<b>M. Other revenues</b>	-	-	-
M.1 Additional returns for exposure junior	-	-	-
M.2 Other revenues	-	-	-
<b>TOTAL REVENUES (K+L+M)</b>	<b>1</b>	<b>1</b>	-
<b>PROFIT (LOSS) FOR THE PERIOD</b>	-	-	-

## Part E - Information on risks and hedging policies

continued C.6 Regulatory consolidation - Consolidated securitisation vehicles

(€ million)

SPECIAL PURPOSE VEHICLE	12.31.2020		
	Elektra Purchase No. 56 DAC	Elektra Purchase No. 57 DAC	Elektra Purchase No. 64 DAC
COUNTRY OF INCORPORATION	1-2 Victoria Buildings, 4 Dublin	1-2 Victoria Buildings, 4 Dublin	Haddington Road; 1-2 Victoria Building; 4; Dublin
<b>A. Securitised assets</b>	<b>217</b>	<b>244</b>	<b>500</b>
A.1 Loans	217	244	500
A.2 Bonds	-	-	-
<b>B. Loans disbursed</b>	-	-	-
<b>C. Use of liquid assets resulting from loan operations</b>	-	-	-
C.1 Loans (including bank current account)	-	-	-
C.2 Bonds	-	-	-
<b>D. Other assets</b>	-	<b>20</b>	-
D.1 Derivatives	-	17	-
D.2 Other assets	-	3	-
<b>TOTAL ASSETS (A+B+C+D)</b>	<b>217</b>	<b>264</b>	<b>500</b>
<b>E. Bond issued</b>	-	-	-
E.1 Senior	-	-	-
E.2 Mezzanine	-	-	-
E.3 Junior	-	-	-
<b>F. Loans received</b>	<b>217</b>	<b>264</b>	<b>500</b>
F.1 Senior	217	264	500
F.2 Mezzanine	-	-	-
F.3 Junior	-	-	-
<b>G. Other liabilities</b>	-	-	-
G.1 Derivatives	-	-	-
G.2 Due to originator	-	-	-
G.3 Other liabilities	-	-	-
G.4 Own funds	-	-	-
<b>TOTAL LIABILITIES (E+F+G)</b>	<b>217</b>	<b>264</b>	<b>500</b>
<b>H. Interest expense</b>	<b>2</b>	-	-
H.1 Interest expense on bond issued	-	-	-
H.2 Interest expense on loans received	2	-	-
H.3 Interest expense on derivatives	-	-	-
<b>I. Commissions and fees related to the transaction</b>	<b>1</b>	-	<b>1</b>
I.1 for servicing	1	-	1
I.2 for other services	-	-	-
<b>J. Other charges</b>	-	-	-
J.1 Additional positive returns for exposure junior	-	-	-
J.2 Other costs	-	-	-
<b>TOTAL COSTS (H+I+J)</b>	<b>3</b>	-	<b>1</b>
<b>K. Interest generated by securitised assets</b>	<b>3</b>	-	<b>1</b>
<b>L. Interest income on derivatives</b>	-	-	-
<b>M. Other revenues</b>	-	-	-
M.1 Additional returns for exposure junior	-	-	-
M.2 Other revenues	-	-	-
<b>TOTAL REVENUES (K+L+M)</b>	<b>3</b>	-	<b>1</b>
<b>PROFIT (LOSS) FOR THE PERIOD</b>	-	-	-

## Part E - Information on risks and hedging policies

continued C.6 Regulatory consolidation - Consolidated securitisation vehicles

(€ million)

SPECIAL PURPOSE VEHICLE	12.31.2020		
	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
<b>A. Securitised assets</b>	<b>40</b>	<b>68</b>	<b>106</b>
A.1 Loans	40	68	106
A.2 Bonds	-	-	-
<b>B. Loans disbursed</b>	-	-	-
<b>C. Use of liquid assets resulting from loan operations</b>	-	-	-
C.1 Loans (including bank current account)	-	-	-
C.2 Bonds	-	-	-
<b>D. Other assets</b>	-	-	-
D.1 Derivatives	-	-	-
D.2 Other assets	-	-	-
<b>TOTAL ASSETS (A+B+C+D)</b>	<b>40</b>	<b>68</b>	<b>106</b>
<b>E. Bond issued</b>	-	-	-
E.1 Senior	-	-	-
E.2 Mezzanine	-	-	-
E.3 Junior	-	-	-
<b>F. Loans received</b>	<b>40</b>	<b>68</b>	<b>106</b>
F.1 Senior	40	68	106
F.2 Mezzanine	-	-	-
F.3 Junior	-	-	-
<b>G. Other liabilities</b>	-	-	-
G.1 Derivatives	-	-	-
G.2 Due to originator	-	-	-
G.3 Other liabilities	-	-	-
G.4 Own funds	-	-	-
<b>TOTAL LIABILITIES (E+F+G)</b>	<b>40</b>	<b>68</b>	<b>106</b>
<b>H. Interest expense</b>	-	-	-
H.1 Interest expense on bond issued	-	-	-
H.2 Interest expense on loans received	-	-	-
H.3 Interest expense on derivatives	-	-	-
<b>I. Commissions and fees related to the transaction</b>	<b>1</b>	<b>1</b>	-
I.1 for servicing	1	1	-
I.2 for other services	-	-	-
<b>J. Other charges</b>	-	-	-
J.1 Additional positive returns for exposure junior	-	-	-
J.2 Other costs	-	-	-
<b>TOTAL COSTS (H+I+J)</b>	<b>1</b>	<b>1</b>	-
<b>K. Interest generated by securitised assets</b>	<b>1</b>	<b>1</b>	-
<b>L. Interest income on derivatives</b>	-	-	-
<b>M. Other revenues</b>	-	-	-
M.1 Additional returns for exposure junior	-	-	-
M.2 Other revenues	-	-	-
<b>TOTAL REVENUES (K+L+M)</b>	<b>1</b>	<b>1</b>	-
<b>PROFIT (LOSS) FOR THE PERIOD</b>	-	-	-



## Part E - Information on risks and hedging policies

continued C.6 Regulatory consolidation - Consolidated securitisation vehicles

(€ million)

SPECIAL PURPOSE VEHICLE	12.31.2020		
	Elektra Purchase No. 718 DAC	Elektra Purchase No. 911 Ltd	F-E Mortgages S.r.l. - 2003
COUNTRY OF INCORPORATION	1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	OGIER HOUSE, THE ESPLANADE, ST. HELIER, JE4 9WG - Jersey	Piazzetta Monte 1 - 37121 Verona
<b>A. Securitised assets</b>	<b>57</b>	<b>251</b>	<b>78</b>
A.1 Loans	57	251	78
A.2 Bonds	-	-	-
<b>B. Loans disbursed</b>	-	-	-
<b>C. Use of liquid assets resulting from loan operations</b>	-	-	<b>24</b>
C.1 Loans (including bank current account)	-	-	24
C.2 Bonds	-	-	-
<b>D. Other assets</b>	-	-	-
D.1 Derivatives	-	-	-
D.2 Other assets	-	-	-
<b>TOTAL ASSETS (A+B+C+D)</b>	<b>57</b>	<b>251</b>	<b>102</b>
<b>E. Bond issued</b>	-	-	<b>51</b>
E.1 Senior	-	-	-
E.2 Mezzanine	-	-	43
E.3 Junior	-	-	8
<b>F. Loans received</b>	<b>57</b>	<b>251</b>	<b>22</b>
F.1 Senior	57	251	22
F.2 Mezzanine	-	-	-
F.3 Junior	-	-	-
<b>G. Other liabilities</b>	-	-	<b>29</b>
G.1 Derivatives	-	-	-
G.2 Due to originator	-	-	27
G.3 Other liabilities	-	-	3
G.4 Own funds	-	-	-
<b>TOTAL LIABILITIES (E+F+G)</b>	<b>57</b>	<b>251</b>	<b>102</b>
<b>H. Interest expense</b>	<b>3</b>	-	-
H.1 Interest expense on bond issued	-	-	-
H.2 Interest expense on loans received	3	-	-
H.3 Interest expense on derivatives	-	-	-
<b>I. Commissions and fees related to the transaction</b>	-	<b>1</b>	-
I.1 for servicing	-	1	-
I.2 for other services	-	-	-
<b>J. Other charges</b>	-	-	<b>2</b>
J.1 Additional positive returns for exposure junior	-	-	1
J.2 Other costs	-	-	1
<b>TOTAL COSTS (H+I+J)</b>	<b>3</b>	<b>1</b>	<b>2</b>
<b>K. Interest generated by securitised assets</b>	<b>3</b>	<b>1</b>	<b>1</b>
<b>L. Interest income on derivatives</b>	-	-	<b>1</b>
<b>M. Other revenues</b>	-	-	-
M.1 Additional returns for exposure junior	-	-	-
M.2 Other revenues	-	-	-
<b>TOTAL REVENUES (K+L+M)</b>	<b>3</b>	<b>1</b>	<b>2</b>
<b>PROFIT (LOSS) FOR THE PERIOD</b>	-	-	-

## Part E - Information on risks and hedging policies

continued C.6 Regulatory consolidation-- Consolidated securitisation vehicles

(€ million)

SPECIAL PURPOSE VEHICLE	12.31.2020		
	F-E Mortgages S.r.l. - 2005	Heliconus S.r.l	Ice Creek Pool No. 1 DAC
COUNTRY OF INCORPORATION	Piazzetta Monte 1 - 37121 Verona	Piazzetta Monte 1 - 37121 Verona	1st Fl., 1-2 Victoria Building; Haddington Road; D04 XN32; Dublin
<b>A. Securitised assets</b>	<b>134</b>	<b>36</b>	<b>189</b>
A.1 Loans	134	36	189
A.2 Bonds	-	-	-
<b>B. Loans disbursed</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>C. Use of liquid assets resulting from loan operations</b>	<b>13</b>	<b>13</b>	<b>-</b>
C.1 Loans (including bank current account)	13	13	-
C.2 Bonds	-	-	-
<b>D. Other assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
D.1 Derivatives	-	-	-
D.2 Other assets	-	-	-
<b>TOTAL ASSETS (A+B+C+D)</b>	<b>147</b>	<b>49</b>	<b>189</b>
<b>E. Bond issued</b>	<b>116</b>	<b>27</b>	<b>-</b>
E.1 Senior	47	-	-
E.2 Mezzanine	37	18	-
E.3 Junior	32	9	-
<b>F. Loans received</b>	<b>-</b>	<b>10</b>	<b>189</b>
F.1 Senior	-	10	189
F.2 Mezzanine	-	-	-
F.3 Junior	-	-	-
<b>G. Other liabilities</b>	<b>30</b>	<b>12</b>	<b>-</b>
G.1 Derivatives	-	-	-
G.2 Due to originator	26	11	-
G.3 Other liabilities	4	1	-
G.4 Own funds	-	-	-
<b>TOTAL LIABILITIES (E+F+G)</b>	<b>147</b>	<b>49</b>	<b>189</b>
<b>H. Interest expense</b>	<b>1</b>	<b>-</b>	<b>1</b>
H.1 Interest expense on bond issued	-	-	-
H.2 Interest expense on loans received	-	-	1
H.3 Interest expense on derivatives	1	-	-
<b>I. Commissions and fees related to the transaction</b>	<b>-</b>	<b>-</b>	<b>2</b>
I.1 for servicing	-	-	2
I.2 for other services	-	-	-
<b>J. Other charges</b>	<b>1</b>	<b>1</b>	<b>-</b>
J.1 Additional positive returns for exposure junior	1	-	-
J.2 Other costs	-	-	-
<b>TOTAL COSTS (H+I+J)</b>	<b>2</b>	<b>1</b>	<b>3</b>
<b>K. Interest generated by securitised assets</b>	<b>2</b>	<b>1</b>	<b>3</b>
<b>L. Interest income on derivatives</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>M. Other revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>
M.1 Additional returns for exposure junior	-	-	-
M.2 Other revenues	-	-	-
<b>TOTAL REVENUES (K+L+M)</b>	<b>2</b>	<b>1</b>	<b>3</b>
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Part E - Information on risks and hedging policies

continued C.6 Regulatory consolidation - Consolidated securitisation vehicles

(€ million)

SPECIAL PURPOSE VEHICLE	12.31.2020	
	Ice Creek Pool No. 2 DAC	SUCCESS 2015 B.V.
COUNTRY OF INCORPORATION	1-2 Victoria Buildings; Haddington Road; 4; Dublin	Barbara Strozziilaan 101, 1083HN Amsterdam
<b>A. Securitised assets</b>	<b>212</b>	<b>98</b>
A.1 Loans	212	98
A.2 Bonds	-	-
<b>B. Loans disbursed</b>	<b>-</b>	<b>-</b>
<b>C. Use of liquid assets resulting from loan operations</b>	<b>-</b>	<b>-</b>
C.1 Loans (including bank current account)	-	-
C.2 Bonds	-	-
<b>D. Other assets</b>	<b>-</b>	<b>-</b>
D.1 Derivatives	-	-
D.2 Other assets	-	-
<b>TOTAL ASSETS (A+B+C+D)</b>	<b>212</b>	<b>98</b>
<b>E. Bond issued</b>	<b>-</b>	<b>89</b>
E.1 Senior	-	-
E.2 Mezzanine	-	-
E.3 Junior	-	89
<b>F. Loans received</b>	<b>212</b>	<b>-</b>
F.1 Senior	212	-
F.2 Mezzanine	-	-
F.3 Junior	-	-
<b>G. Other liabilities</b>	<b>-</b>	<b>9</b>
G.1 Derivatives	-	-
G.2 Due to originator	-	-
G.3 Other liabilities	-	9
G.4 Own funds	-	-
<b>TOTAL LIABILITIES (E+F+G)</b>	<b>212</b>	<b>98</b>
<b>H. Interest expense</b>	<b>2</b>	<b>1</b>
H.1 Interest expense on bond issued	-	1
H.2 Interest expense on loans received	2	-
H.3 Interest expense on derivatives	-	-
<b>I. Commissions and fees related to the transaction</b>	<b>3</b>	<b>1</b>
I.1 for servicing	3	1
I.2 for other services	-	-
<b>J. Other charges</b>	<b>-</b>	<b>1</b>
J.1 Additional positive returns for exposure junior	-	1
J.2 Other costs	-	-
<b>TOTAL COSTS (H+I+J)</b>	<b>5</b>	<b>3</b>
<b>K. Interest generated by securitised assets</b>	<b>5</b>	<b>3</b>
<b>L. Interest income on derivatives</b>	<b>-</b>	<b>-</b>
<b>M. Other revenues</b>	<b>-</b>	<b>-</b>
M.1 Additional returns for exposure junior	-	-
M.2 Other revenues	-	-
<b>TOTAL REVENUES (K+L+M)</b>	<b>5</b>	<b>3</b>
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>-</b>	<b>-</b>

## Part E - Information on risks and hedging policies

### D. Sales Transactions

#### A. Financial assets sold and not fully derecognised

##### Quantitative information

#### 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
<b>A. Financial assets held for trading</b>	3,920	-	3,920	X	3,586	-	3,586
1. Debt securities	3,920	-	3,920	X	3,586	-	3,586
2. Equity instruments	-	-	-	X	-	-	-
3. Loans	-	-	-	X	-	-	-
4. Derivative instruments	-	-	-	X	-	-	-
<b>B. Other financial assets mandatorily at fair value</b>	1,246	327	919	16	924	-	924
1. Debt securities	1,230	311	919	-	924	-	924
2. Equity instruments	-	-	-	X	-	-	-
3. Loans	16	16	-	16	-	-	-
<b>C. Financial assets designated at fair value</b>	103	-	103	-	1	-	1
1. Debt securities	103	-	103	-	1	-	1
2. Loans	-	-	-	-	-	-	-
<b>D. Financial assets at fair value through other comprehensive income</b>	17,887	-	17,887	-	14,154	-	14,154
1. Debt securities	17,887	-	17,887	-	14,154	-	14,154
2. Equity instruments	-	-	-	X	-	-	-
3. Loans	-	-	-	-	-	-	-
<b>E. Financial assets at amortised cost</b>	46,233	27,607	18,328	767	14,374	907	13,467
1. Debt securities	27,658	9,331	18,328	-	13,467	-	13,467
2. Loans	18,575	18,276	-	767	907	907	-
<b>Total 12.31.2020</b>	<b>69,389</b>	<b>27,934</b>	<b>41,157</b>	<b>783</b>	<b>33,039</b>	<b>907</b>	<b>32,132</b>
<b>Total 12.31.2019</b>	<b>65,253</b>	<b>29,894</b>	<b>35,051</b>	<b>984</b>	<b>33,002</b>	<b>1,266</b>	<b>31,736</b>

#### 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
<b>A. Financial assets held for trading</b>	-	-	-	X	-
1. Debt securities	-	-	-	X	-
2. Equity instruments	-	-	-	X	-
3. Loans	-	-	-	X	-
4. Derivative instruments	-	-	-	X	-
<b>B. Other financial assets mandatory at fair value</b>	-	-	-	-	-
1. Debt securities	-	-	-	-	-
2. Equity instruments	-	-	-	X	-
3. Loans	-	-	-	-	-
<b>C. Financial assets designated at fair value</b>	-	-	-	-	-
1. Debt securities	-	-	-	-	-
2. Loans	-	-	-	-	-
<b>D. Financial assets at fair value through other comprehensive income</b>	-	-	-	-	-
1. Debt securities	-	-	-	-	-
2. Equity instruments	-	-	-	X	-
3. Loans	-	-	-	-	-
<b>E. Financial assets at amortised cost</b>	60	11	11	11	9
1. Debt securities	-	-	-	-	-
2. Loans	60	11	11	11	9
<b>Total 12.31.2020</b>	<b>60</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>9</b>
<b>Total 12.31.2019</b>	<b>60</b>	<b>33</b>	<b>33</b>	<b>33</b>	<b>8</b>

## Part E - Information on risks and hedging policies

**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	
			12.31.2020	12.31.2019
<b>A. Financial assets held for trading</b>	-	-	-	-
1. Debt securities	-	-	-	-
2. Equity instruments	-	-	-	-
3. Loans	-	-	-	-
4. Derivative instruments	-	-	-	-
<b>B. Other financial assets mandatorily at fair value</b>	<b>327</b>	-	<b>327</b>	<b>338</b>
1. Debt securities	311	-	311	311
2. Equity instruments	-	-	-	-
3. Loans	16	-	16	27
<b>C. Financial assets designated at fair value</b>	-	-	-	-
1. Debt securities	-	-	-	-
2. Loans	-	-	-	-
<b>D. Financial assets at fair value through other comprehensive income</b>	-	-	-	-
1. Debt securities	-	-	-	-
2. Equity instruments	-	-	-	-
3. Loans	-	-	-	-
<b>E. Financial assets at amortised cost (fair value)</b>	<b>18,263</b>	<b>28</b>	<b>18,291</b>	<b>30,428</b>
1. Debt securities	-	-	-	<b>8,471</b>
2. Loans	18,263	28	18,291	21,957
<b>Total associated financial assets</b>	<b>18,590</b>	<b>28</b>	<b>18,618</b>	<b>30,766</b>
<b>Total associated financial liabilities</b>	<b>907</b>	<b>9</b>	<b>X</b>	<b>X</b>
<b>Total net amount 12.31.2020</b>	<b>17,683</b>	<b>19</b>	<b>17,702</b>	<b>X</b>
<b>Total net amount 12.31.2019</b>	<b>29,601</b>	<b>24</b>	<b>X</b>	<b>29,625</b>

*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*

Following Banca d'Italia's communication dated 23 December 2019 to the title "Financial statements of banks and financial entities closed or in progress as of 31 December 2019", this is the quantitative information requested regarding the sales of financial assets to Investment Funds, receiving as consideration units issued by the same Funds, closed during 2020.

## Part E - Information on risks and hedging policies

For more information on these transactions, refer to 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 UNITS OF THE FUND UNDERWRITTEN
<b>A. Financial assets held for trading</b>	-	X	-
1. Debt securities	-	X	-
2. Equity instruments	-	X	-
3. Loans	-	X	-
4. Derivative instruments	-	X	-
<b>B. Other financial assets mandatorily at fair value</b>	-	-	-
1. Debt securities	-	-	-
2. Equity instruments	-	X	-
3. Loans	-	-	-
<b>C. Financial assets designated at fair value</b>	-	-	-
1. Debt securities	-	-	-
2. Loans	-	-	-
<b>D. Financial assets at fair value through other comprehensive income</b>	-	-	-
1. Debt securities	-	-	-
2. Equity instruments	-	X	-
3. Loans	-	-	-
<b>E. Financial assets at amortised cost</b>	<b>194</b>	<b>194</b>	<b>211</b>
1. Debt securities	-	-	-
2. Loans	194	194	211
<b>Total 12.31.2020</b>	<b>194</b>	<b>194</b>	<b>211</b>

The units of Investment Funds underwritten are classified in the portfolio Financial assets mandatorily at fair value.

Moreover it should be noted that in the portfolio Financial assets mandatorily at fair value there are also €244 million of Investment Funds' Units coming from transactions of sales of financial assets fully derecognised closed in the previous years.

### D.4 Regulatory consolidation - 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, the MEF decree dated 14 December 2006 and Banca d'Italia instructions dated 17 May 2007 as amended on 24 March 2010 and on 24 June 2014.

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<sup>36</sup> of reimbursement and is rated by Fitch (AA-), S&P (AA-), Moody's (Aa3).

The second programme, guaranteed by UniCredit OBG S.r.l., is characterised by a Conditional Pass-Through method<sup>37</sup> of reimbursement and is rated by Moody's (Aa3).

The Group's main aims in issuing OBGs are to diversify its funding sources and fund at competitive rates. As with the securitisations, the difficulties in the markets made it advisable to use securitisation as a means of increasing the Group's counterbalancing capacity by retaining with the Group part of the securities issued by the vehicle.

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.

<sup>36</sup> 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.

<sup>37</sup> 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 hedging policies

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 policies have been issued to this end.

The policies were as 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.

At 31 December 2020 the series of covered bonds issued under the two programmes totalled 31 and were worth €27,856 million, of which €21,200 million was repurchased by UniCredit S.p.A.

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 AG, London Branch
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):	7,315
Covered Bonds issued at the end of accounting period (€ million):	4,606
Other Credit Enhancements:	UniCredit S.p.A. has granted to the SPV a subordinated loan of total €8,389 million
Rating Agencies:	S & P - Moody's - Fitch
Rating:	AA- (since 03/20/2019) - Aa3 (since 10/24/2018) - AA- (since 05/14/2020)

NAME	CONDITIONAL PASS THROUGH COVERED BONDS PROGRAMME
Originator:	UniCredit S.p.A.
Issuer:	UniCredit S.p.A.
Servicer:	UniCredit S.p.A.
Arranger:	UniCredit Bank AG, London Branch
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):	25,556
Covered Bonds issued at the end of accounting period (€ million):	23,250
Other Credit Enhancements:	UniCredit S.p.A. has granted to the SPV a subordinated loan of total €28,830 million
Rating Agencies:	Moody's
Rating:	Aa3 (Since 10/24/2018)

### Information on Sovereign Exposures

With reference to the Group's sovereign exposures<sup>38</sup>, the book value of sovereign debt securities as at 31 December 2020 amounted to €110,542 million<sup>39</sup>, of which over 84% concentrated in eight countries; Italy, with €42,638 million, represents about 39% of the total. For each of the eight 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 2020.

<sup>38</sup> Sovereign exposures are bonds issued by and loans given to central and local governments and governmental bodies. ABSs are not included.

<sup>39</sup> Information on Sovereign exposures refers to the scope of the UniCredit Consolidated financial statements as at 31 December 2020, determined under IAS/IFRS.

For information on Sovereign exposures with reference to the regulatory scope of consolidation see UniCredit Group Disclosure (Pillar III) as at 31 December 2020 - Credit Risk.

## Part E - Information on risks and hedging policies

## Breakdown of sovereign debt securities by country and portfolio

(€ million)

COUNTRY/PORTFOLIO	AMOUNTS AS AT 12.31.2020		
	NOMINAL VALUE	BOOK VALUE	FAIR VALUE
<b>- Italy</b>	<b>40,612</b>	<b>42,638</b>	<b>43,544</b>
financial assets/liabilities held for trading (net exposure*)	(209)	(607)	(607)
financial assets designated at fair value	0	0	0
financial assets mandatorily at fair value	50	65	65
financial assets at fair value through other comprehensive income	19,707	21,501	21,501
financial assets at amortised cost	21,064	21,679	22,585
<b>- Spain</b>	<b>14,961</b>	<b>16,080</b>	<b>16,171</b>
financial assets/liabilities held for trading (net exposure*)	237	265	265
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	-	-	-
financial assets at fair value through other comprehensive income	6,684	7,223	7,223
financial assets at amortised cost	8,040	8,592	8,683
<b>- Germany</b>	<b>12,894</b>	<b>13,215</b>	<b>13,291</b>
financial assets/liabilities held for trading (net exposure*)	331	371	371
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	5,633	5,720	5,720
financial assets at fair value through other comprehensive income	2,904	3,029	3,029
financial assets at amortised cost	4,026	4,095	4,171
<b>- Japan</b>	<b>7,820</b>	<b>7,868</b>	<b>7,871</b>
financial assets/liabilities held for trading (net exposure*)	-	-	-
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	-	-	-
financial assets at fair value through other comprehensive income	4,895	4,929	4,929
financial assets at amortised cost	2,925	2,939	2,941
<b>- Austria</b>	<b>4,219</b>	<b>4,698</b>	<b>4,703</b>
financial assets/liabilities held for trading (net exposure*)	93	178	178
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	105	150	150
financial assets at fair value through other comprehensive income	3,975	4,324	4,324
financial assets at amortised cost	46	46	51
<b>- United States of America</b>	<b>3,086</b>	<b>3,364</b>	<b>3,364</b>
financial assets/liabilities held for trading (net exposure*)	208	234	234
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	-	-	-
financial assets at fair value through other comprehensive income	2,823	3,075	3,075
financial assets at amortised cost	55	55	55
<b>- France</b>	<b>2,684</b>	<b>3,140</b>	<b>3,142</b>
financial assets/liabilities held for trading (net exposure*)	630	884	884
financial assets designated at fair value	186	220	220
financial assets mandatorily at fair value	302	402	402
financial assets at fair value through other comprehensive income	1,381	1,446	1,446
financial assets at amortised cost	185	188	190
<b>- Romania</b>	<b>2,238</b>	<b>2,375</b>	<b>2,415</b>
financial assets/liabilities held for trading (net exposure*)	190	202	202
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	-	-	-
financial assets at fair value through other comprehensive income	828	910	910
financial assets at amortised cost	1,220	1,263	1,303
<b>Total on-balance sheet exposures</b>	<b>88,514</b>	<b>93,378</b>	<b>94,500</b>

## Notes:

(\*) Including exposures in Credit Derivatives.

Negative amount indicates the prevalence of liabilities positions.



## Part E - Information on risks and hedging policies

The weighted duration of the sovereign bonds shown in the table above, divided by the banking<sup>40</sup> and trading book, is the following:

### Weighted duration

	BANKING BOOK	TRADING BOOK	
		ASSETS POSITIONS	LIABILITIES POSITIONS
- Italy	3.20	2.70	4.28
- Spain	3.45	21.76	8.92
- Germany	3.10	6.77	4.32
- Japan	2.67	-	-
- Austria	4.41	11.69	9.74
- United States of America	3.75	19.97	-
- France	5.96	21.52	12.29
- Romania	4.10	4.46	10.16

(years)

The remaining 16% of the total of sovereign debt securities, amounting to €17,164 million with reference to the book values as at 31 December 2020, is divided into 34 countries, including Hungary (€1,930 million), Bulgaria (€1,861 million), Portugal (€1,706 million), Croatia (€1,533 million), Czech Republic (€1,249 million), Russia (€1,174 million), Ireland (€1,131 million), Poland (€996 million), Serbia (€993 million) and Israel (€548 million). The sovereign exposure to Greece is immaterial.

With respect to these exposures, as at 31 December 2020 there were no indications that default may have occurred.

It should also be noted that among the aforementioned remaining part of sovereign debt securities as at 31 December 2020 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 €2,275 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 12.31.2020					TOTAL
	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		
Book value	226	6,383	56,970	45,230		108,809
% Portfolio	99.95%	42.85%	78.32%	7.25%		15.30%

(€ million)

<sup>40</sup> 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 hedging policies

In addition to the exposures to sovereign debt securities, loans<sup>41</sup> 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 2020 of loans booked in financial assets at amortised cost portfolio given to countries towards which the overall exposure exceeds €130 million, representing over 94% of the total.

### Breakdown of sovereign loans by country

COUNTRY	(€ million)
	AMOUNTS AS AT 12.31.2020 BOOK VALUE
- Germany <sup>(*)</sup>	7,827
- Italy	6,166
- Austria <sup>(**)</sup>	5,345
- Croatia	2,594
- Qatar	477
- Hungary <sup>(***)</sup>	476
- Slovakia	283
- Kuwait	245
- Kenya	237
- Bulgaria	194
- Slovenia	183
- Egypt	182
- Turkey	170
- Czech Republic	167
- Indonesia	166
- Bosnia and Herzegovina	158
- Laos	139
<b>Total on-balance sheet exposures</b>	<b>25,009</b>

#### Notes:

(\*) of which €2,873 million in financial assets held for trading and those mandatorily at fair value.

(\*\*) of which €31 million in financial assets mandatorily at fair value.

(\*\*\*) of which €8 million in financial assets mandatorily at fair value.

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 see the "Pandemic Scenario" and "Pandemic & Sovereign Tensions" scenarios in chapter Stress test of the Section 2.2 - Market risk below and for liquidity management policies see Section 2.4 Liquidity risk below.

#### 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 the CIB Division - Markets Area, 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 transaction in OTC derivatives in order to provide non-institutional clients with products to manage currency, interest-rate and price risk. Under these transactions, the commercial banks transfer their market risks to the CIB Division 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 the CIB Division operating with large corporate and financial institutions, in respect of which it assumes and manages both market and counterparty risk;
- by CEE Banks, which transact business directly with their customers.

<sup>41</sup> Tax items are not included.

## Part E - Information on risks and hedging policies

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 (dealt with by the CIB Division) 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) 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. 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.

Fair values of OTC derivatives managed through Central Clearing counterparties are reported on a net basis. The related reduction of balances is €38,163 million and €44,902 million on trading asset (item "20. a) Financial assets held for trading") and liabilities ("20. Financial liabilities held for trading"), respectively.

The balance of item "20. a) Financial assets held for trading" of the Consolidated accounts with regard to derivative contracts totaled €45,162 million (with a notional value of €1,958,609 million) including €30,067 million with customers. The notional value of derivatives with customers amounted to €1,090,966 million including €1,080,367 million in plain vanilla (with a fair value of €29,526 million) and €10,599 million in structured derivatives (with a fair value of €541 million).

The notional value of derivatives with banking counterparties totaled €867,643 million (fair value of €15,095 million) including €14,795 million relating to structured derivatives (fair value of €275 million).

The balance of item "20. Financial liabilities held for trading" of the consolidated accounts with regard to derivative contracts totaled €35,843 million (with a notional value of €1,933,580 million) including €16,911 million with customers. The notional value of derivatives with customers amounted to €1,057,474 million including €1,052,658 million in plain vanilla (with a fair value of €16,775 million) and €4,816 million in structured derivatives (with a fair value of €137 million).

The notional value of derivatives with banking counterparties totaled €876,106 million (fair value of €18,932 million) including €9,335 million relating to structured derivatives (fair value of €281 million).

### *E. Prudential perimeter - Credit risk measurement models*

As at 31 December 2020 the expected loss on the credit risk perimeter was 0.32% 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 2020, the ratio between credit economic capital (including a component to cover migration risk) and its relative credit exposure amount is 2.91%.

As far as UniCredit S.p.A. quantitative information, reference is made to the paragraph Part E - Notes to the accounts of the parent company UniCredit S.p.A. Section 1 - Credit Risk - Quantitative information - F. Credit risk measurement models, which is herewith quoted entirely.

## Part E - Information on risks and hedging policies

### 2.2 Market risk

Market risk derives from the effect that changes in market variables (interest rates, securities prices, exchange rates, etc.) can cause to the economic value of the Group's portfolio, including the assets held both in the Trading book, as well as those posted in the Banking book, both on the operations characteristically involved in commercial banking and in the choice of strategic investments. 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; and
- 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 centres (Portfolio Risk Managers), completely focused and specialised on such risks, under a Group and interdivisional 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 macro-economic scenario and related risks for the Group;
- market risk RWA history and expected development;
- market risk KPIs benchmarking;
- 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.

## Part E - Information on risks and hedging policies

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.

### Trading Book

In accordance with the Capital Requirements Regulation, and as defined in the current policy "Eligibility Criteria for the Regulatory Trading book assignment", 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 "hedgeability" 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;
- hedgeability refers to positions for which a hedge could be put in place. The hedgeability is meant to concern the "material" risks of a position which implies not necessarily that all the various risk features are to be hedgeable.

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, e.g. gold, crude oil, commodity prices volatility

## Part E - Information on risks and hedging policies

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 FVOCI 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.

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, Holding 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 1bp 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 1bp 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).

GMLs must be consistent with limitations on Broad Market Risk measures.

To cover also Amortized Cost securities, the new Market Risk Strategy has introduced new 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 Markets 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). 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 that are classified as Trading book. 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 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 Asset & Liability Committee 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 management of Banking book interest rate main target 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 relevant bodies and separately monitored. The only exceptions is for those functions authorised 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 limits set by the relevant risk committees. On a daily basis the exposure is monitored and measured from 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. In UniCredit S.p.A., UniCredit Bank AG, UniCredit Bank Austria AG e UniCredit Bank Czech Republic and Slovakia S.A. the interest of prepayment is modelled considering also, if relevant, the financial incentive linked to the trend of interest rates. The prepayment risk is considered also in the credit portfolios of AO UniCredit Bank, UniCredit Bank Hungary ZRT and UniCredit Bank S.A.

The stability of sight deposits is assessed through an internal model which estimates the stable volume and that non-sensitive to interest rates. Starting from those volumes is built the hedging strategy, consistently with the maturity profile approved from the Asset & Liability Committee and coherently with the management strategy of interest rate risk of the banking book. The adoption of the internal models applied to the sight deposits is present across all the banks of the Group, with exception for UniCredit Bank Ireland p.l.c. and UniCredit International Bank (Luxembourg) S.A. The hedging strategy is enacted through fixed rate positions at medium long term (commercial loans, government bonds or alternatively financial derivatives as interest rate swaps). The composition of the hedging portfolio in terms of products and their maturities depends from their availability and their liquidity.

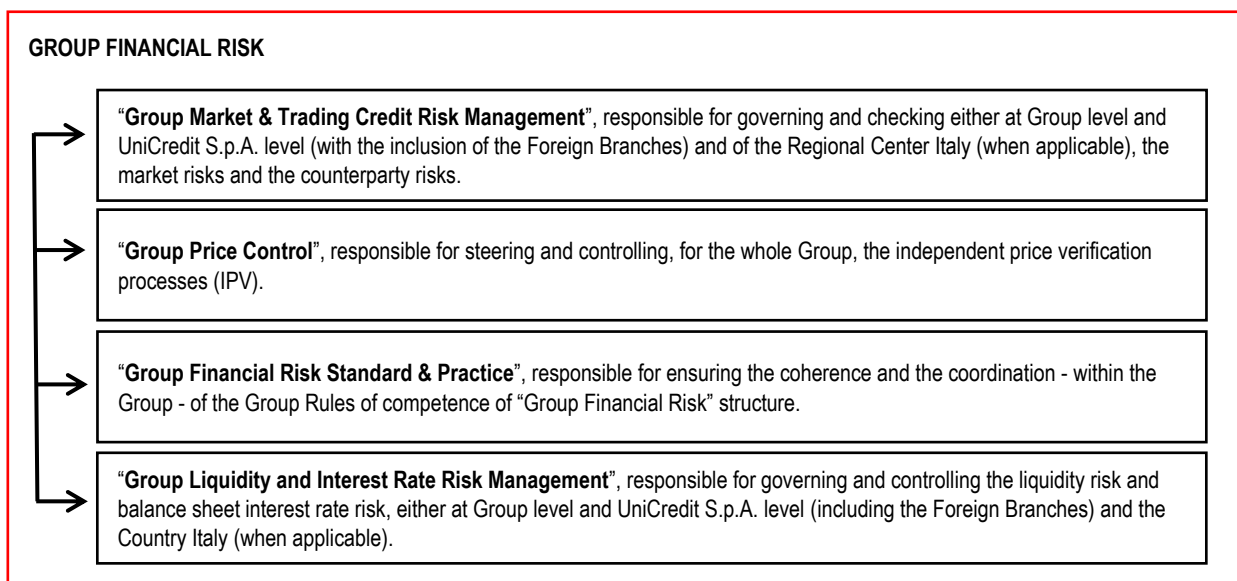
### Structure and organisation

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 taken by UniCredit S.p.A. Foreign Branches are monitored and reported to the Group Chief Risk Officer and to the Senior 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.

The development and maintenance of Group methodologies, models and architectures regarding financial and behavioural risks as well as the pricing models validation are in charge of Group Financial Risk Methodologies & Models which reports to Group Risk Models & Credit Risk Governance.

## Part E - Information on risks and hedging policies

The structure breaks down as follows.



With reference to the communication mechanism among the different parties involved in market risk management, the responsible Committees are:

- Group Market Risk Committee;
- Group Assets & Liabilities Committee.

The “Group Market Risk Committee”, whose participants/permanent guests are mainly representatives of Risk, Business, Compliance and Internal Audit, meets monthly and is responsible for monitoring market risks at Group level, for evaluating the impact of transactions, approved by the competent bodies, significantly affecting the overall market risk portfolio profile, for submitting to the “Group Risk & Internal Control Committee”, for approval or information, market risk strategies, policies, methodologies and limits as well as periodical reporting on the market risk portfolio. The Committee is also responsible for ensuring consistency in market risk policies, methodologies and practices across Business Functions and legal entities.

The “Group Assets and Liabilities Committee” is involved in the process of defining strategies, policies, methodologies and limits (where applicable) for liquidity risk and Banking book interest rate risks, transfer pricing, Funding Plan and Contingency Funding Plan and in monitoring activities. It also ensures the consistency of the practices and methodologies relating to liquidity and Banking book interest rate across Business Functions and legal entities, with the aim of optimising the usage of financial resources (e.g. liquidity and capital) in line with Risk Appetite and business strategies.

The committee’s involvement in interest rate risk management includes:

- the definition of granular interest rate Banking book limits;
- 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;
- the consultancy and suggestion to Group Risk & Internal Control Committee with respect to the contribution to Risk Appetite Framework, Global Policy for Interest Rate Banking book definition and changes of behavioral models for Interest Rate Banking book and other critical/important issues with potential impact on Banking book’ interest rate.

### **Risk measurement and reporting systems**

#### **Trading Book**

In the second half of 2020, 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.



## Part E - Information on risks and hedging policies

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 the bank.

### 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 measures cover both the economic value and net interest income risk aspects. In particular, the different and complementary perspectives involve:

- Economic Value perspective: variation 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 1bp rate shock. This measure is reported to the relevant committees to assess the economic value impact of various changes in the yield curve. In addition, the economic value sensitivity for the SOT scenarios is also calculated according to EBA/GL/2018/02;
- Earnings at risk perspective: the focus of the analysis is the impact of changes of interest rates on Net Interest Income that is the difference between the revenues generated by interest sensitive assets and the cost relating to interest sensitive liabilities. An example of a measure of risks used is Net Interest Income sensitivity for a 100bps 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 Market Risk 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 "Market Risk Limits" which defines the nature of the various thresholds/limits applied, as well as the relevant bodies to be involve to establish the most appropriate course of action to restore exposure within the approved limits.

A set of risk indicators is also provided to the Group Risk and Internal Control Committee on a quarterly basis through the Integrated Risk Report, which includes VaR, Regulatory VaR, Stressed VaR and IRC limit usages, Sensitivities, Sovereign Exposure and Stress test results.

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

Group Risk Management reports to the Group Assets and Liability Committee on a monthly basis on the Banking book risk measures both from a value and income perspective. It proposes and monitors limits and warning levels that have been approved by the relevant competent bodies. 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 is managed by the Asset and Liability Management department, ALM.

## Part E - Information on risks and 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 asset 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 regime 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 on a monthly basis and are tailored to the portfolio of each legal entity of the Group, plus the Group itself (relevant for RWA calculation on a consolidated level). The SVaR window at Group level, at UniCredit Bank AG and UniCredit Bank Austria AG level corresponds to the "Lehman Crisis" (2008/2009), while for UniCredit S.p.A. it is the "Sovereign Debt Crisis" (2011/2012). 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, in order to check if the 99% of the trading outcomes is covered by the 99<sup>th</sup> 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. Group Internal 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 (e.g. different time horizon, percentile) and detailing the results for a set of representative portfolios of the Bank.

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.

## Part E - Information on risks and hedging policies

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	1d	99%	Historical	1Y window, equally weighted
SVaR	All Market Risk Factors	1d	99%	Historical	1Y window, equally weighted
IRC	Rating Migration & Default	1Y	99.9%	Monte Carlo	Through-the-cycle (min 8Y)

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 are shocked and the impact on the IRC measure is computed.

“Group Internal Validation” performed its analyses in order 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.

Group Internal 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). Group Internal 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 up 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, Group Internal Validation performed also 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, CEE countries are the main entities of the Group that are 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.

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. that do 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 AG 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.

## Part E - Information on risks and hedging policies

To sum up, the Internal Model approach is used for Regulatory purposes for UniCredit S.p.A., UniCredit Bank AG, 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 a number of 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.

### Effects arising from Covid-19 pandemic

As far as Market Risk is concerned, the abrupt market movements and the increased market volatility triggered by the outbreak of Covid-19 resulted in a general increase in both managerial and regulatory risk measurement metrics. Consequently, an increase in Internal Model Market Risk RWAs has been recorded. In response to the Covid-19 pandemic the European Parliament approved an amendment to Regulation (EU) 575/2013 and (EU) 2019/876, that allows the institutions to exclude for the calculation of the multiplier quantitative addend the overshootings associated to the exceptional Covid-19 related circumstances, provided that those exceptions do not result from deficiencies in the internal model; this allowed to reduce the impact in terms of Internal Model Market Risk RWAs. Anyway, the evolution of the crisis and the related risk metrics development is under strict monitoring by both risk and business functions. The cautious approach adopted in positions management since the beginning of the crisis resulted in a progressive relief in limits usage.

### 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.

Starting from March 2020, the VaR sharply increased due to the massive increase of volatility in the markets in different asset classes in the course of uncertainty around the Coronavirus crisis, instead the higher level on SVaR is driven by the increased exposure in the Trading book in terms of interest rate risk in UniCredit Bank AG. On the contrary the IRC decreased starting from end of March 2020, due to the joint effect of own credit spread and reduced bond positions.

While during the second half of 2020, the lower level of VaR and SVaR is mainly due to a decreased exposure in terms of interest rate risk in the Trading book of UniCredit Bank AG.

### Risk on trading book

#### Daily VaR on Regulatory Trading book

(€ million)

I-MOD PERIMETER	END OF DECEMBER 2020	AVERAGE LAST 60 DAYS	2020			2019
			AVERAGE	MAX	MIN	AVERAGE
Diversified UniCredit group	11.6	10.5	16.7	35.9	7.1	8.5

### Risk on trading book

#### SVaR on Regulatory Trading Book

(€ million)

I-MOD PERIMETER	END OF DECEMBER 2020	AVERAGE LAST 12 WEEKS	2020			2019
			AVERAGE	MAX	MIN	AVERAGE
Diversified UniCredit group	32.3	24.9	31.5	50.3	13.1	23.0

## Part E - Information on risks and hedging policies

### Risk on trading book

#### IRC on Regulatory Trading Book

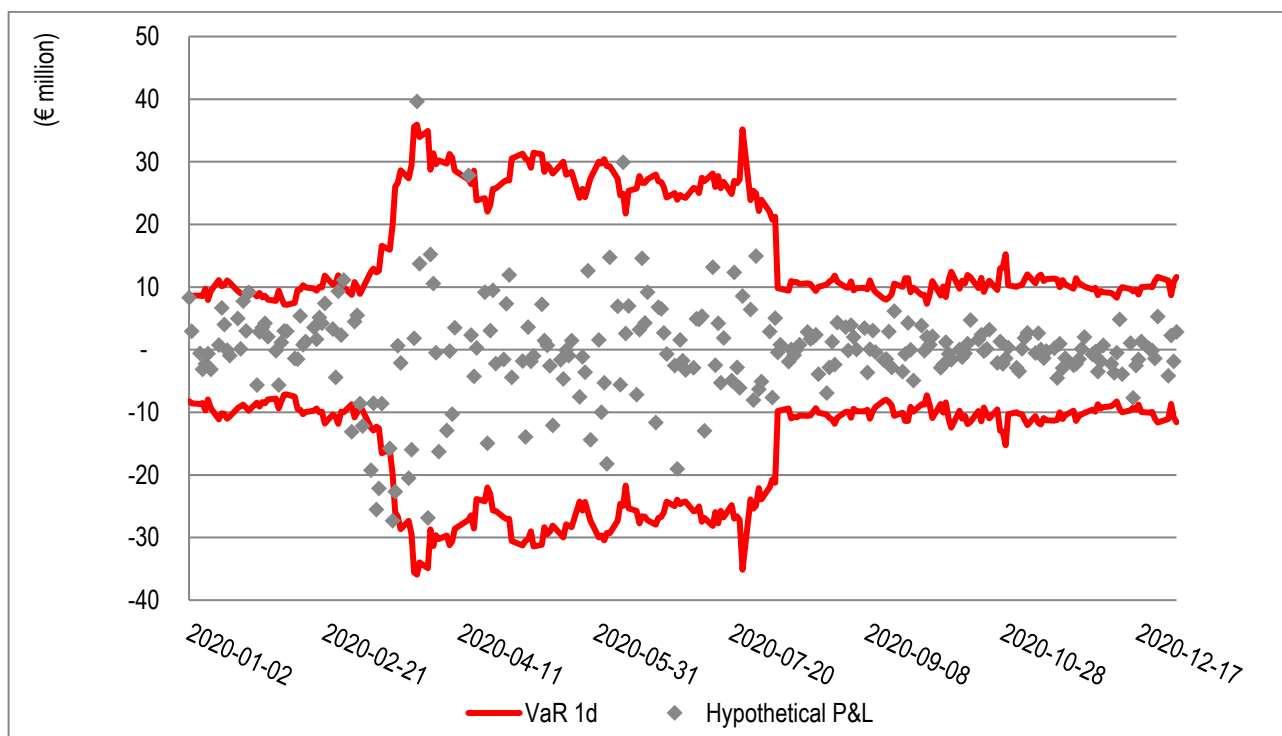
(€ million)

I-MOD PERIMETER	END OF DECEMBER 2020	AVERAGE LAST 12 WEEKS	2020			2019
			AVERAGE	MAX	MIN	AVERAGE
Diversified UniCredit group	156.2	153.0	160.0	270.8	89.9	258.4

#### 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 semester of 2020, no VaR overshootings were observed for UniCredit group.



## Part E - Information on risks and hedging policies

### Managerial VaR

Below are reported the Managerial Diversified Trading book VaR as of end of December 2020 at Group and Regional Centre 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	END OF DECEMBER 2020
<b>Diversified UniCredit group as per internal model</b>	<b>8.7</b>
RC Germany	8.2
RC Italy	3.8
RC Austria	0.1
RC CEE	4.1
<i>Bosnia Herzegovina</i>	0.0
<i>Bulgaria</i>	0.4
<i>Croazia</i>	0.3
<i>Repubblica Ceca</i>	1.0
<i>Ungheria</i>	0.9
<i>Paesi Baltici</i>	0.0
<i>Romania</i>	1.3
<i>Russia</i>	1.7
<i>Serbia</i>	0.1
<i>Slovenia</i>	0.0
<b>Undiversified UniCredit group</b>	<b>18.0</b>

### 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)

	2020				2019
	Q1	Q2	Q3	Q4	Q4
Traded Debt Instruments	39.6	86.5	55.5	38.2	27.6
TDI - General Risk	30.2	70.8	44.0	23.2	26.3
TDI - Specific Risk	24.2	31.2	23.2	26.0	16.1
Equities	8.9	8.8	9.4	11.3	6.9
Equities - General Risk	-	-	-	-	-
Equities - Specific Risk	8.9	8.8	9.4	11.3	6.9
Foreign Exchange Risk	6.6	14.9	15.5	9.4	8.0
Commodities Risk	4.5	6.6	8.8	14.8	6.0
<b>Total Amount For General Risk</b>	<b>31.4</b>	<b>74.6</b>	<b>49.6</b>	<b>26.8</b>	<b>26.1</b>
<b>Total Amount For Specific Risk</b>	<b>25.6</b>	<b>28.9</b>	<b>17.9</b>	<b>20.7</b>	<b>13.5</b>

In the first half of 2020, there has been an overall increase of VaR figures, mainly due to the massive increase of volatility in the markets in different asset classes, during uncertainty around the Coronavirus crisis.

During the second quarter 2020 an additional driver to the increased general risk on traded debt instruments is the higher exposure in the Trading book in terms of Interest Rate Risk, mainly in UniCredit Bank AG.

While in the third and in the fourth quarter of 2020, the general risk on traded debt instruments reduction with respect the previous quarter is mainly due to a decreased exposure in terms of Interest Rate Risk in the Trading Book of UniCredit Bank AG.

### 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 AG and UCBA AG.

## Part E - Information on risks and hedging policies

Due to Coronavirus crisis CVA VaR figures overall increased since Q1 2020. Since April 2020 iTraxx index hedges of the CVA Desk have been classified as "eligible hedges" according to Art 386 of CRR and thus can be considered in CVA risk charge framework, with a reducing impact on CVA VaR and stressed CVA VaR figures in Q2 2020. While in the second semester of 2020 the level of CVA VaR and SVaR remained stable and in line with the usual trading activity.

### Risk on Trading book

#### CVA Trading book

(€ million)

	2020				2019
	Q1	Q2	Q3	Q4	Q4
CVA	127.6	117.6	124.2	123.2	128.7
CVA VaR	21.5	35.7	39.1	37.6	11.5
CVA SVaR	66.1	46.8	47.4	48.0	76.9
CVA SA	40.0	35.1	37.7	37.6	40.3

### 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 taken by Group specialist centres holding assigned market risk limits within certain levels of discretion. 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.

#### 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.

## Part E - Information on risks and hedging policies

### 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  $\pm 1\text{bp}/\pm 10\text{bps}$  and  $\pm 100\text{bps}$ .

For each 1bp 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:

- +50bps/-50bps for the one-day bucket;
- 0bps for the one-year bucket;
- -50bps/+50bps 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	+1BP LESS THAN 1 MONTH	+1BP 1 MONTH TO 6 MONTHS	+1BP 6 MONTHS TO 1 YEAR	+1BP 1 YEAR TO 5 YEARS	+1BP 5 YEARS TO 10 YEARS	+1BP 10 YEARS TO 20 YEARS	+1BP OVER 20 YEARS	+1 BP TOTAL	-10 BP	+10 BP	-100 PB	+100 BP	CW	CCW
<b>Total</b>	<b>-0.0</b>	<b>-0.2</b>	<b>0.1</b>	<b>0.1</b>	<b>0.9</b>	<b>-0.2</b>	<b>-0.7</b>	<b>-0.0</b>	<b>4.3</b>	<b>-7.9</b>	<b>-124.0</b>	<b>27.9</b>	<b>9.6</b>	<b>-14.7</b>
<i>of which:</i>														
EUR	0.0	-0.3	-0.1	0.4	0.3	-0.4	-0.6	-0.6	5.8	-5.2	-99.1	36.1	14.1	-20.1
USD	-0.1	0.1	0.1	-0.1	0.5	-0.2	-0.1	0.3	0.6	-0.4	-6.9	3.1	6.3	-5.2
GBP	0.0	-0.0	-0.0	-0.0	0.1	0.3	0.0	0.3	-3.0	3.2	-26.0	35.8	-12.8	12.7
CHF	0.0	-0.0	0.0	0.0	-0.0	0.0	-0.0	0.0	-0.0	0.0	-0.7	0.1	-1.2	1.2
JPY	0.0	-0.0	0.1	-0.1	0.0	0.0	0.0	-0.0	0.0	-0.0	0.1	-0.3	-0.5	0.5

(€ million)

	-30%	+30%
<b>Interest Rates</b>	<b>0.4</b>	<b>12.1</b>
EUR	1.2	11.9
USD	1.1	-1.6

#### 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.



## Part E - Information on risks and hedging policies

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	DELTA								
ALL MARKETS	CASH-EQUIVALENT	-20%	-10%	-1%	+1%	+10%	+20%		
Europe	50.5	-	-	-	0.5	-	-		
USA	11.3	-	-	-	0.1	-	-		
Japan	-3.9	-	-	-	-0.0	-	-		
Asia ex-Japan	2.6	-	-	-	0.0	-	-		
Latin America	0.5	-	-	-	0.0	-	-		
Other	-30.0	-	-	-	-0.3	-	-		
<b>Total</b>	<b>31.0</b>	<b>-55.7</b>	<b>-14.0</b>	<b>-0.2</b>	<b>0.3</b>	<b>-6.5</b>	<b>-22.5</b>		
<b>Commodity</b>	<b>-85.3</b>	<b>6.5</b>	<b>4.3</b>	<b>0.5</b>	<b>-0.9</b>	<b>-6.1</b>	<b>-13.3</b>		
								(€ million)	
						-30%	+30%		
<b>Equities</b>							<b>-16.6</b>	<b>29.5</b>	

### 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

Interest rate risk consists of changes in interest rates that are reflected in:

- interest income sources, and thus, the bank's earnings (cash flow risk);
- the net present value of assets and liabilities, due to their impact on the present value of future cash flows (fair value risk).

The Group measures and monitors this risk within the framework of a Banking Book interest rate risk policy that establishes consistent methodologies and models and limits or thresholds to focus on, with regard to the sensitivity of net interest income and the Group's economic value. Interest rate risk has an impact on all owned positions resulting from business operations and strategic investment decisions (Banking Book).

The main sources of interest rate risk can be classified as follows:

- gap risk: it arises from the term structure of banking book instruments, and describes the risk arising from the timing of instrument rate changes. The extent of gap risk depends also on whether changes to the term structure of interest rates occur consistently across the yield curve (parallel risk) or differentially by period (non-parallel risk). Gap risk also encompasses: Repricing risk, defined as the risk of changes in interest rate earned at the time a financial contract's rate is reset. It emerges if interest rates are settled on liabilities for periods which differ from those on offsetting assets. Repricing risk also refers to the Yield curve risk, occurring when a shift in the yield curve affects the values of interest rate sensitive assets and interest rate bearing liabilities;
- basis risk can be broken down in:
  - tenor risk: resulting from the imperfect correlation in the adjustment of the rates earned and paid on different instruments with otherwise similar rate change characteristics;
  - currency risk: defined as the risk of potentially offsetting interest rate sensitivities arising from interest rate exposures in several currencies;
- option risk: risk resulting from option derivative positions or from the optional elements embedded in many bank positions, where the bank or its customers can alter the level and timing of their cash flows.

Limits and threshold are defined in terms of Sensitivity for each Group Bank or Company. The set of metrics is defined depending on the level of sophistication of the Company's business.

## Part E - Information on risks and hedging policies

Each of the Group's banks or companies assumes responsibility for managing exposure to interest rate risk within its specified limits. At consolidated level, the functions of Group Risk Management is in charge of interest rate risk measurement.

Interest rate risk measurement includes:

- Net Interest Income analysis: involves a constant balance sheet analysis (i.e. assuming that positions remain constant during the period), an impact simulation on interest income for the current period is performed, by taking into account elasticity assumptions for sight items. In addition a simulation analysis includes the study of the impact on income from different shocks for the interest rates. Reference shock for a rate rise scenario is an instantaneous and parallel shock of +100bp. While the shock for the rate fall scenario is -100bps or smaller depending on the interest rate levels on different currencies. Further scenarios are performed to take into account basis risk and non-parallel shifts.
- Economic Value analysis: this includes the calculation of duration measures, value sensitivities of the balance sheet for different points on the curve, as well as the impact on the Economic Value from larger shocks, e.g. a 200bp parallel shift and other parallel and non-parallel shocks, including the one required by the EBA guidelines (EBA/GL/2018/02).

The interest rate risk is monitored in terms of Economic value sensitivity for an instantaneous and parallel shock of +1 basis point value of the interest rate term structure. The function responsible for interest rate risk management verifies the limit usage of 1 basis point value sensitivity on a daily basis. Basis risk and the risk of optionality are also considered through the relative metrics of "IR Basis" and "IR Vega". On a monthly basis the Economic Value sensitivity for larger parallel and non-parallel shocks in the interest rate term structure and Net Interest Income Sensitivity are measured.

The Treasury hedges interest rate risk exposure from commercial transactions. The Treasury interest rate risk exposure is monitored through a set of limits and threshold levels. The same holds for the overall interest rate exposure of the bank, taking into account also the strategic investment positions of the bank, e.g. transactions not directly related to hedging the commercial business.

### 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.

As regards 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 hedging policies

## Quantitative information

## 1. Banking book: breakdown by maturity (repricing date) of financial assets and liabilities

(€ million)

TYPE/RESIDUAL MATURITY	AMOUNTS AS AT 12.31.2020							INDEFINITE 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	
<b>1. On-balance sheet assets</b>	<b>113,004</b>	<b>268,707</b>	<b>49,384</b>	<b>31,557</b>	<b>163,130</b>	<b>57,602</b>	<b>35,282</b>	<b>419</b>
1.1 Debt securities	844	20,924	10,425	11,835	79,655	20,035	6,266	130
- With prepayment option	-	128	76	27	431	276	35	-
- Other	844	20,796	10,349	11,808	79,224	19,759	6,231	130
1.2 Loans to banks	17,736	83,328	4,215	1,025	5,346	162	147	-
1.3 Loans to customers	94,424	164,455	34,744	18,697	78,129	37,405	28,869	289
- Current accounts	23,078	1,227	208	209	593	14	409	-
- Other loans	71,346	163,228	34,536	18,488	77,536	37,391	28,460	289
- With prepayment option	12,513	55,085	9,885	3,967	20,183	8,360	8,738	-
- Other	58,833	108,143	24,651	14,521	57,353	29,031	19,722	289
<b>2. On-balance sheet liabilities</b>	<b>421,022</b>	<b>137,322</b>	<b>24,508</b>	<b>20,432</b>	<b>143,259</b>	<b>31,711</b>	<b>11,493</b>	<b>169</b>
2.1 Deposits from customers	399,915	74,265	7,211	8,987	5,030	1,450	1,468	-
- Current accounts	393,119	230	15	4	14	17	4	-
- Other	6,796	74,035	7,196	8,983	5,016	1,433	1,464	-
- With prepayment option	209	-	-	-	-	-	-	-
- Other	6,587	74,035	7,196	8,983	5,016	1,433	1,464	-
2.2 Deposits from banks	18,721	38,016	5,612	1,713	101,645	5,155	584	1
- Current accounts	10,599	1	-	-	-	-	-	-
- Other	8,122	38,015	5,612	1,713	101,645	5,155	584	1
2.3 Debt securities in issue	1,054	24,725	11,581	9,433	34,340	24,763	9,408	167
- With prepayment option	-	1,063	507	5	2,297	2,989	687	4
- Other	1,054	23,662	11,074	9,428	32,043	21,774	8,721	163
2.4 Other liabilities	1,332	316	104	299	2,244	343	33	1
- With prepayment option	3	-	-	-	-	-	-	-
- Other	1,329	316	104	299	2,244	343	33	1
<b>3. Financial derivatives</b>								
3.1 With underlying security								
- Option								
+ Long positions	-	10	6	31	937	203	1,187	-
+ Short positions	-	20	6	30	1,045	208	1,309	-
- Other derivatives								
+ Long positions	32,772	20,816	23,700	42,567	44,053	8,465	4,906	-
+ Short positions	7,739	30,311	30,246	42,456	34,297	9,923	4,805	-
3.2 Without underlying security								
- Option								
+ Long positions	1	856	168	287	610	46	55	-
+ Short positions	1	856	167	302	618	51	55	-
- Other derivatives								
+ Long positions	153	25,468	20,170	31,339	61,609	339	59	-
+ Short positions	417	18,705	19,017	32,712	67,981	265	121	-
<b>4. Other off-balance sheet transactions</b>								
+ Long positions	93,950	33,587	4,576	2,615	4,316	1,408	4,169	99
+ Short positions	115,835	14,439	2,708	3,413	3,037	782	2,820	99

## Part E - Information on risks and hedging policies

## 1. Banking book: breakdown by maturity (repricing date) of financial assets and liabilities - Currency: euro

(€ million)

TYPE/RESIDUAL MATURITY	AMOUNTS AS AT 12.31.2020							INDEFINITE 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	
<b>1. On-balance sheet assets</b>	<b>96,955</b>	<b>241,603</b>	<b>44,688</b>	<b>27,499</b>	<b>144,696</b>	<b>52,289</b>	<b>31,609</b>	<b>241</b>
1.1 Debt securities	808	19,327	9,821	10,713	70,122	17,981	3,837	3
- With prepayment option	-	120	76	27	431	276	35	-
- Other	808	19,207	9,745	10,686	69,691	17,705	3,802	3
1.2 Loans to banks	14,260	71,839	3,068	745	4,587	162	147	-
1.3 Loans to customers	81,887	150,437	31,799	16,041	69,987	34,146	27,625	238
- Current accounts	20,966	698	188	209	256	14	399	-
- Other loans	60,921	149,739	31,611	15,832	69,731	34,132	27,226	238
- With prepayment option	12,297	53,591	8,913	3,897	20,027	8,188	8,701	-
- Other	48,624	96,148	22,698	11,935	49,704	25,944	18,525	238
<b>2. On-balance sheet liabilities</b>	<b>377,872</b>	<b>120,426</b>	<b>23,152</b>	<b>18,583</b>	<b>135,425</b>	<b>29,860</b>	<b>8,247</b>	<b>165</b>
2.1 Deposits from customers	359,409	65,225	6,010	7,457	3,983	1,385	1,359	-
- Current accounts	353,498	127	1	2	3	-	1	-
- Other	5,911	65,098	6,009	7,455	3,980	1,385	1,358	-
- With prepayment option	209	-	-	-	-	-	-	-
- Other	5,702	65,098	6,009	7,455	3,980	1,385	1,358	-
2.2 Deposits from banks	16,378	32,511	5,497	1,624	101,178	5,059	583	1
- Current accounts	9,490	1	-	-	-	-	-	-
- Other	6,888	32,510	5,497	1,624	101,178	5,059	583	1
2.3 Debt securities in issue	933	22,380	11,542	9,207	28,036	23,074	6,273	163
- With prepayment option	-	1,063	507	5	2,000	2,716	687	-
- Other	933	21,317	11,035	9,202	26,036	20,358	5,586	163
2.4 Other liabilities	1,152	310	103	295	2,228	342	32	1
- With prepayment option	3	-	-	-	-	-	-	-
- Other	1,149	310	103	295	2,228	342	32	1
<b>3. Financial derivatives</b>								
3.1 With underlying security								
- Option								
+ Long positions	-	10	6	31	937	203	1,187	-
+ Short positions	-	20	6	30	1,045	208	1,309	-
- Other derivatives								
+ Long positions	32,772	20,730	23,700	42,567	44,053	8,465	4,906	-
+ Short positions	7,739	30,225	30,246	42,456	34,297	9,923	4,805	-
3.2 Without underlying security								
- Option								
+ Long positions	1	554	38	45	51	46	55	-
+ Short positions	1	554	37	60	59	51	55	-
- Other derivatives								
+ Long positions	153	22,279	19,944	31,167	60,151	244	59	-
+ Short positions	-	17,237	18,746	32,507	63,258	265	121	-
<b>4. Other off-balance sheet transactions</b>								
+ Long positions	89,627	32,886	3,993	1,317	2,598	1,096	2,215	95
+ Short positions	111,420	13,487	2,137	2,127	1,358	470	1,144	95

## Part E - Information on risks and 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 12.31.2020							INDEFINITE 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	
<b>1. On-balance sheet assets</b>	<b>16,049</b>	<b>27,104</b>	<b>4,696</b>	<b>4,058</b>	<b>18,434</b>	<b>5,313</b>	<b>3,673</b>	<b>178</b>
1.1 Debt securities	36	1,597	604	1,122	9,533	2,054	2,429	127
- With prepayment option	-	8	-	-	-	-	-	-
- Other	36	1,589	604	1,122	9,533	2,054	2,429	127
1.2 Loans to banks	3,476	11,489	1,147	280	759	-	-	-
1.3 Loans to customers	12,537	14,018	2,945	2,656	8,142	3,259	1,244	51
- Current accounts	2,112	529	20	-	337	-	10	-
- Other loans	10,425	13,489	2,925	2,656	7,805	3,259	1,234	51
- With prepayment option	216	1,494	972	70	156	172	37	-
- Other	10,209	11,995	1,953	2,586	7,649	3,087	1,197	51
<b>2. On-balance sheet liabilities</b>	<b>43,150</b>	<b>16,896</b>	<b>1,356</b>	<b>1,849</b>	<b>7,834</b>	<b>1,851</b>	<b>3,246</b>	<b>4</b>
2.1 Deposits from customers	40,506	9,040	1,201	1,530	1,047	65	109	-
- Current accounts	39,621	103	14	2	11	17	3	-
- Other	885	8,937	1,187	1,528	1,036	48	106	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	885	8,937	1,187	1,528	1,036	48	106	-
2.2 Deposits from banks	2,343	5,505	115	89	467	96	1	-
- Current accounts	1,109	-	-	-	-	-	-	-
- Other	1,234	5,505	115	89	467	96	1	-
2.3 Debt securities in issue	121	2,345	39	226	6,304	1,689	3,135	4
- With prepayment option	-	-	-	-	297	273	-	4
- Other	121	2,345	39	226	6,007	1,416	3,135	-
2.4 Other liabilities	180	6	1	4	16	1	1	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	180	6	1	4	16	1	1	-
<b>3. Financial derivatives</b>								
3.1 With underlying security								
- Option								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	86	-	-	-	-	-	-
+ Short positions	-	86	-	-	-	-	-	-
3.2 Without underlying security								
- Option								
+ Long positions	-	302	130	242	559	-	-	-
+ Short positions	-	302	130	242	559	-	-	-
- Other derivatives								
+ Long positions	-	3,189	226	172	1,458	95	-	-
+ Short positions	417	1,468	271	205	4,723	-	-	-
<b>4. Other off-balance sheet transactions</b>								
+ Long positions	4,323	701	583	1,298	1,718	312	1,954	4
+ Short positions	4,415	952	571	1,286	1,679	312	1,676	4

## 2. Banking book: internal models and other methods for sensitivity analysis

## Interest rate risk

As of 31 December 2020, the interest income sensitivity to an immediate and parallel shift of +100bps was +€1,116 million, whilst the immediate change to a parallel downward shift of interest rate of -100bp (or less, according to the interest rates level of each currency) was equal to -€351 million.

The sensitivity of the economic value of shareholders' equity to an immediate and parallel change in interest rates ("parallel shift") of +200bps and -200bp was respectively equal to -€28 million and -€1,191 million. The sensitivity to interest rates changes for the worst-of-six "Supervisory Outlier Test", as envisioned by EBA guideline (EBA/GL/2018/02) was equal to -€1,137 million.

## Part E - Information on risks and hedging policies

### 2.2.3 Exchange rate risk

#### Qualitative information

##### A. General aspects, risk management processes and measurement methods

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 "Stress test" paragraph.

##### B. Hedging exchange rate 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, taking into account market circumstances for the hedging strategies.

#### Quantitative information

##### 1. Distribution by currency of assets and liabilities and derivatives

(€ million)

ITEMS	AMOUNTS AS AT 12.31.2020					
	CURRENCIES					
	U.S. DOLLAR	SWITZERLAND FRANC	JAPAN YEN	BRITISH POUND	CZECH CROWN	OTHER CURRENCIES
<b>A. Financial assets</b>	<b>32,286</b>	<b>8,144</b>	<b>8,193</b>	<b>3,499</b>	<b>155</b>	<b>152,820</b>
A.1 Debt securities	9,373	250	7,868	693	-	23,442
A.2 Equity securities	1,351	227	24	602	-	431
A.3 Loans to banks	3,862	1,977	83	247	123	33,465
A.4 Loans to customers	17,668	5,645	218	1,950	32	95,211
A.5 Other financial assets	32	45	-	7	-	271
<b>B. Other assets</b>	<b>1,091</b>	<b>5</b>	<b>2</b>	<b>408</b>	<b>-</b>	<b>409</b>
<b>C. Financial liabilities</b>	<b>45,744</b>	<b>855</b>	<b>306</b>	<b>2,509</b>	<b>408</b>	<b>125,565</b>
C.1 Deposits from banks	10,233	38	43	707	20	30,244
C.2 Deposits from customers	22,657	663	162	1,746	265	80,803
C.3 Debt securities in issue	12,744	153	100	18	122	14,073
C.4 Other financial liabilities	110	1	1	38	1	445
<b>D. Other liabilities</b>	<b>45</b>	<b>2</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>481</b>
<b>E. Financial derivatives</b>						
- Options						
+ Long positions	805	80	6	55	18	3,777
+ Short positions	640	64	-	48	18	3,451
- Other derivatives						
+ Long positions	152,653	13,755	7,273	17,726	6,487	44,796
+ Short positions	139,327	21,363	15,412	18,118	5,600	43,971
<b>Total assets</b>	<b>186,835</b>	<b>21,984</b>	<b>15,474</b>	<b>21,688</b>	<b>6,660</b>	<b>201,802</b>
<b>Total liabilities</b>	<b>185,756</b>	<b>22,284</b>	<b>15,718</b>	<b>20,678</b>	<b>6,026</b>	<b>173,468</b>
<b>Difference (+/-)</b>	<b>1,079</b>	<b>(300)</b>	<b>(244)</b>	<b>1,010</b>	<b>634</b>	<b>28,334</b>

## Part E - Information on risks and hedging policies

### 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 UGRM, 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 "Market Risk Limits".

#### **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.

As regards stress Test refer to the introduction on "Risk management strategies and processes" and for the complex scenarios' description to "Stress test" paragraph.

##### *Quantitative information*

###### *Credit spread sensitivity*

Credit spread sensitivity is calculated by assuming a worsening of creditworthiness seen in a parallel shift of +1bp/+10bp/+100bps 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.

## Part E - Information on risks and hedging policies

The table below shows Trading book sensitivities.

(€ million)

	+1BP LESS THAN 1 MONTH	+1BP TO 6 MONTHS	+1BP 6 MONTHS TO 1 YEAR	+1BP 1 YEAR TO 5 YEARS	+1BP 5 YEARS TO 10 YEARS	+1BP 10 YEARS TO 20 YEARS	+1BP OVER 20 YEARS	+1 BP TOTAL	+10BP	+100BP
<b>Total</b>	-0.0	-0.0	-0.0	0.1	-0.0	-0.3	0.0	-0.2	-1.6	0.1
<b>Rating</b>										
AAA	-0.0	-0.0	-0.0	0.1	-0.1	-0.0	-0.0	-0.0	0.1	16.8
AA	-0.0	-0.0	-0.0	-0.0	0.0	-0.0	0.0	-0.0	-0.1	-0.7
A	-0.0	-0.0	-0.0	0.1	-0.0	-0.0	0.0	0.1	0.6	5.2
BBB	-0.0	0.0	0.0	-0.0	0.0	-0.2	0.0	-0.2	-1.8	-17.7
BB	-0.0	-0.0	0.0	-0.0	-0.0	-0.0	-0.0	-0.0	-0.3	-2.5
B	0.0	0.0	-0.0	0.0	-0.0	0.0	0.0	-0.0	-0.0	-0.2
CCC and NR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	-0.8
<b>Sector</b>										
<b>Sovereigns &amp; Related</b>	-0.0	-0.0	-0.0	-0.2	0.2	-0.2	-0.0	-0.3	-2.3	-6.5
<b>ABS and MBS</b>	0.0	-0.0	-0.0	-0.0	0.0	0.0	0.0	-0.0	-0.0	-0.3
<b>Financial Services</b>	-0.0	0.0	0.0	-0.1	-0.2	-0.1	0.0	-0.3	-2.7	-26.4
<b>All Corporates</b>	-0.0	0.0	0.0	0.4	-0.0	-0.0	-0.0	0.3	3.5	33.4
<i>Basic Materials</i>	0.0	0.0	0.0	0.0	-0.0	0.0	0.0	0.0	0.4	3.5
<i>Communications</i>	-0.0	0.0	0.0	0.1	-0.0	-0.0	-0.0	0.1	0.6	5.9
<i>Consumer Cyclical</i>	-0.0	-0.0	0.0	0.1	0.0	-0.0	0.0	0.1	0.6	5.5
<i>Consumer Non cyclical</i>	-0.0	0.0	0.0	0.1	-0.0	0.0	0.0	0.1	0.9	8.3
<i>Energy</i>	-0.0	0.0	-0.0	0.0	0.0	-0.0	0.0	0.0	0.2	2.2
<i>Technology</i>	0.0	0.0	0.0	0.0	-0.0	0.0	0.0	0.0	0.0	0.4
<i>Industrial</i>	0.0	0.0	0.0	0.0	-0.0	-0.0	-0.0	0.0	0.3	2.5
<i>Utilities</i>	-0.0	0.0	0.0	0.0	0.0	0.0	-0.0	0.1	0.5	5.0
<i>All other Corporates</i>	0.0	0.0	-0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

### 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 whole Group Trading Book on a monthly basis and reported to the Top Management.

### Pandemic Scenario

In this scenario, we assume that Europe will face a further wave of the pandemic at the beginning of 2021, while the US will have to deal with a persistently high number of infections that will force the new administration to introduce tight restrictions to mobility and business activity. Economies start reopening in spring 2021 as milder weather conditions allow governments to relax some of the containment measures. However, the roll-out of vaccines is slower than assumed in the baseline scenario, possibly because a large share of the population is reluctant to get their shot. Therefore, herd immunity is only reached towards the end of the three-year forecasting horizon.

After contracting by about 7.5% in 2020, eurozone GDP would increase by 1.5% in 2021 (-3.5pp compared to baseline), followed by an expansion of 3% in 2022 (+0.3pp) and 2.1% in 2023 (-0.1pp).

By the end of 2023, eurozone GDP would remain below its pre-crisis level.

Demand weakness prevails over supply-side disruption, leading to a widening of the output gap compared to the baseline scenario. Together with lower oil prices, this puts downward pressure on inflation, starting from already weak levels envisaged in the baseline. Throughout the forecasting horizon, headline inflation fluctuates within a 0.5-1.5% range, which is below the tolerance threshold of the ECB.



## Part E - Information on risks and hedging policies

Monetary policy responds to the deterioration in the outlook for growth and inflation and to any potential threat to the transmission mechanisms of monetary policy. We assume that the ECB does not cut the depo rate as the central bank judges that the negative impact on banks' profitability in such environment would outweigh the positive effects of a rate cut on the real economy. Therefore, it is assumed that all the burden of the additional monetary expansion will be on asset purchases, most probably through a big increase of the envelope of the Pandemic Emergency Purchase Programme (PEPP), and on TLTRO. Favorable conditions for TLTRO III are likely to remain in place throughout 2023 to preserve low funding costs for the banking sector.

The shock would lead to deteriorating market sentiment. As a result, we assume richening of core sovereign bonds relative to swaps and more in general wider credit spreads, both for weaker sovereigns and for corporates (around 100bp for Auto and Industrials while 40bp for Pharma and Telecom). Equity markets are expected to come under pressure as well, with drawdowns of 15/20%. Because of the central bank reaction, we expect that part of the initial shock would be reabsorbed during the first year.

In FX, the EUR-USD would decline by 8% as soon as the shock materializes, to recover some ground over the exercise horizon. We also expect the EUR-CHF to decline, but by a more moderate 2%.

In both cases, FX moves would reflect the deterioration in risk appetite.

### *Pandemic & Sovereign Tensions*

In this scenario, we assume that Europe will face a further wave of the pandemic at the beginning of 2021, while the US will have to deal with a persistently high number of infections that will force the new administration to introduce tight restrictions to mobility and business activity. The roll-out of vaccines takes longer and is substantially less effective than assumed in the baseline scenario. Governments will have no choice but to continue to push ahead with strongly expansionary policies to mitigate the pace of job-shedding, to slow the rise in corporate defaults and to preserve social stability. The ECB is expected to remain in the market with the PEPP and TLTRO with generous conditions throughout the three-year horizon. Despite ongoing large-scale ECB intervention, the further build-up of public sector debt and prospects of a slow recovery put downward pressure on the sovereign rating of the weakest eurozone countries.

In this context, after contracting by about 7.5% in 2020, eurozone GDP would stagnate in 2021 (-5pp compared to baseline), followed by an expansion of only 1.5% in 2022 (1.2pp) and 2.0% in 2023 (-0.2pp). By the end of 2023, no eurozone country would recover its pre-crisis level of economic activity.

Demand weakness clearly prevails over supply-side disruption, leading to a widening of the output gap which, together with lower oil prices, puts material downward pressure on inflation, starting from already weak levels envisaged in the baseline scenario. In 2021, headline inflation settles at just above zero percent, while in 2022-23 the inflation recovery remains very shallow, hardly exceeding 1%. This is well below any tolerance threshold of the ECB.

Monetary policy responds forcefully to the deterioration in the outlook for growth and inflation, and to the rising risks to the transmission mechanisms of monetary policy as sovereign stress pushes spreads wider. We assume that the ECB does not cut the depo rate as the central bank judges that the negative impact on banks' profitability in such environment would outweigh the positive effects of a rate cut on the real economy. Therefore, it is assumed that all the burden of the additional monetary expansion will be on asset purchases, most probably through a big increase of the envelope of the Pandemic Emergency Purchase Programme (PEPP), and on TLTRO. With its flexibility, the PEPP is the ideal tool to face a combination of negative macro developments coupled with intensification of sovereign stress. Given that the ECB remains fully committed to preserving a reasonably smooth functioning of the transmission mechanism, it is assumed that front-loading of purchases after a rating shock allows bringing the BTP-Bund spread down to an acceptable level that is consistent with such transmission not being derailed. Favorable conditions for TLTRO III are likely to remain in place throughout 2023 to preserve low funding costs for the banking sector.

The shock would lead to deteriorating market sentiment. As a result, we assume richening of core sovereign bonds relative to swaps and more in general wider credit spreads, both for weaker sovereigns and for corporates (around 200bp for Auto and Industrials while 80bp for Pharma and Telecom). Equity markets are expected to come under pressure as well, with drawdowns of 30/40%. Because of the central bank reaction, we expect that part of the initial shock would be reabsorbed during the first year.

In FX, the EUR-USD would decline by 15% as soon as the shock materializes, to recover some ground over the exercise horizon. We also expect the EUR-CHF to decline, but by a more moderate 4%.

In both cases, FX moves would reflect the deterioration in risk appetite.

## Part E - Information on risks and hedging policies

### Stress Test on Trading book

(€ million)

	END OF DECEMBER 2020	
	PANDEMIC SCENARIO	PANDEMIC & SOVEREIGN TENSIONS
UniCredit group total	-81	-297
RC Germany	-49	-239
RC Italy	-21	-36
RC Austria	-1	-1
RC CEE	-11	-20

Conditional losses of Managerial Trading Book, as defined above, have been reported. Conditional losses are mainly coming from UCB AG and are driven by CIB Equity and Commodity Trade business line in all scenarios, due to negative shocks on Equities. In UniCredit S.p.A. conditional losses are mainly driven by CIB Fixed Income & Currencies business line due to widening of Italian Government Credit Spread. Conditional losses in RC CEE are mainly due to widening of Credit Spread for local Governments.

### 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 12.31.2020				AMOUNTS AS AT 12.31.2019			
	OVER THE COUNTER			ORGANISED MARKETS	OVER THE COUNTER			ORGANISED MARKETS
	CENTRAL COUNTERPARTIES	WITHOUT CENTRAL COUNTERPARTIES			CENTRAL COUNTERPARTIES	WITHOUT CENTRAL COUNTERPARTIES		
		WITH NETTING AGREEMENT	WITHOUT NETTING AGREEMENT			WITH NETTING AGREEMENT	WITHOUT NETTING AGREEMENT	
<b>1. Debt securities and interest rate indexes</b>	<b>2,452,434</b>	<b>690,987</b>	<b>111,502</b>	<b>45,170</b>	<b>1,859,146</b>	<b>697,761</b>	<b>117,853</b>	<b>40,663</b>
a) Options	-	212,299	17,088	15,828	-	184,313	19,352	153
b) Swap	2,133,962	468,432	92,416	-	1,610,189	512,925	95,917	-
c) Forward	317,980	10,256	1,396	-	248,179	523	1,835	3
d) Futures	492	-	333	29,342	778	-	733	40,507
e) Other	-	-	269	-	-	-	16	-
<b>2. Equity instruments and stock indexes</b>	<b>-</b>	<b>24,587</b>	<b>2,388</b>	<b>93,028</b>	<b>-</b>	<b>28,382</b>	<b>3,038</b>	<b>74,811</b>
a) Options	-	18,979	2,219	66,177	-	21,919	2,924	46,749
b) Swap	-	5,608	5	-	-	6,463	5	-
c) Forward	-	-	-	-	-	-	-	-
d) Futures	-	-	-	26,842	-	-	-	28,062
e) Other	-	-	164	9	-	-	109	-
<b>3. Gold and currencies</b>	<b>807</b>	<b>348,627</b>	<b>87,010</b>	<b>363</b>	<b>823</b>	<b>360,905</b>	<b>99,339</b>	<b>79</b>
a) Options	-	51,192	7,154	-	-	57,423	9,923	-
b) Swap	-	138,708	16,584	-	-	141,991	21,813	-
c) Forward	807	54,929	40,202	222	823	55,944	45,388	-
d) Futures	-	-	-	141	-	-	-	79
e) Other	-	103,798	23,070	-	-	105,547	22,215	-
<b>4. Commodities</b>	<b>-</b>	<b>2,608</b>	<b>3,245</b>	<b>9,243</b>	<b>-</b>	<b>3,019</b>	<b>3,084</b>	<b>8,810</b>
<b>5. Other</b>	<b>-</b>	<b>1,251</b>	<b>3,297</b>	<b>3,396</b>	<b>-</b>	<b>527</b>	<b>2,381</b>	<b>2,968</b>
<b>Total</b>	<b>2,453,241</b>	<b>1,068,060</b>	<b>207,442</b>	<b>151,200</b>	<b>1,859,969</b>	<b>1,090,594</b>	<b>225,695</b>	<b>127,331</b>

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 hedging policies

## A.2 Trading financial derivatives: positive and negative gross fair value - breakdown by product

(€ million)

TYPE OF DERIVATIVES	AMOUNTS AS AT 12.31.2020				AMOUNTS AS AT 12.31.2019			
	OVER THE COUNTER			ORGANISED MARKETS	OVER THE COUNTER			ORGANISED MARKETS
	CENTRAL COUNTERPARTIES	WITHOUT CENTRAL COUNTERPARTIES			CENTRAL COUNTERPARTIES	WITHOUT CENTRAL COUNTERPARTIES		
		WITH NETTING AGREEMENT	WITHOUT NETTING AGREEMENT			WITH NETTING AGREEMENT	WITHOUT NETTING AGREEMENT	
<b>1. Positive fair value</b>								
a) Options	-	3,713	1,316	3,892	-	5,257	1,221	2,329
b) Interest rate swap	33,600	29,613	3,129	-	21,263	24,358	2,560	-
c) Cross currency swap	-	4,272	899	-	-	3,472	848	-
d) Equity swap	-	-	-	-	-	-	-	-
e) Forward	39	1,249	1,596	-	35	534	753	-
f) Futures	-	47	-	1,424	-	45	-	738
g) Other	-	1,580	242	2	-	1,174	338	2
<b>Total</b>	<b>33,639</b>	<b>40,474</b>	<b>7,182</b>	<b>5,318</b>	<b>21,298</b>	<b>34,840</b>	<b>5,720</b>	<b>3,069</b>
<b>2. Negative fair value</b>								
a) Options	-	6,764	235	4,530	-	6,084	333	2,642
b) Interest rate swap	39,680	19,416	2,929	-	25,435	19,757	1,471	-
c) Cross currency swap	-	4,023	428	-	-	3,474	501	-
d) Equity swap	-	-	-	-	-	-	-	-
e) Forward	29	1,549	1,354	-	37	662	971	-
f) Futures	-	-	1	2,031	-	-	1	1,060
g) Other	-	1,497	644	4	-	1,226	363	-
<b>Total</b>	<b>39,709</b>	<b>33,249</b>	<b>5,591</b>	<b>6,565</b>	<b>25,472</b>	<b>31,203</b>	<b>3,640</b>	<b>3,702</b>

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 hedging policies

## A.3 OTC trading financial derivatives: notional amounts, positive and negative gross fair value by counterparty

(€ million)

UNDERLYING ACTIVITIES	AMOUNTS AS AT 12.31.2020			
	CENTRAL COUNTERPARTIES	BANKS	OTHER FINANCIAL COMPANIES	OTHER ENTITIES
<b>Contracts not included in netting agreement</b>				
<b>1) Debt securities and interest rate indexes</b>				
- Notional amount	X	11,355	29,340	70,806
- Positive fair value	X	197	600	3,262
- Negative fair value	X	239	1,953	765
<b>2) Equity instruments and stock indexes</b>				
- Notional amount	X	167	1,090	1,132
- Positive fair value	X	2	258	6
- Negative fair value	X	172	11	102
<b>3) Gold and currencies</b>				
- Notional amount	X	22,510	21,765	42,734
- Positive fair value	X	151	675	976
- Negative fair value	X	133	411	701
<b>4) Commodities</b>				
- Notional amount	X	2	339	2,903
- Positive fair value	X	-	17	727
- Negative fair value	X	2	31	455
<b>5) Other</b>				
- Notional amount	X	207	81	3,008
- Positive fair value	X	-	-	309
- Negative fair value	X	4	32	578
<b>Contracts included in netting agreement</b>				
<b>1) Debt securities and interest rate indexes</b>				
- Notional amount	2,452,434	276,988	345,293	68,706
- Positive fair value	33,622	12,943	7,450	12,273
- Negative fair value	39,703	16,839	7,053	1,430
<b>2) Equity instruments and stock indexes</b>				
- Notional amount	-	16,807	7,780	-
- Positive fair value	-	403	99	-
- Negative fair value	-	762	82	-
<b>3) Gold and currencies</b>				
- Notional amount	807	274,576	50,803	23,250
- Positive fair value	17	4,487	939	1,459
- Negative fair value	5	4,975	1,046	549
<b>4) Commodities</b>				
- Notional amount	-	335	386	1,887
- Positive fair value	-	55	14	172
- Negative fair value	-	14	61	220
<b>5) Other</b>				
- Notional amount	-	23	-	1,228
- Positive fair value	-	-	-	178
- Negative fair value	-	7	-	213

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 hedging policies

### A.4 OTC financial derivatives - residual life: notional amounts

(€ million)

UNDERLYING/RESIDUAL MATURITY	TRADING DERIVATIVES			TOTAL
	UP TO 1 YEAR	OVER 1 YEAR UP TO 5 YEARS	OVER 5 YEARS	
A.1 Financial derivative contracts on debt securities and interest rates	973,257	1,114,618	1,167,047	3,254,922
A.2 Financial derivative contracts on equity securities and stock indexes	11,399	9,420	6,156	26,975
A.3 Financial derivative contracts on exchange rates and hold	280,043	107,500	48,900	436,443
A.4 Financial derivative contracts on other values	3,990	1,706	157	5,853
A.5 Other financial derivatives	3,704	793	49	4,546
<b>Total 12.31.2020</b>	<b>1,272,393</b>	<b>1,234,037</b>	<b>1,222,309</b>	<b>3,728,739</b>
<b>Total 12.31.2019</b>	<b>1,310,143</b>	<b>1,023,617</b>	<b>842,497</b>	<b>3,176,257</b>

### 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)
<b>1. Protection buyer's contracts</b>		
a) Credit default products	1,325	3,374
b) Credit spread products	-	-
c) Total rate of return swap	-	-
d) Other	-	-
<b>Total 12.31.2020</b>	<b>1,325</b>	<b>3,374</b>
<b>Total 12.31.2019</b>	<b>3,549</b>	<b>2,402</b>
<b>2. Protection seller's contracts</b>		
a) Credit default products	1,219	2,346
b) Credit spread products	-	-
c) Total rate of return swap	864	-
d) Other	-	-
<b>Total 12.31.2020</b>	<b>2,083</b>	<b>2,346</b>
<b>Total 12.31.2019</b>	<b>3,088</b>	<b>3,219</b>

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 the Regulatory consolidation.

#### B.2 Trading credit derivatives: positive and negative gross fair value - breakdown by product

(€ million)

TYPES OF DERIVATIVE INSTRUMENTS	AMOUNTS AS AT	
	12.31.2020	12.31.2019
<b>1. Positive fair value</b>		
a) Credit default products	80	79
b) Credit spread products	-	-
c) Total rate of return swap	2	35
d) Other	-	-
<b>Total</b>	<b>82</b>	<b>114</b>
<b>2. Negative fair value</b>		
a) Credit default products	134	103
b) Credit spread products	-	-
c) Total rate of return swap	157	157
d) Other	-	-
<b>Total</b>	<b>291</b>	<b>260</b>

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.

## Part E - Information on risks and hedging policies

### B.3 OTC trading credit derivatives: notional amounts, positive and negative gross fair value by counterparty

(€ million)

	AMOUNTS AS AT 12.31.2020			
	CENTRAL COUNTERPARTIES	BANKS	FINANCIAL COMPANIES	OTHER ENTITIES
<b>Contracts not included in netting agreement</b>				
<b>1) Protection buyer's contracts</b>				
- Notional amount	X	-	-	-
- Positive fair value	X	-	-	-
- Negative fair value	X	-	-	-
<b>2) Protection seller's contracts</b>				
- Notional amount	X	1,030	-	-
- Positive fair value	X	2	-	-
- Negative fair value	X	165	-	-
<b>Contracts included in netting agreement</b>				
<b>1) Protection buyer's contracts</b>				
- Notional amount	-	1,124	3,575	-
- Positive fair value	-	4	2	-
- Negative fair value	-	15	103	-
<b>2) Protection seller's contracts</b>				
- Notional amount	-	810	2,588	-
- Positive fair value	-	8	66	-
- Negative fair value	-	6	2	-

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.

### B.4 OTC trading credit derivatives - residual life: notional amounts

(€ million)

UNDERLYING/RESIDUAL MATURITY	OVER 1 YEAR UP			TOTAL
	UP TO 1 YEAR	TO 5 YEARS	OVER 5 YEARS	
1. Protection buyer's contracts	1,420	2,757	252	4,429
2. Protection seller's contracts	1,235	3,464	-	4,699
<b>Total 12.31.2020</b>	<b>2,655</b>	<b>6,221</b>	<b>252</b>	<b>9,128</b>
<b>Total 12.31.2019</b>	<b>7,079</b>	<b>4,466</b>	<b>712</b>	<b>12,257</b>

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.

## Part E - Information on risks and hedging policies

### 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 of 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 and non-maturity deposits or other fixed rate liabilities).

The hedging relationship is classified 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 instruments and 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.

#### B. Cash flow hedging activities

The objective of cash flow hedge on floating rate assets/liabilities is to hedge the exposure to changes in cash flows from borrowings/lending that bear a floating interest rate.

The hedging relationship is classified 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 foreign currency revenues.

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

No hedging strategy is in place on an investment in entities whose functional currency differs from the Group's functional currency.

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 hedging strategy and the percentage to be hedged is defined on a case by case basis considering, inter alia, the diversification effect and taking into account the volatility and correlation in the FX rates.

## Part E - Information on risks and hedging policies

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 hedge is accounted in Item 80 - Trading Income line.

### 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 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.

### 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 12.31.2020				AMOUNTS AS AT 12.31.2019			
	OVER THE COUNTER			ORGANISED MARKETS	OVER THE COUNTER			ORGANISED MARKETS
	CENTRAL COUNTERPARTIES	WITHOUT CENTRAL COUNTERPARTIES			CENTRAL COUNTERPARTIES	WITHOUT CENTRAL COUNTERPARTIES		
		WITH NETTING AGREEMENT	WITHOUT NETTING AGREEMENT			WITH NETTING AGREEMENT	WITHOUT NETTING AGREEMENT	
<b>1. Debt securities and interest rate indexes</b>	<b>107,997</b>	<b>15,064</b>	<b>123,918</b>	<b>987</b>	<b>109,830</b>	<b>18,477</b>	<b>214,097</b>	<b>7,585</b>
a) Options	-	1,678	-	-	-	1,691	-	-
b) Swap	107,997	13,386	5,413	-	109,277	16,786	10,529	-
c) Forward	-	-	-	-	553	-	-	-
d) Futures	-	-	118,505	987	-	-	203,568	7,585
e) Other	-	-	-	-	-	-	-	-
<b>2. Equity instruments and stock indexes</b>	-	-	-	-	-	-	-	-
a) Options	-	-	-	-	-	-	-	-
b) Swap	-	-	-	-	-	-	-	-
c) Forward	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
<b>3. Gold and currencies</b>	<b>40</b>	<b>6,408</b>	<b>263</b>	<b>-</b>	<b>-</b>	<b>7,394</b>	<b>1,001</b>	<b>-</b>
a) Options	-	-	-	-	-	-	13	-
b) Swap	-	6,278	263	-	-	7,394	988	-
c) Forward	40	130	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
<b>4. Commodities</b>	-	-	-	-	-	-	-	-
<b>5. Other</b>	-	-	-	-	-	-	-	-
<b>Total</b>	<b>108,037</b>	<b>21,472</b>	<b>124,181</b>	<b>987</b>	<b>109,830</b>	<b>25,871</b>	<b>215,098</b>	<b>7,585</b>

This table refers the notional value of cash-flow hedging derivatives 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 hedging policies

## A.2 Hedging financial derivatives: positive and negative gross fair value - breakdown by product

TYPE OF DERIVATIVES	AMOUNT AS AT 12.31.2020				AMOUNT AS AT 12.31.2019				AMOUNT AS AT 12.31.2020	AMOUNT AS AT 12.31.2019
	POSITIVE AND NEGATIVE FAIR VALUE				POSITIVE AND NEGATIVE FAIR VALUE					
	OVER THE COUNTER				OVER THE COUNTER				CHANGES IN VALUE USED TO CALCULATE HEDGE INEFFECTIVENESS	
	CENTRAL COUNTERPARTIES	WITHOUT CENTRAL COUNTERPARTIES		ORGANISED MARKETS	CENTRAL COUNTERPARTIES	WITHOUT CENTRAL COUNTERPARTIES		ORGANISED MARKETS		
WITH NETTING AGREEMENT		WITHOUT NETTING AGREEMENT	WITH NETTING AGREEMENT			WITHOUT NETTING AGREEMENT				
<b>1. Positive fair value</b>										
a) Options	-	23	-	-	-	19	-	-	-	
b) Interest rate swap	4,725	228	84	-	3,796	251	97	-	-	
c) Cross currency swap	-	206	1	-	-	56	8	-	-	
d) Equity swap	-	-	-	-	-	-	-	-	-	
e) Forward	-	-	-	-	-	-	-	-	-	
f) Futures	-	-	114	-	-	-	146	-	-	
g) Other	-	-	-	-	-	-	-	18	-	
<b>Total</b>	<b>4,725</b>	<b>457</b>	<b>199</b>	<b>-</b>	<b>3,796</b>	<b>326</b>	<b>251</b>	<b>18</b>	<b>-</b>	
<b>2. Negative fair value</b>										
a) Options	-	261	-	-	-	152	-	-	-	
b) Interest rate swap	1,787	660	66	-	1,159	681	274	-	-	
c) Cross currency swap	-	116	2	-	-	228	45	-	-	
d) Equity swap	-	-	-	-	-	-	-	-	-	
e) Forward	-	-	-	-	-	-	-	-	-	
f) Futures	-	-	126	-	-	-	166	1	-	
g) Other	-	-	-	-	-	-	-	1	-	
<b>Total</b>	<b>1,787</b>	<b>1,037</b>	<b>194</b>	<b>-</b>	<b>1,159</b>	<b>1,061</b>	<b>485</b>	<b>2</b>	<b>-</b>	

This table presents distribution by product of the gross positive and negative cash-flow hedging 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 hedging policies

## A.3 OTC hedging financial derivatives: notional amounts, positive and negative gross fair value by counterparty

(€ million)

UNDERLYING ACTIVITIES	AMOUNTS AS AT 12.31.2020			
	CENTRAL COUNTERPARTIES	BANKS	OTHER FINANCIAL COMPANIES	OTHER ENTITIES
<b>Contracts not included in netting agreement</b>				
<b>1) Debt securities and interest rate indexes</b>				
- Notional amount	X	123,870	48	-
- Positive fair value	X	198	-	-
- Negative fair value	X	192	-	-
<b>2) Equity instruments and stock indexes</b>				
- Notional amount	X	-	-	-
- Positive fair value	X	-	-	-
- Negative fair value	X	-	-	-
<b>3) Gold and currencies</b>				
- Notional amount	X	263	-	-
- Positive fair value	X	1	-	-
- Negative fair value	X	2	-	-
<b>4) Commodities</b>				
- Notional amount	X	-	-	-
- Positive fair value	X	-	-	-
- Negative fair value	X	-	-	-
<b>5) Other</b>				
- Notional amount	X	-	-	-
- Positive fair value	X	-	-	-
- Negative fair value	X	-	-	-
<b>Contracts included in netting agreement</b>				
<b>1) Debt securities and interest rate indexes</b>				
- Notional amount	107,997	10,796	3,870	399
- Positive fair value	4,725	194	54	4
- Negative fair value	1,787	588	238	95
<b>2) Equity instruments and stock indexes</b>				
- Notional amount	-	-	-	-
- Positive fair value	-	-	-	-
- Negative fair value	-	-	-	-
<b>3) Gold and currencies</b>				
- Notional amount	40	5,900	508	-
- Positive fair value	-	187	20	-
- Negative fair value	-	116	-	-
<b>4) Commodities</b>				
- Notional amount	-	-	-	-
- Positive fair value	-	-	-	-
- Negative fair value	-	-	-	-
<b>5) Other</b>				
- Notional amount	-	-	-	-
- Positive fair value	-	-	-	-
- Negative fair value	-	-	-	-

This table presents distribution by counterparty of the notional amount and the gross positive and negative cash-flow hedging 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 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	103,783	99,315	43,882	246,980
A.2 Financial derivative contracts on equity securities and stock indexes	-	-	-	-
A.3 Financial derivative contracts on exchange rates and gold	2,816	3,852	43	6,711
A.4 Financial derivative contracts on other values	-	-	-	-
A.5 Other financial derivatives	-	-	-	-
<b>Total 12.31.2020</b>	<b>106,599</b>	<b>103,167</b>	<b>43,925</b>	<b>253,691</b>
<b>Total 12.31.2019</b>	<b>155,145</b>	<b>148,922</b>	<b>46,733</b>	<b>350,800</b>

*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.

## Part E - Information on risks and hedging policies

## Micro hedging and macro hedging: breakdown by hedged item and risk type

	(€ million)	
	AMOUNT AS AT	12.31.2020
	MICRO HEDGE: CARRYING AMOUNT	MACRO HEDGE: CARRYING AMOUNT
<b>A) Fair value hedge</b>		
<b>1. Assets</b>		
<b>1.1 Financial assets measured at fair value through other comprehensive income</b>	<b>49,153</b>	<b>-</b>
1.1.1 Interest rate	49,153	X
1.1.2 Equity	-	X
1.1.3 Foreign exchange and gold	-	X
1.1.4 Credit	-	X
1.1.5 Other	-	X
<b>1.2 Financial assets measured at amortised cost</b>	<b>29,458</b>	<b>2,957</b>
1.2.1 Interest rate	29,458	X
1.2.2 Equity	-	X
1.2.3 Foreign exchange and gold	-	X
1.2.4 Credit	-	X
1.2.5 Other	-	X
<b>2. Liabilities</b>		
<b>2.1 Financial liabilities measured at amortised costs</b>	<b>860</b>	<b>3,596</b>
2.1.1 Interest rate	860	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>B) Cash flow hedge</b>		
<b>1. Assets</b>	<b>-</b>	<b>X</b>
1.1 Interest rate	-	X
1.2 Equity	-	X
1.3 Foreign exchange and gold	-	X
1.4 Credit	-	X
1.5 Other	-	X
<b>2. Liabilities</b>	<b>49</b>	<b>X</b>
2.1 Interest rate	49	X
2.2 Equity	-	X
2.3 Foreign exchange and gold	-	X
2.4 Credit	-	X
2.5 Other	-	X
<b>C) Hedge of net investments in foreign operations</b>	<b>-</b>	<b>X</b>
<b>D) Portfolio - Assets</b>	<b>X</b>	<b>929</b>
<b>E) Portfolio - Liabilities</b>	<b>X</b>	<b>2,469</b>

## 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 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 12.31.2020			
	CENTRAL COUNTERPARTIES	BANKS	OTHER FINANCIAL COMPANIES	OTHER ENTITIES
<b>A. Financial derivatives</b>				
<b>1) Debt securities and interest rates</b>				
- Notional amount	2,514,034	288,273	347,480	81,539
- Positive net fair value	-	13,355	3,448	13,163
- Negative net fair value	-	17,453	4,715	1,844
<b>2) Equity instruments and stock indexes</b>				
- Notional amount	-	16,974	8,719	461
- Positive net fair value	-	405	357	3
- Negative net fair value	-	935	89	27
<b>3) Gold and currencies</b>				
- Notional amount	-	266,252	61,024	44,800
- Positive net fair value	-	4,033	1,394	1,649
- Negative net fair value	-	4,525	1,253	863
<b>4) Commodities</b>				
- Notional amount	-	337	348	3,028
- Positive net fair value	-	55	25	753
- Negative net fair value	-	16	46	476
<b>5) Other</b>				
- Notional amount	-	23	81	4,155
- Positive net fair value	-	-	-	487
- Negative net fair value	-	7	32	790
<b>B. Credit derivatives</b>				
<b>1) Protection buyer's contracts</b>				
- Notional amount	-	1,124	3,575	-
- Positive net fair value	-	4	2	-
- Negative net fair value	-	15	103	-
<b>2) Protection seller's contracts</b>				
- Notional amount	-	1,840	2,588	-
- Positive net fair value	-	10	66	-
- Negative net fair value	-	171	2	-

## Part E - Information on risks and hedging policies

### 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 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, as a "supervisory and overarching liquidity reference bank" with its role 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 ECB;
- 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<sup>42</sup>.

As a general principle, the large exposure regime, which came into force on 31 December 2010, limits interbank exposures to a maximum of 25% of Own Funds: this rule is also applicable to intra-group exposures. However, there are significant differences in the way in which this EU regulation has been implemented in the various countries. In many CEE countries the limit of 25% of free funds is valid, with some countries showing even stricter rules; in Austria, according to the National law, the 25% of Own Funds 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.

<sup>42</sup> 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 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 “Liquidity management & control group policy” provides for a further principle in order to enhance a sound 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 legal entities, by allowing them to access the local and global markets for liquidity in a controlled and coordinated way, whilst optimising: 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 Financial Office competence line, and the Treasury function (within the “Markets” Business Unit), 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; it is also responsible of 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. deposit stickiness, prepayment, behavioral models, 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 Financial Office competence line is responsible for the coordination of the overall financial planning process at Group, liquidity reference banks and relevant Legal Entities 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 Legal Entities, 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 hedging policies

All the relevant issues that concern the liquidity risk and management perspective of the Group are discussed in GALCO (Group assets & liabilities committee). The main responsibilities of GALCO are:

- participating by advising and proposing the definition of the strategies, policies, methodologies and limits for liquidity risk, fund transfer pricing, funding plan and contingency funding plan;
- contributing to the definition of the Risk Appetite in terms of thresholds for liquidity risk, interest rate risk of the banking book and FX risk;
- optimising the liquidity risk profile of the Group within the defined limits;
- controlling the liquidity risk, including the periodical reports that have to be delivered to regulators;
- approving and validate the liquidity stress test scenarios and the related assumptions;
- approving the ILAAP proposal and the regulatory reporting to be submitted to Group risk & internal control committee (GR&ICC);
- approving the operational strategies for the evolution of the balance sheet and the application of fund transfer price for the Italian perimeter.

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 of such significance 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 hedging policies

### *Strategies and processes to manage 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 tests**: 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, the Parent Company takes 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 level and must be used across the liquidity reference banks.

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).

The main metric used to measure the medium/long-term position is the net stable funding ratio, as described by Basel 3, until June 2021 where CRR2 will enter into force.

## Part E - Information on risks and hedging policies

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 102.5% per 2021 means that stable liabilities have to fully cover the requirements of funding generated by the assets.

A key structural metric, aimed at measuring the funding needs originated from the commercial activity of the Bank, is the funding gap (an improved loans-to-deposits gap). It measures the need of funding, 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 to stress testing, 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 other 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 2020 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 €7,923 million as at 31 December 2020.

## Part E - Information on risks and 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 weekly 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 "Liquidity management & control Group 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.

Additionally, to an adequate liquidity buffer to face unexpected outflows and robust and regular up-to-date stress testing performed on a regular basis, 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 Financial Office 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 crises usually develop 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.

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 organisation 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* global policy has 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.

## Part E - Information on risks and hedging policies

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 the first half of 2020, the Group liquidity situation is 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 2020, 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 2020, both the funding gap and the net stable funding ratio were above the limitations set in the risk appetite framework, thus confirming the relative stability of the funding source of the Group.

## Part E - Information on risks and hedging policies

### Effects arising from Covid-19 pandemic

The slowdown in economic activity caused by lockdowns across Europe and the measures the Governments have taken to face the effects of the current health and economic emergency impacted the Group operations in the different countries of its perimeter. The business continuity management plans were activated in order to ensure the regular execution of treasury activities and the proper information flows to the senior management and the Supervisors.

Despite the overall liquidity situation of the Group is safe and under constant control, some risks may materialize in the coming months, depending on the lockdown and mobility limitations imposed by the Government and expected economic recovery.

The most relevant risks that the Group may face are: i) an exceptionally high usage of the committed and uncommitted lines granted to corporate customers; ii) the capacity to roll over the expiring wholesale funding and the potential cash or collateral outflows the Group may suffer in case of rating downgrades of both the banks or the sovereign debt in the geographies in which it operates. In addition to this, some risks may arise from the limitations applied to the cross-border lending among banks, which have been increased in some countries.

An important mitigating factor to these risks are the contingency management policies of the bank as described in the Group system of rules and the measures set up by the European Central Bank, which have granted a higher flexibility in the management of the current liquidity situation by leveraging on the available liquidity buffers.

### Quantitative information

#### 1. Time breakdown by contractual residual maturity of financial assets and liabilities

(€ million)

ITEMS/MATURITY	AMOUNT AS AT 12.31.2020									
	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
<b>A. On-balance sheet assets</b>	<b>87,533</b>	<b>18,778</b>	<b>20,816</b>	<b>17,276</b>	<b>44,643</b>	<b>39,462</b>	<b>45,816</b>	<b>246,654</b>	<b>181,136</b>	<b>31,805</b>
A.1 Government securities	31	1	82	729	2,849	3,755	8,763	71,020	25,085	3
A.2 Other debt securities	12	4	332	247	721	917	2,272	17,780	17,295	292
A.3 Units in investment funds	1,256	-	-	-	-	-	-	-	4	2,273
A.4 Loans	86,234	18,773	20,402	16,300	41,073	34,790	34,781	157,854	138,752	29,237
- Banks	44,537	4,820	9,350	2,583	11,970	4,268	2,616	5,500	899	26,492
- Customers	41,697	13,953	11,052	13,717	29,103	30,522	32,165	152,354	137,853	2,745
<b>B. On-balance sheet liabilities</b>	<b>421,069</b>	<b>41,250</b>	<b>20,321</b>	<b>21,298</b>	<b>41,447</b>	<b>17,830</b>	<b>18,567</b>	<b>156,879</b>	<b>58,240</b>	<b>5,524</b>
B.1 Deposits and current accounts	413,212	22,317	12,106	11,215	30,075	7,219	10,745	61,221	10,854	1
- Banks	14,866	10,811	3,601	3,714	6,516	1,664	1,773	54,694	9,347	1
- Customers	398,346	11,506	8,505	7,501	23,559	5,555	8,972	6,527	1,507	-
B.2 Debt securities	52	1,712	2,514	2,943	7,592	7,962	6,409	40,811	42,063	5,062
B.3 Other liabilities	7,805	17,221	5,701	7,140	3,780	2,649	1,413	54,847	5,323	461
<b>C. Off-balance sheet transactions</b>										
C.1 Financial derivatives with capital swap										
- Long positions	-	73,145	33,542	60,363	243,427	154,947	209,079	649,117	657,592	-
- Short positions	-	30,903	23,755	69,426	209,761	135,881	189,875	641,598	615,269	-
C.2 Financial derivatives without capital swap										
- Long positions	17,041	470	609	1,713	2,363	1,436	4,810	13,799	5,506	-
- Short positions	13,850	764	674	1,812	2,303	1,269	4,645	13,314	5,286	-
C.3 Deposits and loans to be received										
- Long positions	182	11,715	-	380	766	1,783	472	90	-	-
- Short positions	-	3,688	4,679	2,132	864	534	1,555	90	-	-
C.4 Commitments to disburse funds										
- Long positions	78,845	15,377	830	937	3,758	4,033	3,749	12,494	6,129	2,308
- Short positions	100,827	96	69	425	2,997	3,542	3,359	10,924	3,901	2,286
C.5 Financial guarantees given	897	12	66	124	673	943	2,844	6,450	754	-
C.6 Financial guarantees received	27,982	3	78	67	5,518	949	466	6,893	13,566	4,690
C.7 Credit derivatives with capital swap										
- Long positions	-	-	-	4	28	695	325	2,400	137	-
- Short positions	-	-	-	-	413	934	246	3,803	314	-
C.8 Credit derivatives without capital swap										
- Long positions	-	-	-	-	-	-	-	-	166	-
- Short positions	-	-	-	-	-	-	-	-	166	-

## Part E - Information on risks and hedging policies

## 1. Time breakdown by contractual residual maturity of financial assets and liabilities - Currency: euro

(€ million)

ITEMS/MATURITY	AMOUNT AS AT 12.31.2020									
	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
<b>A. On-balance sheet assets</b>	<b>80,774</b>	<b>15,478</b>	<b>13,799</b>	<b>15,727</b>	<b>39,963</b>	<b>35,226</b>	<b>40,038</b>	<b>218,069</b>	<b>161,740</b>	<b>31,777</b>
A.1 Government securities	27	1	79	679	2,590	3,576	8,433	61,340	19,950	3
A.2 Other debt securities	12	4	329	228	711	909	2,244	16,824	15,960	286
A.3 Units in investment funds	1,090	-	-	-	-	-	-	-	4	2,263
A.4 Loans	79,645	15,473	13,391	14,820	36,662	30,741	29,361	139,905	125,826	29,225
- Banks	40,943	2,466	3,127	2,397	10,105	3,096	1,559	4,744	899	26,492
- Customers	38,702	13,007	10,264	12,423	26,557	27,645	27,802	135,161	124,927	2,733
<b>B. On-balance sheet liabilities</b>	<b>379,223</b>	<b>38,650</b>	<b>16,360</b>	<b>16,752</b>	<b>36,257</b>	<b>16,201</b>	<b>16,266</b>	<b>146,211</b>	<b>53,013</b>	<b>5,524</b>
B.1. Deposits and current accounts	372,022	20,055	8,336	8,194	26,050	5,842	8,831	57,998	10,485	1
- Banks	12,822	9,462	2,916	2,606	5,656	1,565	1,674	53,078	9,204	1
- Customers	359,200	10,593	5,420	5,588	20,394	4,277	7,157	4,920	1,281	-
B.2 Debt securities	52	1,701	2,323	1,648	6,430	7,713	6,056	33,382	37,211	5,062
B.3 Other liabilities	7,149	16,894	5,701	6,910	3,777	2,646	1,379	54,831	5,317	461
<b>C. Off-balance sheet transactions</b>										
C.1 Financial derivatives with capital swap										
- Long positions	-	29,110	26,331	48,629	216,349	136,764	182,492	559,289	612,439	-
- Short positions	-	11,750	11,391	50,521	173,499	113,399	159,118	527,787	563,624	-
C.2 Financial derivatives without capital swap										
- Long positions	16,350	262	256	572	1,097	540	1,824	5,241	2,318	-
- Short positions	12,963	648	334	823	1,149	416	1,796	4,199	1,955	-
C.3 Deposits and loans to be received										
- Long positions	-	11,715	-	380	766	1,783	472	81	-	-
- Short positions	-	3,658	4,557	2,108	858	534	1,555	81	-	-
C.4 Commitments to disburse funds										
- Long positions	76,916	15,357	799	505	3,275	3,321	2,071	10,160	5,014	972
- Short positions	98,418	33	38	199	2,355	2,872	1,752	8,653	3,063	972
C.5 Financial guarantees given	732	7	47	86	225	415	768	2,624	329	-
C.6 Financial guarantees received	26,907	3	76	28	4,790	797	355	5,705	13,232	3,677
C.7 Credit derivatives with capital swap										
- Long positions	-	-	-	4	9	592	177	2,188	125	-
- Short positions	-	-	-	-	5	808	174	3,182	268	-
C.8 Credit derivatives without capital swap										
- Long positions	-	-	-	-	-	-	-	-	166	-
- Short positions	-	-	-	-	-	-	-	-	166	-

## Part E - Information on risks and hedging policies

## 1. Time breakdown by contractual residual maturity of financial assets and liabilities - Currency: other currencies

(€ million)

ITEMS/MATURITY	AMOUNT AS AT 12.31.2020									
	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
<b>A. On-balance sheet assets</b>	<b>6,759</b>	<b>3,300</b>	<b>7,017</b>	<b>1,549</b>	<b>4,680</b>	<b>4,236</b>	<b>5,778</b>	<b>28,585</b>	<b>19,396</b>	<b>28</b>
A.1 Government securities	4	-	3	50	259	179	330	9,680	5,135	-
A.2 Other debt securities	-	-	3	19	10	8	28	956	1,335	6
A.3 Units in investment funds	166	-	-	-	-	-	-	-	-	10
A.4 Loans	6,589	3,300	7,011	1,480	4,411	4,049	5,420	17,949	12,926	12
- Banks	3,594	2,354	6,223	186	1,865	1,172	1,057	756	-	-
- Customers	2,995	946	788	1,294	2,546	2,877	4,363	17,193	12,926	12
<b>B. On-balance sheet liabilities</b>	<b>41,846</b>	<b>2,600</b>	<b>3,961</b>	<b>4,546</b>	<b>5,190</b>	<b>1,629</b>	<b>2,301</b>	<b>10,668</b>	<b>5,227</b>	<b>-</b>
B.1 Deposits and current accounts	41,190	2,262	3,770	3,021	4,025	1,377	1,914	3,223	369	-
- Banks	2,044	1,349	685	1,108	860	99	99	1,616	143	-
- Customers	39,146	913	3,085	1,913	3,165	1,278	1,815	1,607	226	-
B.2 Debt securities	-	11	191	1,295	1,162	249	353	7,429	4,852	-
B.3 Other liabilities	656	327	-	230	3	3	34	16	6	-
<b>C. Off-balance sheet transactions</b>										
C.1 Financial derivatives with capital swap										
- Long positions	-	44,035	7,211	11,734	27,078	18,183	26,587	89,828	45,153	-
- Short positions	-	19,153	12,364	18,905	36,262	22,482	30,757	113,811	51,645	-
C.2 Financial derivatives without capital swap										
- Long positions	691	208	353	1,141	1,266	896	2,986	8,558	3,188	-
- Short positions	887	116	340	989	1,154	853	2,849	9,115	3,331	-
C.3 Deposits and loans to be received										
- Long positions	182	-	-	-	-	-	-	9	-	-
- Short positions	-	30	122	24	6	-	-	9	-	-
C.4 Commitments to disburse funds										
- Long positions	1,929	20	31	432	483	712	1,678	2,334	1,115	1,336
- Short positions	2,409	63	31	226	642	670	1,607	2,271	838	1,314
C.5 Financial guarantees given	165	5	19	38	448	528	2,076	3,826	425	-
C.6 Financial guarantees received	1,075	-	2	39	728	152	111	1,188	334	1,013
C.7 Credit derivatives with capital swap										
- Long positions	-	-	-	-	19	103	148	212	12	-
- Short positions	-	-	-	-	408	126	72	621	46	-
C.8 Credit derivatives without capital swap										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-

## Part E - Information on risks and 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 controlling, measuring and mitigating the operational risk of the Group and of the controlled entities.

The operational risk policies, applying to all 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 Legal Entities according to the internal regulation and the Group operational risk control rulebook. Specific Risks Committees (Group Risk & Internal Control Committee, Group Operational and Reputational Risks Committee) are set up to monitor risk exposure, mitigating actions, measurement and control methods within the Group. With particular reference to UniCredit S.p.A. the "Italian Operational & Reputational Risk Committee" (IORRIC) meets with the aim of monitoring the exposure to operational and reputational risks and evaluating the events with significant impact and the related mitigation actions with reference to UniCredit S.p.A. perimeter and its Italian subsidiaries. The methodologies for data classification and completeness verification, scenario analysis, risk indicators, reporting and capital at risk measurement are set by the Group Operational & Reputational Risks structure and applied to 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 Group and is independent from the Group Operational & Reputational 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.

#### Effects arising from Covid-19 pandemic

Referring to operational risks, analyses were carried in order to identify risks arising from process changes adopted time by time to protect the health of employees and customers.

With reference to the operational risks identified, the effectiveness of the risk mitigation measures was then assessed also through a comparative analysis between different Group Legal Entities.

In addition, specific second-level controls were activated to oversee those areas that were subject to the most significant changes. A specific monitoring of operational incidents linked, even indirectly, to the entire Covid-19 epidemic has been created in order to promptly intercept potential process criticalities or inappropriate behaviours.

###### 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 Operational & Reputational Risks Committee" is responsible for the evaluation and monitoring at Group level of operational risks (including ICT and Cyber) and of the reputational risks. - The Committee enables the coordination among the control functions in identifying and sharing Group priorities concerning Operational Risks (e.g. emerging risks) and monitors the effectiveness of initiatives put in place to safeguard them.



## Part E - Information on risks and hedging policies

The “Group Operational & Reputational Risks Committee” meets with functions of consultation and suggestion for the definition of proposals to be submitted to functions, decision-making bodies for:

- sharing the overall strategies for operational risk optimization, as well as monitoring the initiatives put in place and their relating implementation;
- evaluating:
  - relevant Group and local Legal Entities issues concerning operational and reputational risks escalated by Group Legal Entities committees or highlighted by other control functions or by Co-COO structures (including situations leading to emergencies);
  - best practices and potential synergies with reference to the actions plans – aiming at mitigating main operational risks - defined by Group Legal Entities;
  - external operational events having potential impact on Group risk profile;
  - the periodical Group reporting provided by the competent structures on operational losses (with particular focus on events having relevant financial impacts), near misses, Regulatory Capital, Risk Weighted Assets, Indicators and Scenario Analysis, ICT & Cyber risk analysis;
  - evidences on relevant ICT & Cyber Risks and Security incidents (in particular, Major with L3 and L4 level);
  - relevant assessments performed on topics with potential impacts on operational risks;
  - evaluating Group Compliance function evidences on second level controls carried out, as well as on current and expected impacts of regulations monitored;
  - main Group risks/criticalities highlighted by Internal Audit function;
  - the annual Regulatory Internal Validation Report on operational risk.
- disclosing the Group risk appetite proposals including capitalization targets and capital allocation criteria for Group operational risks, as well as the Group insurance strategies proposed by the competent functions;
- disclosing fundamental modifications in measurement methodologies for operational and reputational risks.

The “Group Operational & Reputational Risks Committee” provides to the “Group Risk & Internal Control Committee”/GR&ICC and/or “Executive Management Committee”/EMC a periodical information on main risk evidences and evaluations on specific actions proposed or activated.

The “Group Operational & Reputational Risks Committee”/GORRIC receives from the Group Operational & Reputational Risks function a periodical aggregated reporting concerning Holding or Group Entities reports on Business transactions inherent reputational risks evaluations, including transactions reported by competent Committees (e.g. GMRC, GTCC, ITCC, INPCC, DCMCC) - and on material/not material events assessments, based on current Global Rules on reputational risk.

The Group Operational & Reputational Risks structure reports to the Head of Group Risk Management and is responsible for the governance and control of operational and reputational risks of the Group (including operational risks bordering on credit risk, alias Cross Credit risks); the structure is also responsible for the evaluation of the exposure to operational and reputational risks, grating their continual and independent monitoring, as well as of the definition of strategies to mitigate such risks and contain related losses for UniCredit S.p.A. perimeter.

In addition, the structure is responsible for the definition of operational risk losses optimisation program, leveraging on specific risk models and methodologies it has furthermore the responsibility of coordinating the activities performed by the subsidiaries of UniCredit S.p.A. that apply the AMA model (limited to Legal Entities not included in other Hub perimeter) according to Group Operational and Reputational Risks Framework and of coordinating, for the perimeter of competence, the corresponding functions within the Group Legal Entities, according to Group Managerial Golden Rule (“GMGR” and “GMGR Evolution”).

Furthermore, the structure ensure that risk control activities on related risks assumed in the foreign branches of UniCredit S.p.A. are monitored and reported to the Group Chief Risk Officer and is responsible for ensuring integrated reporting between the control functions (e.g. Compliance, Audit) on the main operational and reputational risks of the Group.

The structure is additionally responsible for the governance and control of ICT/Cyber Risks, through:

- the definition of the framework for the management of ICT/Cyber risks, the coordination and monitoring of the Legal Entities in the implementation of it;
- the measurement, assessment and control of ICT/Cyber risks for UniCredit S.p.A.;
- the monitoring at Group level of the implementation and results of mitigation actions to oversee ICT/Cyber risks in cooperation with the competent functions (e.g. “Group Information & Security Office”), also through the analysis of risk indicators.

## Part E - Information on risks and hedging policies

The structure is organised as follows:

- “Operational Risk Analytics and Oversight” responsible for defining the principles and rules at Group level for identification, assessment and control of operational risk, monitoring their correct application by the Legal Entities with focus on operational losses data collection and scenario analysis monitoring. The unit is responsible for defining risk capital measurement methodologies, calculating operational risk capital and the corresponding economic capital, as well as conducting quantitative analysis of the Group's exposure to operational risk also based on operational risks analytics models. The unit is furthermore responsible for the reporting of operational risks and of the definition process of the Risk Appetite Framework/RAF metrics for competence risks, as well as the related periodical monitoring;
- “Operational & Reputational Risks Assessment and Strategies” responsible for defining and monitoring the strategic areas for the management of operational risk consistent with the RAF and the Group's strategic objectives, keeping the responsibility for coordinating/monitoring risk mitigation actions and coordinate the monitoring of operational risks in the CEE perimeter, directly supporting the “CRO CEE” structure. Furthermore, it develops ad hoc analysis on specific issues of operational and reputational risk. Finally, it is responsible of defining methodologies for assessing reputational risk by verifying its correct implementation and controlling the risk assessment activities for Italian transactions within the scope of the Global Rules related to reputation risk (e.g. weapons and nuclear energy sectors);
- “Operational Risk Management Italy & Lending Processes” responsible for overseeing the operational risks of UniCredit S.p.A., supports the business functions of the Italian perimeter with the inclusion of the foreign branches of UniCredit S.p.A. perimeter, in the identification, management and monitoring of operational risks, also by executing specific risk assessment activities (e.g. on relevant transactions). Furthermore, it is responsible for the governance, identification and monitoring of the operational and reputational risk in the underwriting processes and management of the credit risk for the Group (“cross credit risk”), with the aim of reducing operational losses (including those driven by external frauds). Moreover, the structure has a steering role on the Group Legal Entities for what concerns the specific perimeter, giving relevant information in the related committees, as well as in the appropriate context.

The Operational Risk Management functions of the controlled Entities provide specific operational risk training to the staff, realised also through intranet training programs, and are responsible for the correct implementation of the Group framework elements.

### 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 in order 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 the 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 Operational 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 evidences are 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 the 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 Group 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. Moreover, an operational loss trend report is provided monthly to Regulators.

### Operational risk management and mitigation

The identification of the Group and Legal Entity Operational & Reputational risk mitigation strategies is performed through a set of recurring yearly activities at Group and Legal Entities level in order to assess the Group and Legal Entities risk profile and define the most appropriate mitigation actions to reduce the risk. The process starts with the preliminary self-risk assessment: it is a qualitative evaluation on selected forward looking key risk drivers performed yearly by the Legal Entities ORMs leveraging on a list of key risk drivers provided by the parent company UniCredit S.p.A.

In order to select and provide the list of key risk drivers, it leverages on:

- the objectives of the Group multi-year plan;
- the areas of attention and any additional priority from the top management;
- the operational risk losses evolution and the most relevant internal/external events;
- the industry and market trends evolution (including the regulator trends);
- the current ongoing ORRMS (Operational & Reputational Risk Mitigation Strategies) and Group TOR (Top Operational Risks).

The Legal Entity shall assess the relevance of each key risk driver supplied providing a qualitative risk evaluation with rationales and estimations on the related reputational risk.

Also, the Legal Entity shall identify and evaluate additional key risk drivers affecting their own Legal Entity considering the local market, the business activities and the specificities (including relevant transformation/innovation in the business model).

## Part E - Information on risks and hedging policies

### Stress test

Starting from 2017, the Group is performing regular stress testing for operational risk, including complex scenarios as part of the Firm-wide Stress test exercise defined within the Group Stress Test Council, with the aim to verify the response of the loss model and the resulting capital at risk to changes in the underlying macro-economic factors data set. Scenarios are proposed by Research Department, discussed and finalised within the Group Stress Test Council. Firm wide Scenarios will be run twice a year, or on demand if it is required, in order to assess the potential risks driven by changes in the macro-economic environment.

### Risk capital measurement and allocation mechanism

UniCredit S.p.A. developed an internal model for measuring the capital requirements. The system for measuring operational risk is based on internal loss data, external loss data, scenario analysis data and risk indicators.

Capital at risk is calculated per risk class. For each risk class, severity and frequency of loss data are separately estimated to obtain the annual loss distribution through simulation. The severity distribution is estimated on internal, external and scenario analysis data, while the frequency distribution is determined using only the internal data. An adjustment for key operational risk indicators is applied to each risk class. Annual loss distributions of each risk class are aggregated through a copula functions-based method, considering also insurance coverage. Capital at risk is calculated at a confidence level of 99.9% on the overall loss distribution for regulatory purposes and for economic capital purposes, considering expected loss deduction. Through an allocation mechanism, the individual legal entities' capital requirements are identified, reflecting the legal entities' risk exposure.

### 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 2020, the parent company UniCredit S.p.A. and other UniCredit group companies were named as defendants in about 37,900 legal proceedings, of which approximately 9,200 involving the parent company UniCredit S.p.A. (excluding 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 2020, UniCredit group set aside a provision for risks and charges of €655.9 million, of which €370.7 million for the parent company UniCredit S.p.A. As at 31 December 2020, the total amount of claimed damages relating to judicial proceedings other than labour, tax and debt collections proceedings amounted to approximately €10 billion, of which approximately €6.6 billion for the proceedings involving the parent company UniCredit S.p.A. This figure is affected by both the heterogeneous nature of the pending proceedings and the number of involved jurisdictions and their corresponding characteristics in which UniCredit group companies are named as defendants.

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

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

#### **Proceedings arising out of the purchase of UCB AG by the parent company UniCredit S.p.A. and the related Group reorganisation** **Squeeze-out of UCB AG minority shareholders (Appraisal Proceeding)**

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

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

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

#### **Financial sanctions matters**

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

#### **Euro-denominated bonds issued by EU countries**

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

The parent company UniCredit S.p.A. and UCB AG had access to the entirety of the European Commission's file on the investigation from 15 February 2019 onwards. As a result of the assessment of the files, the parent company UniCredit S.p.A. and UCB AG regard it no longer remote but possible, even though not likely, that a cash outflow might be required to fulfil a potential fine arising from the outcome of the investigation. On the basis of the current information, it is not possible to estimate reliably the amount of any potential fine at the present date.

The parent company UniCredit S.p.A. and UCB AG have responded to the raised objections on 29 April 2019 and participated in a hearing before the European Commission on 22-24 October 2019. Proceedings are ongoing. There is no legal deadline for the European Commission to complete antitrust inquiries.

## Part E - Information on risks and hedging policies

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

### 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 2020 (i) proceedings against the parent company UniCredit S.p.A. pertaining to compound interest, typical of the Italian market, had a total claimed amount of €1.1 million, mediations included; (ii) proceedings pertaining to derivative products, mainly affecting the Italian market (for which the claimed amount against the parent company UniCredit S.p.A. was €744 million, mediations included) and the German market (for which the claimed amount against UCB AG was €27 million); and (iii) proceedings relating to foreign currency loans, mainly affecting the CEE countries (for which the claimed amount was around €151 million).

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

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

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

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

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

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

## Part E - Information on risks and hedging policies

### Vanderbilt related litigations

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

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

The settlement is contingent on the Court’s approval, but that process was temporarily delayed pending the determination by the New Mexico Supreme Court of a legal matter in a separate lawsuit brought against a different set of defendants in other proceedings. The New Mexico Supreme Court issued its ruling on the awaited legal matter in June 2015 and in December 2015 the Defendants and the State of New Mexico renewed their request for Court approval of the settlement. The Court held a hearing in April 2016 and in June 2017 approved the settlement and directed that the claims against VCA and the Defendants be dismissed. A judgment to that effect was entered in September 2017 and a motion by the former State employee seeking to set aside that judgment was denied by the Court in October 2017. Appeals from the judgment and the subsequent order were taken in October and November 2017 and in June 2020, the New Mexico Court of Appeals affirmed that judgment. A motion for rehearing was subsequently denied. In October 2020 the New Mexico Supreme Court declined to hear a further appeal, but the former State employee subsequently petitioned for rehearing, and that motion remains pending. The settlement cannot be effectuated while the appeal remains pending. If the judgment continues to be upheld on appeal, the escrowed amount will be paid over to the State of New Mexico and the Defendants, including UniCredit S.p.A., will all be released from all the claims that were or could have been brought by or on behalf of the State or any of its agencies or funds.

#### Divania S.r.l.

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

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

#### I Viaggi del Ventaglio Group (IVV)

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

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

#### Lawsuit brought by “Paolo Bolici”

In May 2014, the company wholly owned by Paolo Bolici sued the parent company UniCredit S.p.A. in the Court of Rome asking for the return of approximately €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 the appeal is pending.

## Part E - Information on risks and hedging policies

On 31 July 2020, Mr. Bolici's business partner sued the parent company UniCredit S.p.A., seeking damages based on analogous facts to those alleged in the 2014 proceedings.

### **Mazza**

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

Following the acquittal in the first-instance criminal proceedings, Mr. Mazza and other persons involved in the criminal proceedings filed two lawsuits for compensation claims against the parent company UniCredit S.p.A.: (i) the first (commenced by Mr. Mazza with a claimed amount of approximately €15 million) is pending before the Court of Rome; (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. and the plaintiffs may appeal. In the view of the parent company UniCredit S.p.A., these lawsuits currently appear to be unfounded, in particular in light of the criminal judgment by the Court of Appeal of Rome and the civil judgment by the Court of Rome.

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

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

### **Criminal proceedings**

Certain entities within UniCredit group and certain of its representatives (including those no longer in office), are involved in various criminal proceedings and/or, as far as the parent company UniCredit S.p.A. is aware, are under investigation by the competent authorities with regard to various cases linked to banking transactions, including, specifically, in Italy, the offence pursuant to Art.644 (usury) of the Italian Criminal Code. At present, these criminal proceedings have had no significant negative impact on the operating results and capital and financial position of the parent company UniCredit S.p.A. and/or the Group, however there is a risk that, if the parent company UniCredit S.p.A. and/or other UniCredit group entities or their representatives (including those no longer in office) were to be convicted, these events could have an impact on the reputation of the parent company UniCredit S.p.A. and/or UniCredit group.

In relation to the criminal proceedings pertaining to the Diamonds offer topic see the paragraph "Diamond offer" of the Company financial statements of UniCredit S.p.A., Notes to the accounts Part E - Information on risks and hedging policies, Section - 5 Operational risks, Qualitative information.

### Other proceedings

#### **Proceedings related to claims for withholding tax credits**

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

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

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

## Part E - Information on risks and hedging policies

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

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

### VIP 4 Medienfonds

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

### 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 €20.26 million. These proceedings are mainly pending in the first instance and may be adverse to UCB Austria.

Most recently, the expert appointed by the Court in the majority of the civil proceedings has issued a report largely in favour of UCB Austria and the other issuing banks. Investors have a different reading of the report and have requested that the expert answers supplementary questions, as did the issuing banks. The processing of the supplementary questions is still pending. Therefore, the final outcome of the expert report cannot be assessed as of yet.

In addition to the ongoing proceedings against UCB Austria stemming from the Alpine insolvency, additional Alpine-related actions have been threatened and may be filed in the future. The pending or future actions may have negative consequences for UCB Austria. Despite the favourable expert opinion mentioned above, at the moment it is impossible to estimate reliably the timing and results of the various actions, nor determine the level of liability, if any.

### Valauret S.A.

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

### 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 in any case 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 millions. No provisions have been made as these claims are considered groundless.



## Part E - Information on risks and hedging policies

### *D. Risks arising from tax disputes*

The following information pertains to the most relevant litigations born in 2020 and to those already pending at the beginning of the fiscal year, which have been decided or otherwise defined. For the litigations which are not mentioned, reference must be made to the financial statements of previous fiscal years.

### *Pending cases arising during the period*

UniCredit S.p.A. filed a claim, in September 2020, against a partial denial of an IRES tax refund for the years 2007, 2008 and 2009 following a partial refund in July 2020. The amount of the litigation is €1.9 million, equal to the amount of the credit registered in the accounting books of the bank. The claim aims at receiving the repayment of a share of principal and higher interests accrued on the principal already paid as well as on the share of principal still to be paid.

### *Updates on pending disputes and tax audits*

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

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

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

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

The Supreme Court issued a decision in September 2020 regarding a notice of assessment referred to former UniCredit Banca S.p.A. and concerning VAT 2004 for a claimed amount of €2.27 million. The decision is partially in favour of the Tax Agency and the Supreme Court referred the parties to the second-degree Tax Court to rule also on legal expenses. The claims raised by the Tax Agency are related to the costs paid by some legal entities of the Group for company meetings abroad. The bank will file a claim before the second-degree Tax Court

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

- as to the settlement of tax litigations according to D.L. n. 119/2018 with the payment of €2.1 million, that was mentioned in the financial statements of 2019, all settlements were finalised as no formal denial has been notified by the Tax Agency, according to article 6 of D.L. n. 119/2018; moreover the proceedings were suspended up to 31 December 2020;
- the litigation relating to a request of payment served to UniCredit S.p.A. in its quality of incorporating entity of UniCredit Bank Austria A.G. Italian branch, by which it was claimed failure to pay withholding taxes for an amount of €1.5 million, was settled out of Court following the total cancellation of the request by the Tax Agency;
- in March 2020 UniCredit Bank A.G. Milan branch was served with a request of documents on transfer pricing issues for the fiscal years 2015, 2016 and 2017; the claim was settled by means of the so-called "accertamento con adesione" administrative procedure with the payment of €0.8 million.

As to the notices of assessment relating to VAT for the fiscal years 2013 e 2014 referred to UniCredit Bank A.G. Italian branch, total amount €27.31 million, in October 2020, the Tax Agency cancelled the requests for the entire amount for both the fiscal years.

The Italian Tax Police ("Guardia di Finanza") carried out on UniCredit Leasing S.p.A. a tax audit for the fiscal years 2014 – 2107: for the year 2014 the company was served with a notice of assessment and €0.22 million were paid; for the year 2015 the Tax Policy issued a tax audit report, no claims were raised and the bank notified its comments ("osservazioni"). The audit aimed at assessing compliance with tax obligations relating to VAT with specific reference to leasing contracts concerning ships sailing on high seas and used for trade purposes for the years 2014 – 2017. As concerns the fiscal years 2016 and 2017, the tax audit is ongoing.

As at 31 December 2019, the provisions for tax risks amounted to €177.9 million, of which €6.5 million for legal expenses. As at 31 December 2020, the provisions amount to €151.2 million, of which €6.3 million for legal expenses.

## Part E - Information on risks and hedging policies

### *Tax proceedings in Germany*

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 hedging policies, Section 2 - Risk of the prudential consolidated perimeter - 2.5 Operational risk - Qualitative information.

### *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 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 hedging policies, Section 5 - Operational risk, Qualitative information, which is herewith quoted entirely.

### **Quantitative information**

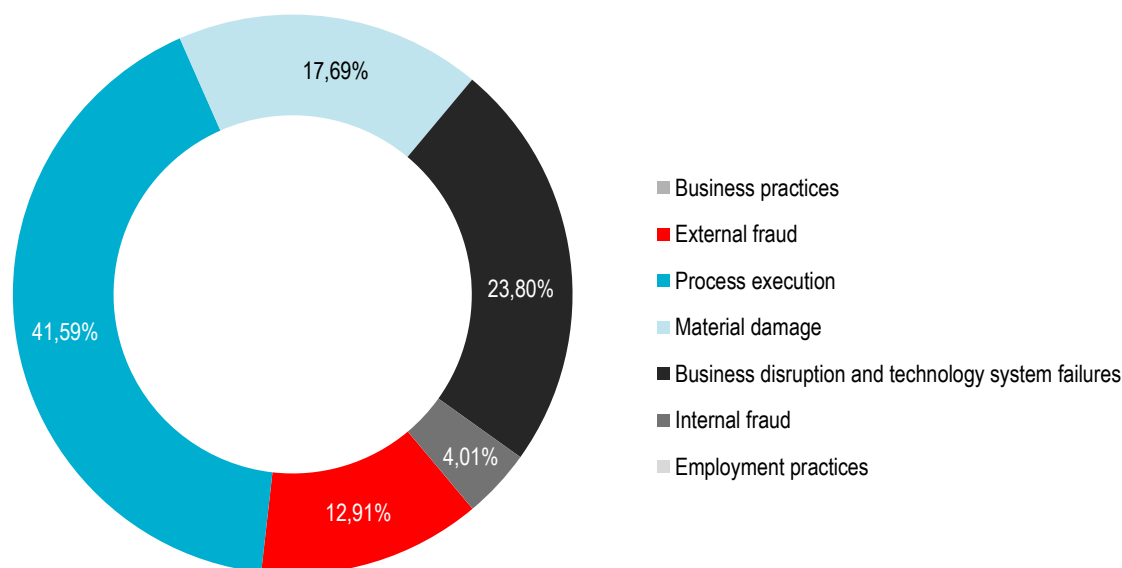
Detailed below is the percentage composition at Group Level, by type of event, of operational risk sources as defined by the New Basel Capital Accord and acknowledged by the Regulations for the Prudential Supervision of Banks issued by Banca d'Italia in December 2013 (Circular No.285/2013 and following updates).

Regarding the quantitative information of UniCredit S.p.A., reference is made to the paragraph of Part E - Notes to the accounts of the parent company UniCredit S.p.A. - Section 5 - Operational Risks - Quantitative Information which is herewith quoted entirely.

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 from external events: 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 2020 divided by risk category**



## Part E - Information on risks and hedging policies

The categories "business practices" and "employment practices" are 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 2020, the main source of operational risk refers to "process execution".

The second largest contribution to losses refers to "Business disruption and technology system failures", in which costs to restore business after Covid-19 pandemic event, that in the first half of 2020 were included in the category "material damage", have been reallocated; this reallocation was necessary due to the update that EBA published in December 2020 "EBA Report on the implementation of selected Covid-19 policies". The incidence of Covid-19 costs represents 95% of the amount of losses in the "Business disruption and technology system failures category". There were also, in decreasing order, losses stemming from material damages, external fraud, and internal fraud.

### 2.6 Other risks

#### **Other risks included in Economic Capital**

The so-called Pillar 1 risk types (credit risk, market risk, operational risk, as described in dedicated chapters) are considered as primary risks, but there are also other risks the Group considers as significant, namely:

1. Business risk;
2. Real estate risk;
3. Financial investments risk.

These risks are defined as follows.

#### *1. Business risk*

Business risk is defined as adverse, unexpected changes in business volume and/or margins that are not due to credit, market and operational risks. 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 relevant items of Income statement reports. Business risk focuses on the impact of unexpected shocks on future 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 is calculated on a quarterly basis for monitoring and for planning purposes according to the relevant time scheduling.

#### *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 include general information relating to properties and area or regional price indexes for each property to enable calculation of volatility and correlation in the model.

The real estate risk model estimates the maximum potential loss with a confidence level set according to the regulation over a one-year time horizon, using a Monte Carlo simulation approach and assuming real estate returns are correlated and have a non-Gaussian distribution. Real estate risk is calculated quarterly for monitoring purposes with a portfolio updated every six months and for planning purposes according to the relevant time scheduling.

#### *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 part of UGRM calculation. The unlisted component is evaluated into the Group Credit Portfolio Model (GCPM). The calculation of the risk is based on the maximum potential loss, i.e. Value at Risk (VaR), with a confidence level set according to the regulation and over a one-year time horizon and is executed inside credit and market risk models according to the nature of the underlying portfolio. Financial investments risk is calculated quarterly for monitoring and for planning purposes according to the relevant time scheduling.

#### *Risk measurement methods*

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 are measured quantitatively, by:

- Economic Capital and aggregation as an input for Internal Capital;
- Stress tests.

## Part E - Information on risks and hedging policies

The Internal 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 identified by the Group and which are quantifiable in terms of Economic Capital: credit, market, operational, reputational, business, financial investments and real estate risks. The effect of the diversification between risk types ("inter-risk diversification") and of the diversification at portfolio level ("intra-risk diversification") is calculated. In addition a Capital add-on is calculated as prudential cushion in order to account for model risk uncertainty.

Internal Capital is calculated using a Bayesian Copula with a one year time horizon and a confidence level in line with the regulation. For control purposes, the Internal 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 scheduling.

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 materialisation of market and macro-economic adverse scenarios. These scenarios are drawn analysing both current macro-economic 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 Risk Taking Capacity, defined as the ratio between Available Financial Resources (i.e., the amount of financial resources available to absorb losses and to ensure the business continuity of the Group) and the Internal Capital.

The Group Senior Management is involved in the Group-wide stress test in the following phases:

- market and 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.

Consistently with the corporate governance system, the function Group Integrated Risks of UniCredit S.p.A. is responsible for the Group Economic and Internal Capital methodology development and their 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 approval and implementation.

### **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.

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. In addition, since 2017 the Global Process Regulation "Reputational Risk management for Material Events" has been in force with the aim of defining a straightforward escalation process to the Parent Company's Senior Management for events not managed via existing Reputational Risk processes in order to allow it to react promptly in managing the potential consequences.

The reputational risk management is in charge to the Group Operational & Reputational Risks Department of UniCredit S.p.A. and to dedicated functions within the Group legal entities.

## Part E - Information on risks and hedging policies

The Group Reputational Risk Committee (GRRC) is in charge of evaluating possible Reputational risks inherent transactions, on the basis of the current Reputational risk guidelines and policies. In particular, is responsible for the assessment:

- of the reputational risks of initiatives/transactions banking/projects/customers and other topics [business activities] originated by:
  - UniCredit S.p.A. and evaluated, by the reputational risk function, as cases with a high reputational risk;
  - Group Legal Entities, evaluated as high reputational risk by the local Reputational Risk Committees and to submit to a Group transactional committee (e.g. Group Transactional Credit Committee/GTCC, Italian Transactional Credit Committee/ITCC);
- the reputational risk related to material events.

The GRCC meets with approval functions, before the files are submitted to any other decisional Committee, for decisions concerning UniCredit S.p.A. business activities and for issuing non-binding Opinions on other Group Legal Entities, and with consulting and suggestion functions in order to support the Group Chief Risk Officer on the governance guidelines for the management of the reputational risk and on other relevant topics referred to the reputational risk.

In addition, the setup of the Group Risk & Internal Control Committee ensures consistency in Reputational risk policies, methodologies and practices controlling and monitoring the Group Reputational risk portfolio.

The current policies mitigating specific Reputational risk topics regard "Defense/Weapons Industry", "Nuclear Energy", "Mining", "Water Infrastructure (dam)", "Coal fired power generation," and Non-Conventional Oil & Gas and Arctic Region Oil & Gas Industry Sector.. In 2020, it has been completed the update of the "Coal fired power generation" policy, which provides a total exit from the coal industry in all markets by 2028.

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 (summarised into the Media Tonality Index, provided by an external company, PRIME Research, 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 sterilised 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.

### Effects arising from Covid-19 pandemic

Regarding reputational risks, the necessary measures to protect the health of employees and clients have been put in place.

### 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 2020:

1. Covid-19 pandemic impacts;
2. Macroeconomic and (geo-)political challenges around the globe;
3. Climate and environmental risks;
4. Cyber security risks;
5. Risks stemming from the current Regulatory developments.

#### 1. The Covid-19 pandemic impact

The Covid-19 pandemic outbreak triggered a global health crisis, swiftly implicating an unprecedented impact on the global economy due to the prolonged lock-down measures - both at national and local levels - as well as travel/trade restrictions. In terms of the macroeconomic and (geo-) political risks, the Covid-19 pandemic shifted the focus across the world towards world-wide and country-level efforts and measures to deal with this crisis. It had impact in accelerating the massive digitalization of financial institutions and a shift towards new operating model with more remote-based/online channels of client servicing. The outlook of the pandemic evolution path still remains highly uncertain, as well as the magnitude of the economic impact.

The rapid progress on first Covid-19 vaccines development and approval by relevant authorities is encouraging to speed up the recovery. However, their roll-out and distribution process still appears to be slower than originally planned in many countries and their effectiveness, also considering the new strains of virus recently declared to be more contagious, is yet to be assessed.

Since the pandemic outbreak in the first months of the year, UniCredit addressed the crisis putting in place and constantly enhancing pre-emptive measures and guidelines to face the Covid-19 emergency, proactive managing the evolving situation across all dimensions of its risk profile.

For further information on impact of Covid-19 pandemic outbreak impact on risks, refer to paragraph "Effects arising from Covid-19 pandemic" contained in each section of this Part E (Credit risk, Market risk, Liquidity risk and Operational risks).

## Part E - Information on risks and hedging policies

### 2. Macroeconomic and (geo-)political risks

Some global trends and geopolitical risks, besides Covid-19 implications, continue to be considered relevant: global trade tensions, especially between U.S. and China, geopolitical instability across the globe spanning from EU to the Middle-East region as well as political uncertainties in some emerging markets including India and Latin America. The Gulf tensions risk has decreased due to the lower likelihood of the direct confrontation between U.S. and Iran.

The beginning of the year has been characterised by the oil price war with Saudi Arabia and Russia as the main actors, having impact on other countries highly dependent on oil exports, such as OPEC members (Iraq, Algeria and Nigeria) as well as U.S. shale producers. In the beginning of the year the oil markets have been very volatile initially due to the tensions between large oil suppliers, what has been than intensified with the Covid-19 pandemic outbreak affecting global demand. The situation with the oil markets is characterised with the oversupply and substantial declines in demand due to, initially, increases in production by Saudi Arabia and Russia and, subsequently, due to the Covid-19 spread across the globe. All these factors, together with the Covid-19 pandemic outbreak, substantially worsening the downside for the global economy and financial markets, have been weighing on business/investor sentiment and translating to an unprecedented economic slowdown.

In light of the oil price war mentioned above and direct impact on the GDP and local currency strength with respect to USD and UE, the Russian economy has been already heavily hit during the whole 2020. The country's budget is strictly tied with a certain level of oil prices and has been re-assessed under different scenarios resulting in a yet uncertain final long-term outlook on the budget deficit. The magnitude of the domestic economic downturn considering also the global uncertainty remains to be yet estimated.

The United States, resulting as one of the most affected countries by the Covid-19, had turbulent year considering serious repercussions on its economy and the political instability linked to the presidential elections at the end of the year. A path to the stabilization regarding internal political situation as well as impact of the USA on the geo-political landscape is expected with the new president Joe Biden and his administration entering the office in January 2021.

At the end of the year the deal on the UK's future trading and security relationship with the European Union has been agreed between the sides just a week before the end of the Brexit transition period. While partially reducing the uncertainty on the way forward for both sides and being definitely better than the "no-deal" scenario, some crucial implications remained yet to be assessed. In particular, the raise in cost of trading is very likely to happen post-Brexit and the adjustment of the financial services regulation has yet to be implemented in order to not curtail the cross-border business.

### 3. The climate-related and environmental risks

Climate change-related risks (both physical and transition) and the accompanying shift towards sustainable finance are mounting challenges to the financial sector and may impact other types of risks.

In context of an evolving regulatory framework that in 2020 put even more emphasis on the climate risk topic, the Group aims to continue to proactively address these challenges by means of increased commitment to sustainability and tangible initiatives aimed at improving the management of risks to anticipate the possible increases in the riskiness of specific sectors and to analyze the possible requests of the regulatory Authorities.

A very first step in the achievement of this important aspiration was the setting up of a dedicated team within the Group Risk Management (GRM) function, responsible for the supervision and management of issues related to climate change and environmental risks and UniCredit's approach to sensitive sectors. A major step forward put in place by the team is the definition of a dedicated internal methodology aimed at assessing Climate and Environmental exposure and vulnerability of the lending portfolio. Furthermore, UniCredit was one of the participating banks to the Paris Agreement Capital Transition Assessment (PACTA) methodology developed by 2° Investing Initiative (2°ii). The Group also participated to the European Banking Authority 2020 voluntary pilot sensitivity exercise. With reference to physical risk it has been performed a preliminary estimation at Group level of potential impact of some chronic (i.e. sea-level rise) and acute (i.e. Landslide and Flooding) hazards on the value of mortgage collaterals related to properties located on the most exposed areas. UniCredit group endorsed the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations, signed up to the Principles for Responsible Banking (PRB), launched by the United Nations Environment Program to help banks align their business strategy with society's goals.

For further details on climate change's impact refer also to the Integrated Report published on UniCredit website.

### 4. Cyber Security Risk

Along with the continuous digitalisation of banking services, that has been accelerated in light of the Covid-19 pandemic outbreak, both the financial industry and its clients are increasingly exposed to cyber risks. This requires reinforced governance with a continuous strong focus on data protection and cyber security. The impact of cyber risks can cause service interruptions, as well as the loss of integrity and availability of data and information.

UniCredit group have in the past years been subject to cyber-attacks which led, even though only in a few limited cases, to the theft of data. To address cyber risks, UniCredit continuously enhances its cyber security program aiming at further strengthening the security controls.

## Part E - Information on risks and hedging policies

### 5. Developments in the Regulatory environment

Over the last few years, the regulatory framework in which financial institutions act has become increasingly complex and stricter. This complexity has further increased following the introduction of new financial regulations, some of them 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:

- Revision to the Basel 3 framework for the calculation of risk weighted assets for credit, operational, credit valuation adjustment (CVA) risks published in December 2017 (known as Basel 4). The regulator's ultimate goal is to restrict 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. Basel 4 also introduces an aggregate output floor. These revisions are complemented by the change to the market risk framework (Fundamental Review of Trading Book - "FRTB") finalised in January 2019, which envisages the introduction of more stringent and sophisticated internal models and standardised approaches for measuring market risk in the trading portfolios. The Basel Committee issued in July 2020 a set of targeted changes to the credit valuation adjustment (CVA) risk framework issued in December 2017 in order to ensure a better alignment with the more recent FRTB. On March 27, 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 III standards. In particular the implementation date of the Basel III standards finalised in December 2017 (credit risk and operational risk) has been deferred by one year to 1 January 2023. The EU Commission, also due to Covid-19 related delays, is deemed to publish the proposals to implement Basel III in the EU in late 2Q2021, the publication in the Official Journal is currently expected not earlier than in 2024;
- In March 2018 the ECB published the "Addendum to the Guidance on Non-Performing Exposures" ("NPEs") which sets out supervisory expectations for the provisioning of exposures reclassified from performing to non-performing exposures after 1 April 2018. In April 2019 however the European Commission's amendment to Capital Requirements Regulation (CRR) introduced a minimum loss coverage ratio for new loans becoming NPEs after 26 April 2019 (the "statutory backstop"). On 22 August 2019, the ECB decided to revise its supervisory expectations for prudential provisioning of new non-performing exposures. The decision was made after considering the adoption of the new EU regulation that outlines the Pillar I treatment for NPEs. The initiatives that originate from the ECB are strictly supervisory (Pillar II) in nature. In contrast, the European Commission's requirement is legally binding (Pillar I). The above-mentioned developments result in three "buckets" of NPEs based on the date of the exposure's origination and the date of NPE's classification:
  - NPEs classified before 1 April 2018 (Pillar II - Stock): 2/7 years vintage buckets for unsecured/secured NPEs, subject to supervisory coverage recommendations and phase-in paths as communicated in SREP letters;
  - NPEs originated before 26 April 2019 (Pillar II - ECB Flows): 3/7/9 years vintage buckets for unsecured/secured other than by immovable property/secured by immovable property, progressive path to 100%;
  - NPEs originated on or after 26 April 2019 (Pillar I - CRR Flows): 3/7/9 years vintage buckets for unsecured/secured other than by immovable property/secured by immovable property, progressive path to 100%.
- In May 2020 the European Banking Authority (EBA) published its Guidelines on loan origination and monitoring that expect 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. In the context of the Covid-19 pandemic, institutions need to maintain good credit risk management and monitoring standards that is essential for supporting lending to the economy. To address the current circumstances the new Guidelines, contain additional transition periods for recently renegotiated loans to help institutions better focusing on their immediate operational priorities. The Guidelines will apply from 30 June 2021. But positively, institutions will benefit from a series of transitional arrangements: (1) the application to the already existing loans and advances that require renegotiation will apply from 30 June 2022, and (2) institutions will be allowed to address possible data gaps and adjust their monitoring frameworks and infrastructure until 30 June 2024;
- 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 harmonised 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 from June 2021 of a binding 3% minimum leverage ratio, an additional regulatory requirement compared to the risk-based indicators envisaged in the Basel 3 package. The leverage ratio aims to constrain the building up of financial leverage in the banking industry, as well as to reinforce the capital requirements with a supplementary measure not based on risk parameters. The final regulation for the European Union (CRR2), including the binding leverage ratio, has been published in June 2019. In March 2020, the group of central bank Governors and Heads of Supervision revised the implementation timeline of the final elements of the Basel III framework. While most of the final elements still need to be implemented in Union law, the leverage ratio buffer requirement for global systemically important institutions has already been implemented through the amendments introduced by Regulation (EU) 2019/876. Therefore, and in order to ensure a level playing field internationally for institutions established in the Union and operating also outside the Union, the date of application for the leverage ratio buffer requirement set out in that Regulation has been deferred by one year to 1 January 2023. With the application of the leverage ratio buffer requirement postponed, during the postponement period there would be no consequences resulting from a failure to meet that requirement as set out in article 141c of Directive 2013/36/EU and no related restriction on distributions set out in article 141b of that Directive;

## Part E - Information on risks and hedging policies

- In addition to changes implemented in the CRR2, also the revision to the leverage ratio calculation (mainly on the exposure measure) introduced by the Basel 4 package will have to be implemented in Europe through the further revision of the CRR (CRR2) and enter into force not earlier than the beginning of 2024;
- 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 is already in force, the NSFR has been introduced as a requirement in the CRR2 published last June 2019 and will apply from June 2021;
- TLAC/MREL introduction: the Total Loss Absorbing Capacity ("TLAC") introduced by the Financial Stability Board as a global standard for G-SIBs, and aimed at ensuring that institutions maintain a sufficient amount of financial resources to absorb losses and recapitalize in case of stress, was implemented in Europe through the CRR2/CRDV, published in June 2019. The European transposition of TLAC, i.e. the "Pillar 1" Minimum Requirement for Own Funds and Eligible Liabilities (Pillar 1 MREL) applies to all G-SIBs; "Pillar 2" MREL instead is bank-specific and was introduced by the BRRD in 2014 and later amended in June 2019 (BRRD2). TLAC (Pillar 1 MREL) has become binding in June 2019 as a transitional requirement, equal to 16% of Risk Weighted Assets (RWAs) + the Combined Buffer Requirement and will reach its fully loaded level (18% of RWAs + Combined Buffer Requirement) in January 2022. MREL, instead, is being phased-in and reaches its fully loaded level in January 2024 (with an intermediate binding target in January 2022);
- Discussion of 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. On the one hand, the European Commission (DG FISMA) is drafting a document which allegedly sets out EC's priorities for completing the Banking Union: these include the revision of the treatment of sovereign exposure which might foresee application of concentration charges. On the other hand, in 2018 the European Parliament issued a proposal, on which discussions have stalled, to allow preferential treatment to a new class of State Bond-Backed Securities ("SBBS"), to encourage diversification of banks' holdings of euro zone bonds. SBBS would be a new type of asset created by the private sector based on a pre-defined pool of sovereign bonds of the Euro area Member States;
- 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;
  - EBA, EIOPA and ESMA published joint consultation paper on the proposed Environmental, Social and Governance ("ESG") disclosure standards. EBA also published in November 2020 a discussion paper on ESG risk with a final report due in June 2021. New EBA Guidelines are expected in 2021 and 2022.



## 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 appetite and capitalisation objectives;
  - analysis of risks associated with value drivers and allocation of capital to business areas and units;
  - 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 equity 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 limits;
  - analysis and performance monitoring of the capital ratios of the Group and single entities.

The Group has committed itself to generate income in excess to the one necessary to remunerate risk (cost of equity) and to create 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 regulators.

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.

If capital at risk is measured through risk management methods, then it is defined as internal capital; if it is measured through regulatory provisions, then it is defined as regulatory capital.

Internal capital and regulatory capital differ in terms of their definition and the categories of risk covered. The former is based on the actual measurement of the exposure taken, while the latter is based on schedules specified in regulatory provisions.

Internal capital is set at such a level to cover adverse events with a high level of probability, while regulatory capital is quantified on the basis of a CET1 target ratio in line with the one of major international banking groups and taking into account the impacts of the supervisory regulations in force or that will be adopted. Capital Allocated to Business Segment is quantified by regulatory capital.

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 MDA buffer target between 200 and 250 basis points, as announced during the "Team 23" Capital Markets Day held in London on 3 December 2019 ([https://www.unicreditgroup.eu/content/dam/unicreditgroup-eu/documents/en/investors/Capital-Markets-Day/2019/UniCredit\\_PR\\_Team23\\_ENG.pdf](https://www.unicreditgroup.eu/content/dam/unicreditgroup-eu/documents/en/investors/Capital-Markets-Day/2019/UniCredit_PR_Team23_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 (Common Equity Tier 1, Additional Tier 1, Tier 2 Capital and TLAC), and, on the other hand, on the planning and performance of Risk-Weighted Assets (RWA).

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 Holding 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	AMOUNTS AS AT 12.31.2020				TOTAL
	BANKING GROUP	INSURANCE COMPANIES	OTHER COMPANIES	CONSOLIDATION ADJUSTMENTS AND ELIMINATIONS	
<b>1. Share Capital</b>	21,213	-	16	-	<b>21,229</b>
<b>2. Share premium reserve</b>	9,476	-	-	-	<b>9,476</b>
<b>3. Reserves</b>	31,391	217	1,396	(1,670)	<b>31,334</b>
<b>4. Equity instruments</b>	6,841	-	-	-	<b>6,841</b>
<b>5. Treasury shares</b>	(3)	-	-	-	<b>(3)</b>
<b>6. Revaluation reserves</b>	(6,157)	88	(1,597)	1,509	<b>(6,157)</b>
- Equity instruments designated at fair value through other comprehensive income	(358)	-	19	-	(339)
- 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	1,128	-	-	-	1,128
- Property, plant and equipment	1,463	-	7	-	1,470
- Intangible assets	-	-	-	-	-
- Foreign investments hedging	-	-	-	-	-
- Cash flow hedging	(23)	-	-	-	(23)
- Hedging instruments (non-designated items)	-	-	-	-	-
- Foreign Exchange differences	(2,959)	-	-	-	(2,959)
- Non-current assets and disposal groups classified as held for sale	(2)	-	-	-	(2)
- Financial liabilities designated at fair value through profit or loss (own creditworthiness changes)	(167)	-	-	-	(167)
- Actuarial gains (losses) on defined benefit plans	(4,007)	-	-	-	(4,007)
- Part of valuation reserves from investments valued at equity method	(1,509)	88	(1,623)	1,509	(1,535)
- Special revaluation laws	277	-	-	-	277
<b>7. Profit (Loss) of the year (+/-) Minority interests</b>	<b>(2,775)</b>	<b>137</b>	<b>231</b>	<b>(371)</b>	<b>(2,778)</b>
<b>Total</b>	<b>59,986</b>	<b>442</b>	<b>46</b>	<b>(532)</b>	<b>59,942</b>

## B.2 Revaluation reserves of financial assets at fair value through other comprehensive income: breakdown

(€ million)

ASSETS/VALUES	AMOUNTS AS AT 12.31.2020									
	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	1,171	(43)	-	-	-	-	-	-	1,171	(43)
2. Equity securities	231	(589)	-	-	23	(4)	-	-	254	(593)
3. Loans	-	-	-	-	-	-	-	-	-	-
<b>Total 12.31.2020</b>	<b>1,402</b>	<b>(632)</b>	<b>-</b>	<b>-</b>	<b>23</b>	<b>(4)</b>	<b>-</b>	<b>-</b>	<b>1,425</b>	<b>(636)</b>
<b>Total 12.31.2019</b>	<b>1,379</b>	<b>(647)</b>	<b>-</b>	<b>-</b>	<b>32</b>	<b>-</b>	<b>(20)</b>	<b>22</b>	<b>1,391</b>	<b>(625)</b>

## 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 2020		
	DEBT SECURITIES	EQUITY SECURITIES	LOANS
<b>1. Opening balance</b>	<b>993</b>	<b>(227)</b>	<b>-</b>
<b>2. Positive changes</b>	<b>996</b>	<b>41</b>	<b>-</b>
2.1 Fair value increases	870	24	-
2.2 Net losses on impairment	16	-	-
2.3 Reclassification through profit or loss of negative reserves: following disposal	104	-	-
2.4 Transfers to other comprehensive shareholders' equity (equity instruments)	-	14	-
2.5 Other changes	6	3	-
<b>3. Negative changes</b>	<b>(861)</b>	<b>(153)</b>	<b>-</b>
3.1 Fair value reductions	(618)	(95)	-
3.2 Recoveries on impairment	(6)	-	-
3.3 Reclassification through profit or loss of positive reserves: following disposal	(215)	-	-
3.4 Transfers to other comprehensive shareholders' equity (equity instruments)	-	(34)	-
3.5 Other changes	(22)	(24)	-
<b>4. Closing balance</b>	<b>1,128</b>	<b>(339)</b>	<b>-</b>

### B.4 Revaluation reserves related to defined benefit plans: annual changes

(€ million)

	CHANGES IN 2020				TOTAL
	BANKING GROUP	INSURANCE COMPANIES	OTHER COMPANIES	CONSOLIDATION ELIMINATIONS AND ADJUSTMENTS	
<b>1. Opening balance</b>	<b>(3,591)</b>	<b>-</b>	<b>-</b>	<b>18</b>	<b>(3,573)</b>
<b>2. Increases</b>	<b>(169)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(169)</b>
2.1 Increases in fair value	7	-	-	-	7
2.2 Transfers to other net equity items	-	-	-	-	-
2.3 Other changes	(176)	-	-	-	(176)
<b>3. Decreases</b>	<b>(247)</b>	<b>-</b>	<b>-</b>	<b>(18)</b>	<b>(265)</b>
3.1 Decreases in fair value	(272)	-	-	-	(272)
3.2 Transfers to other net equity items	-	-	-	-	-
3.3 Other changes	25	-	-	(18)	7
<b>4. Closing balance</b>	<b>(4,007)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,007)</b>

## 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 Part A - Accounting policies, A.2 - Main items of the accounts of Notes to the consolidated accounts.

In 2020 the Group has performed no relevant business combinations outside the Group.

For further details refer to Part A - Accounting policies, A.1 - General, Section 3 - Consolidation scope and methods of Notes to the consolidated accounts.

Under its reorganisation programme, in 2020 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.

### 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 2020 on business combinations completed 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. IAS24 also explains that the disclosure should include 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.

Key management personnel are persons having authority and responsibility for planning, directing, and controlling UniCredit's activities, directly or indirectly. Key management personnel include the Chief Executive Officer and the other members of the Board of Directors, the Statutory Auditors, the General Manager and the other Senior Executive Vice Presidents directly reporting to the Board of Directors or to the Chief Executive Officer.

Also for the management of related-party transactions refer to the discipline established by Consob Regulation No.17221/2010 (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", 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](http://www.unicreditgroup.eu)), designed to define preliminary and conclusive rules with respect to transactions initiated by UniCredit, including those conducted through subsidiaries, with related parties, 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.

UniCredit has also established, in accordance with those guidelines, the abovementioned Related-Parties Committee and Equity Investments, consisting of three members appointed by the Board of Directors among its members qualified as "independent" within the meaning of Art.3 of the 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".

During 2020, 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.

## Part H - Related-party transactions

### 1. Details of Key management personnels' compensation

Details of Key management personnel's 2020 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. Key management personnel include the Chief Executive Officer and the other members of the Board of Directors, the Statutory Auditors, and the other Senior Executive Vice Presidents directly reporting to the Board of Directors or to the Chief Executive Officer.

#### Remuneration paid to key management personnel (including directors)

	(€ million)	
	YEAR 2020	YEAR 2019
a) short-term employee benefits	18	17
b) post-retirement benefits	1	1
<i>of which: under defined benefit plans</i>	-	-
<i>of which: under defined contribution plans</i>	1	1
c) other long-term benefits	-	-
d) termination benefits	-	4
e) share-based payments	9	5
<b>Total</b>	<b>28</b>	<b>27</b>

The information reported above include the compensation paid to Directors (€3.9 million), Statutory Auditors (€0.9 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 "*2020 Group Remuneration Policy*", and about €12 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 substantial stability versus 2019, in line with the approach to remuneration that had been adopted during Transform 2019 plan and confirmed with the Team 23 Plan. The increase in the total compensation versus the previous year is linked to:

- the enlargement by one unit of the management team with strategic responsibilities, and
- the greater impact of costs for share-based payments, mainly related to the CEO.

Conversely, there were no costs related to severance payments during 2020, compared to 4 million in the previous year.

## 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

	AMOUNTS AS AT 12.31.2020						% ON ACCOUNTS ITEM	SHAREHOLDERS(*)	% ON ACCOUNTS ITEM
	CONTROLLED NOT CONSOLIDATED ENTITIES	JOINT VENTURES	ASSOCIATED COMPANIES	KEY MANAGEMENT PERSONNEL	OTHER RELATED PARTIES	TOTAL			
Financial assets at fair value through profit or loss	-	-	166	-	-	166	0.19%	142	0.16%
a) Financial assets held for trading	-	-	86	-	-	86	0.12%	142	0.20%
b) Financial assets designated at fair value	-	-	-	-	-	-	-	-	-
c) Other financial assets mandatorily at fair value	-	-	80	-	-	80	0.54%	-	-
Financial assets at fair value through other comprehensive income	-	-	127	-	-	127	0.17%	-	-
Financial assets at amortised cost	1	21	2,193	1	1	2,217	0.36%	-	-
a) Loans and advances to banks	-	-	1,183	-	-	1,183	1.01%	-	-
b) Loans and advances to customers	1	21	1,010	1	1	1,034	0.20%	-	-
Hedging derivatives (assets)	-	-	-	-	-	-	-	-	-
Non-current assets and disposal groups classified as held for sale	-	115	13	-	-	128	6.35%	-	-
Other assets	1	-	107	-	-	108	1.67%	2	0.03%
<b>Total assets</b>	<b>2</b>	<b>136</b>	<b>2,606</b>	<b>1</b>	<b>1</b>	<b>2,746</b>	<b>0.34%</b>	<b>144</b>	<b>0.02%</b>
Financial liabilities at amortised cost	11	26	9,111	6	216	9,370	1.21%	-	-
a) Deposits from banks	-	-	7,414	-	-	7,414	4.30%	-	-
b) Deposits from customers	11	26	1,697	6	216	1,956	0.39%	-	-
c) Debt securities in issue	-	-	-	-	-	-	-	-	-
Financial liabilities held for trading and designated at fair value	-	-	29	-	-	29	0.05%	20	0.03%
Hedging derivatives (liabilities)	-	-	-	-	-	-	-	-	-
Liabilities associated with disposal groups classified as held for sale	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	13	-	-	13	0.10%	-	-
<b>Total liabilities</b>	<b>11</b>	<b>26</b>	<b>9,153</b>	<b>6</b>	<b>216</b>	<b>9,412</b>	<b>1.10%</b>	<b>20</b>	<b>0.00%</b>
Commitments and guarantees given	-	45	1,610	1	-	1,656	0.48%	-	-

#### Notes:

(\*) Shareholders and related companies holding more than 3% of voting shares in UniCredit.

(\*\*) 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

	AMOUNTS AS AT 12.31.2020						(€ million)		
	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	-	-	113	-	-	113	0.86%	1	0.01%
20. Interest expenses and similar charges	-	-	(40)	-	-	(40)	1.09%	-	-
<b>30. Net interest margin</b>	-	-	<b>73</b>	-	-	<b>73</b>	<b>0.77%</b>	<b>1</b>	<b>0.01%</b>
40. Fees and commissions income	-	-	669	-	-	669	9.33%	-	-
50. Fees and commissions expenses	(1)	-	(4)	-	-	(5)	0.41%	-	-
<b>60. Net fees and commissions</b>	<b>(1)</b>	-	<b>665</b>	-	-	<b>664</b>	<b>11.15%</b>	-	-
70. Dividend income and similar revenues	6	-	45	-	-	51	24.52%	-	-
80. Net gains (losses) on trading	-	-	6	-	-	6	0.88%	44	6.49%
90. Net gains (losses) on hedge accounting	-	-	-	-	-	-	-	-	-
100. Gains (Losses) on disposal and repurchase of	-	-	-	-	-	-	-	-	-
a) Financial assets at amortised cost	-	-	-	-	-	-	-	-	-
b) Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-
c) Financial liabilities	-	-	-	-	-	-	-	-	-
110. Net gains (losses) on other financial assets/liabilities at fair value through profit or loss	-	-	-	-	-	-	-	-	-
a) Financial assets/liabilities designated at fair value	-	-	-	-	-	-	-	-	-
b) Other financial assets mandatorily at fair value	-	-	-	-	-	-	-	-	-
<b>120. Operating income</b>	<b>5</b>	-	<b>789</b>	-	-	<b>794</b>	<b>4.74%</b>	<b>45</b>	<b>0.27%</b>
130. Net losses/recoveries on credit impairment relating to	-	-	(12)	-	-	(12)	0.26%	-	-
a) Financial assets at amortised cost	-	-	(12)	-	-	(12)	0.26%	-	-
b) Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-
140. Gains/Losses from contractual changes with no cancellations	-	-	-	-	-	-	-	-	-
190. Administrative expenses	1	-	(420)	-	(14)	(433)	3.77%	-	-
a) Staff costs	1	-	5	-	(12)	(6)	0.08%	-	-
b) Other administrative expenses	-	-	(425)	-	(2)	(427)	10.44%	-	-
200. Net provisions for risks and charges	-	-	-	-	-	-	-	-	-
230. Other operating expenses/income	1	-	(35)	-	-	(34)	6.63%	-	-
<b>240. Operating costs</b>	<b>2</b>	-	<b>(455)</b>	-	<b>(14)</b>	<b>(467)</b>	<b>4.08%</b>	-	-

**Note:**

(\*) Shareholders and related companies holding more than 3% of voting shares in UniCredit

It should be noted that, as at 31 December 2020, for the associated companies Bank Fuer Tirol und Vorarlberg Aktiengesellschaft and Bks Bank AG write-downs of -€37 million and -€73 million respectively were recognised.



## Part H - Related-party transactions

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.

The main related-party transactions are the following:

- In 2012 the subsidiary UniCredit Services S.C.p.A. (US) 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 US 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 US 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, US 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 extension of the term until 2026.
  - The "Second Restatement and Amendment Agreement" between UniCredit Services and V-TS was signed on 22 December 2019, with effect from 1 January 2020, with the extension of the term of the 3-year contract until 2029.
  - The services provided to UniCredit group by the abovementioned companies result in an exchange of fees (administrative costs).
  - With reference to transactions with Mediobanca S.p.A. ("Mediobanca"), entirely sold at the end of 2019, in addition to the transactions falling within the ordinary course of business and financial activity, UniCredit S.p.A. has entered into a thirty-year usufruct contract on UniCredit S.p.A. shares with Mediobanca, under which Mediobanca gives back to UniCredit S.p.A., in return for a consideration (recorded as a reduction in Shareholders' Equity), the right to vote and receive dividends on UniCredit S.p.A. shares subscribed in January 2009, as part of the capital increase approved by UniCredit S.p.A. in November 2008. These shares were concomitantly used, by Mediobanca, in support of the issuance of convertible securities denominated "Cashes".
- Following the resolutions of UniCredit S.p.A.'s Extraordinary Shareholders' Meeting of December 2011, the number of shares underlying the usufruct contract and the formula for calculating the remuneration fees in favor of Mediobanca were adjusted to reflect (i) the reverse split of UniCredit S.p.A. shares and (ii) the free capital increase of December 2011 carried out through the allocation to capital of an equivalent amount transferred from the issue-premium reserve recorded in January 2009. A further reverse split of UniCredit S.p.A. shares underlying the usufruct agreement has been approved by the Extraordinary Shareholders' Meeting of January 2017. In 2020 the fourth installment referred to the 2018 result has been paid for €31 million and the first, second and third installments referred to the 2019 result has been paid respectively for €30 million, €31 million and €30 million.
- 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 (and potentially in Bosnia in case the conditions are met). 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 September 2020 "UCI" agreed, coherently with the obligations toward UniCredit Bank Austria ("UCBA"), in the context of re-organization of activities within CEE made in 2016, to review existing intercompany agreements, indemnifying UCBA for costs which it will incur in the context of Wien *Permanent establishment* re-organization. For further information refer to Part A - Accounting policies, Section 5 - Other matters of the present Consolidated notes to the accounts.

It should be noted that distribution agreements concerning insurance products were signed with the following associates:

- Aviva S.p.A.;
- CNP UniCredit Vita S.p.A.;
- Creditras Assicurazioni S.p.A.;
- Creditras 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 include the following category:

- **Equity-Settled Share Based Payments**, which provide for the delivery of shares.

This category includes the following:

- **Stock Options** allocated to selected top & senior managers and key talents of the Group and represented by subscription rights of UniCredit shares;
- **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 shares, to be paid over a period of ranging from 1 to 6 years. This payment structure will guarantee the alignment to shareholder interest and will be subjected to malus (which applies in case specific profitability, capital and liquidity thresholds are not met at both Group and country/division level) 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 new 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 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 Bank of Italy 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.

It is also noted that, according to Banca d'Italia Circular 285 (25<sup>th</sup> update dated 23 October 2018), 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.

##### 1.2 Measurement model

###### 1.2.1 Stock Options

The Hull and White evaluation model has been adopted to measure the economic value of stock options.

This model is based on a trinomial tree price distribution using the Boyle's algorithm and estimates the early exercise probability on the basis of a deterministic model connected to:

- reaching a market share value equals to an exercise price-multiple (M);
- probability of beneficiaries' early exit (E) after the end of the vesting period.

Economic and equity effects will be recognised on a basis of instrument vesting period.

Any new stock options' plans haven't been granted during 2020.

###### 1.2.2 Group Executive Incentive System (Bonus Pool)

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.

Economic and net equity effects will be accrued on a basis of instruments' vesting period.

## Part I - Share-based payments

### Group Executive Incentive System “Bonus Pool 2019” - Shares

The plan is divided into clusters, each of which can have three or four installments of share-based payments spread over a period defined according to plan rules.

	SHARES GRANTED GROUP EXECUTIVE INCENTIVE SYSTEM - BONUS POOL 2019				
	INSTALLMENT (2021)	INSTALLMENT (2022)	INSTALLMENT (2023)	INSTALLMENT (2024)	INSTALLMENT (2025)
Date of bonus opportunity economic value granting	Feb-06-2019	Feb-06-2019	Feb-06-2019	Feb-06-2019	Feb-06-2019
Date of Board resolution (to determine number of shares)	Mar-05-2020	Mar-05-2020	Mar-05-2020	Mar-05-2020	Mar-05-2020
Vesting period start date	Jan-01-2019	Jan-01-2019	Jan-01-2019	Jan-01-2019	Jan-01-2019
Vesting period end date	Dec-31-2019	Dec-31-2020	Dec-31-2021	Dec-31-2022	Dec-31-2023
UniCredit share market price [€]	12.984	12.984	12.984	12.984	12.984
Economic value of vesting conditions	-0.631	-1.235	-1.852	-2.494	-3.455
<b>Performance shares' fair value per unit at grant date [€]</b>	<b>12.353</b>	<b>11.749</b>	<b>11.132</b>	<b>10.490</b>	<b>9.529</b>

### Group Executive Incentive System 2020 (Bonus Pool)

The new Group Incentive System 2020 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;
- link between bonuses and organisation structure, defining the pool at country/division level with further review at Group level;
- bonuses allocated to executives and other relevant employee, identified on a basis of European Bank Authority (EBA) rules, according to local regulations;
- payment structure has been defined in accordance with regulatory provisions qualified by Directive 2013/36/EU (CRD IV) and will be distributed in a period of six years by using a mix of shares and cash.

All profit and loss and net equity effects related to the plan will be booked during the vesting period.

#### 1.2.3 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.

#### 1.2.4 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.

	SHARES GRANTED LONG TERM INCENTIVE 2020-2023				
	INSTALLMENT (2025)	INSTALLMENT (2026)	INSTALLMENT (2027)	INSTALLMENT (2028)	INSTALLMENT (2029)
Date of bonus opportunity economic value granting	Jan-14-2020	Jan-14-2020	Jan-14-2020	Jan-14-2020	Jan-14-2020
Date of Board resolution (to determine number of shares)	Jan-14-2020	Jan-14-2020	Jan-14-2020	Jan-14-2020	Jan-14-2020
Vesting period start date	Jan-01-2020	Jan-01-2020	Jan-01-2020	Jan-01-2020	Jan-01-2020
Vesting period end date	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027
UniCredit share market price [€]	13.305	13.305	13.305	13.305	13.305
Economic value of vesting conditions [€]	-3.436	-4.385	-5.333	-6.277	-7.216
<b>Performance shares' fair value per unit at grant date [€]</b>	<b>9.869</b>	<b>8.920</b>	<b>7.972</b>	<b>7.028</b>	<b>6.089</b>

## Part I - Share-based payments

### Quantitative information

#### 1. Annual changes

##### Stock Option and Performance Stock Option UniCredit

ITEMS/NUMBER OF OPTIONS AND EXERCISE PRICE	YEAR 2020 <sup>(*)</sup>			YEAR 2019 <sup>(*)</sup>		
	NUMBER OF OPTIONS	AVERAGE EXERCISE PRICE [€]	AVERAGE MATURITY	NUMBER OF OPTIONS	AVERAGE EXERCISE PRICE [€]	AVERAGE MATURITY
<b>A. Outstanding at beginning of period</b>	330,426	166.399	Dec-2019	776,926	148.718	Jun-2019
<b>B. Increases</b>	-	-		-	-	
B.1 New issues	-	-		-	-	
B.2 Other	-	-		-	-	
<b>C. Decreases</b>	330,426	-		446,500	-	
C.1 Forfeited	-	-		13,268	166.399	
C.2 Exercised	-	-		-	-	
C.3 Expired	330,426	-		433,232	-	
C.4 Other	-	-		-	-	
<b>D. Outstanding at end of period</b>	-	-	-	330,426	166.399	Dec-2019
<b>E. Vested Options at end of period</b>	-	-	-	330,426	166.399	Dec-2019

**Note:**  
 (\*) The information related to Number of options and Average exercise price had been modified following the grouping operations resolved by UniCredit Extraordinary Shareholders' Meeting held on 15 December 2011 and the UniCredit Extraordinary Shareholders' Meeting on 12 January 2017 and following the application of "adjustment factors" recommended by AIAF (Associazione Italiana Analisti Finanziari) equal to:  
 • 0.88730816 as the free capital increase resolved by the UniCredit Annual General Meeting on 29 April 2009 ("scrip dividend");  
 • 0.95476659 as the capital increase resolved by the UniCredit Extraordinary Shareholder Meeting on 16 November 2009 and finalised on 24 February 2010;  
 • 0.6586305 as the capital increase resolved by the UniCredit Extraordinary Shareholders' Meeting on 15 December 2011 and finalised in 2012;  
 • 0.50112555 as the capital increase resolved by the UniCredit Extraordinary Shareholders' Meeting on 12 January 2017 and finalised on 2 March 2017.

##### Other UniCredit equity instruments: Performance Shares

ITEMS/NUMBER OF OTHER EQUITY INSTRUMENTS AND EXERCISE PRICE	YEAR 2020 <sup>(*)</sup>			YEAR 2019 <sup>(*)</sup>		
	NUMBER OF OTHER EQUITY INSTRUMENTS	AVERAGE EXERCISE PRICE [€]	AVERAGE MATURITY	NUMBER OF OTHER EQUITY INSTRUMENTS	AVERAGE EXERCISE PRICE [€]	AVERAGE MATURITY
<b>A. Outstanding at beginning of period</b>	17,091,000	-	Jun-2020	15,484,129	-	Dec-2019
<b>B. Increases</b>	12,638,364	-		5,225,207	-	
B.1 New issues	12,638,364	-		5,225,207	-	
B.2 Other	-	-		-	-	
<b>C. Decreases</b>	5,169,928	-		3,618,336	-	
C.1 Forfeited	1,284,967	-		418,159	-	
C.2 Exercised <sup>(**)</sup>	3,884,961	-		3,200,177	-	
C.3 Expired	-	-		-	-	
C.4 Other	-	-		-	-	
<b>D. Outstanding at end of period<sup>(***)</sup></b>	24,559,436	-	Apr-2022	17,091,000	-	Jun-2020
<b>E. Vested instruments at end of period</b>	6,290,836	-		3,916,274	-	

**Notes:**  
 (\*) The information related to number of options and average exercise price had been modified following the grouping operation resolved by UniCredit Extraordinary Shareholders' Meeting held on 12 January 2017 and following the application of "adjustment factor" equal to 0.50112555 recommended by AIAF (Associazione Italiana Analisti Finanziari) for the capital increase resolved by the UniCredit Extraordinary Shareholder Meeting on 12 January 2017 and finalised on 2 March 2017.  
 (\*\*) As far as the 2020 movement is concerned, the average market price at the exercise date is equal to €10.13 (€11.82 was the price observed at exercise date for 2019 movimentation).  
 (\*\*\*) UniCredit undertakes to grant, conditional upon achieving performance targets set in the strategic plan 24,559,436 ordinary shares at the end of 2019 (17,091,000 ordinary shares at the end of 2019).

## Part I - Share-based payments

## 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)

	2020		2019	
	TOTAL	VESTED PLANS	TOTAL	VESTED PLANS
<b>(Costs)/Revenues</b>	<b>(53)</b>		<b>(69)</b>	
- connected to equity-settled plans <sup>(1)</sup>	(51)		(67)	
- connected to cash-settled plans	(2)		(2)	
<b>Debts for cash-settled plans</b>	<b>4</b>	<b>-</b>	<b>4</b>	<b>-</b>

**Note:**

(1) Includes costs for €1.6 million related to golden parachute.

## Part L - Segment reporting

### Organisational structure

The format for segment information reflects the organisational structure currently used in management reporting for monitoring the Group's results, which is broken down into the following business segments: Commercial Banking Italy, Commercial Banking Germany, Commercial Banking Austria, Corporate & Investment Banking (CIB), Central and Eastern Europe (CEE), Group Corporate Centre and Non Core. Figures in Section A - Primary segment and referring to 2019 were recast, where necessary, on a like-to-like basis to consider changes in scope of business segment and methodological rules. In particular, the sub-group Koc Finansal Hizmetler AS figures have been reclassified from CEE Division to Group Corporate Centre.

#### Commercial Banking Italy

Commercial Banking Italy is composed by UniCredit S.p.A. commercial network limited to Core clients (excluding Corporate clients, supported by Corporate and Investment Banking Division and clients supported by Foreign Branches), Leasing (excluding Non Core clients), Factoring and UniCredit S.p.A. structures included in local Corporate Centre that support the Italian business network. In relation to individual clients (Mass market, Affluent, Private and Wealth), Commercial Banking Italy's goal is to offer a full range of products, services and consultancy to fulfill transactional, investments and credit needs, relying on branches and multichannel services provided thanks to new technologies. The territorial organisation promotes a bank closer to customers and faster decision-making processes, while the belonging to UniCredit group allows to support companies in developing International attitudes.

#### Commercial Banking Germany

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

- "Privatkundenbank" (Individual Clients segment) that serves retail and private banking customers with banking and insurance solutions across all areas of demand and all-round advisory services reflecting the individual and differentiated needs in terms of relationship model and product offering;
- "Unternehmerbank" (Corporate segment) that employs a different "Mittelstand" bank model to its competitors in that it serves both business and personal needs across the whole bandwidth of German enterprises and firms operating in Germany;
- local Corporate Centre.

Different service models are applied in line with the needs of its various customer groups: retail customers, private banking customers, small business and corporate customers, real estate customers and wealth management customers. Commercial Banking Germany holds large market shares and a strategic market position in retail banking, in private banking and especially in business with local corporate customers (including factoring and leasing).

#### Commercial Banking Austria

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

- "Privatkundenbank" (Private Customer Bank) that covers private individuals, ranging from mass-market to affluent customers, high net-worth individuals and business customers; it includes Schoellerbank, a well-established subsidiary servicing wealthy customers;
- "Unternehmerbank" (Corporate Customer Bank, excluding CIB clients) servicing the entire range of SMEs, medium-sized and large companies, which do not access capital markets (including real estate and public sector); it includes the product factory Leasing;
- local Corporate Centre.

A broad coverage of individual clients and companies is ensured through its nation-wide branch network.

Commercial Banking Austria holds significant market shares and a strategic market position in retail banking, private banking and especially in business with local corporate customers and is one of the leading providers of banking services in Austria.

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

#### Corporate & Investment Banking (CIB)

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

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

## Part L - Segment reporting

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

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

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

- **Financing and Advisory (F&A)** - F&A is the expertise center for all business operations related to credit and advisory services for corporate and institutional clients. It is responsible for providing a wide variety of products and services ranging from plain vanilla and standardised products, extending to more sophisticated products such as Capital Markets (Equity and Debt Capital Markets), Corporate Finance and Advisory, Syndications, Leverage Buy-Out, Project and Commodity Finance, Real Estate Finance, Structured Trade and Export Finance.
- **Markets** - Markets is the center specialised for all financial markets activities and serves as the Group's access point to the capital markets. This results in a highly complementary international platform with a strong presence in emerging European financial markets. As a centralised product line, it is responsible for the coordination of financial markets-related activities, including the structuring of products such as FX, Rates, Equities and credit related activities.
- **Global Transaction Banking (GTB)** - GTB is the center for Cash Management, e-banking, Supply Chain Finance, Trade Finance products, Factoring and global securities services.

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

### Central and Eastern Europe (CEE)

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

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

### Group Corporate Centre

The Group Corporate Centre's objective is to lead, control and support the management of the assets and related risks of the Group as a whole and of the single Group companies in their respective areas of competence. In this framework, an important objective is to optimize costs and internal processes guaranteeing operating excellence and supporting the sustainable growth of the Business Lines. In the Group Corporate Centre are included also the Group's Legal Entities that are going to be dismissed and, regarding 2019 figures, the sub-group Koc Finansal Hizmetler AS.

### Non Core

Starting from the first quarter 2014 the Group decided to introduce a clear distinction between above described activities defined as core segment, meaning strategic business segments and in line with risk strategies, and activities defined as non-core segment, including non-strategic assets and those with a poor fit to the Group's risk-adjusted return framework, with the aim of reducing the overall exposure of this last segment in the course of time and to improve the risk profile. Specifically, the non-core segment includes selected assets of Commercial Banking Italy (identified on a single deal/client basis) to be managed with a risk mitigation approach and some special vehicles for securitization operations.

## Part L - Segment reporting

### A - Primary segment

#### A.1 - Breakdown by business segment: income statement

(€ million)

	COMMERCIAL BANKING ITALY	COMMERCIAL BANKING GERMANY	COMMERCIAL BANKING AUSTRIA	CENTRAL EASTERN EUROPE	CORPORATE & INVESTMENT BANKING	GROUP CORPORATE CENTRE	NON CORE	CONSOLIDATED GROUP TOTAL 12.31.2020
Net interest	2,889	1,527	617	2,295	2,419	(283)	(23)	9,441
Dividends and other income from equity investments	140	0	103	24	12	136	-	415
Net fees and commissions	3,377	709	578	715	620	(28)	6	5,976
Net trading income	41	72	30	371	874	30	(4)	1,412
Net other expenses/income	(105)	47	35	18	23	(96)	(25)	(104)
<b>OPERATING INCOME</b>	<b>6,341</b>	<b>2,354</b>	<b>1,363</b>	<b>3,422</b>	<b>3,947</b>	<b>(241)</b>	<b>(46)</b>	<b>17,140</b>
Payroll costs	(2,057)	(958)	(534)	(748)	(606)	(1,041)	(25)	(5,968)
Other administrative expenses	(1,917)	(686)	(438)	(585)	(907)	1,415	(106)	(3,223)
Recovery of expenses	394	12	-	43	2	54	16	523
Amortisation, depreciation and impairment losses on tangible and intangible assets	(88)	(20)	(20)	(196)	(15)	(798)	(1)	(1,137)
<b>Operating expenses</b>	<b>(3,668)</b>	<b>(1,651)</b>	<b>(991)</b>	<b>(1,486)</b>	<b>(1,525)</b>	<b>(369)</b>	<b>(115)</b>	<b>(9,805)</b>
<b>OPERATING PROFIT</b>	<b>2,673</b>	<b>703</b>	<b>371</b>	<b>1,937</b>	<b>2,422</b>	<b>(610)</b>	<b>(161)</b>	<b>7,335</b>
Net writedowns of loans and provisions for guarantees and commitments	(2,681)	(359)	(245)	(974)	(733)	(4)	(1)	(4,996)
<b>OPERATING NET PROFIT</b>	<b>(8)</b>	<b>343</b>	<b>127</b>	<b>963</b>	<b>1,690</b>	<b>(614)</b>	<b>(162)</b>	<b>2,339</b>
Other charges and provisions	(264)	(36)	(110)	(181)	(170)	(275)	(19)	(1,055)
Integration costs	(1,054)	(25)	0	(66)	(24)	(282)	(13)	(1,464)
Net income from investments	(13)	(25)	(94)	7	(25)	(1,070)	(145)	(1,365)
<b>PROFIT BEFORE TAX</b>	<b>(1,339)</b>	<b>256</b>	<b>(77)</b>	<b>723</b>	<b>1,471</b>	<b>(2,242)</b>	<b>(339)</b>	<b>(1,546)</b>

#### A.2 - Breakdown by business segment: balance sheet amounts and RWA

(€ million)

	COMMERCIAL BANKING ITALY	COMMERCIAL BANKING GERMANY	COMMERCIAL BANKING AUSTRIA	CENTRAL EASTERN EUROPE	CORPORATE & INVESTMENT BANKING	GROUP CORPORATE CENTRE	NON CORE	CONSOLIDATED GROUP TOTAL 12.31.2020
<b>BALANCE SHEET AMOUNTS</b>								
<b>CUSTOMERS LOANS (NET REPOS AND IC)</b>	<b>132,311</b>	<b>87,168</b>	<b>43,308</b>	<b>61,879</b>	<b>87,721</b>	<b>1,631</b>	<b>775</b>	<b>414,793</b>
<b>CUSTOMERS DEPOS (NET REPOS AND IC)</b>	<b>172,372</b>	<b>102,957</b>	<b>52,121</b>	<b>71,287</b>	<b>58,229</b>	<b>2,459</b>	<b>518</b>	<b>459,944</b>
<b>TOTAL RISK WEIGHTED ASSETS (BASEL 3)</b>	<b>83,011</b>	<b>35,536</b>	<b>21,509</b>	<b>55,016</b>	<b>83,043</b>	<b>39,909</b>	<b>7,642</b>	<b>325,665</b>

#### A.3 - Staff

	COMMERCIAL BANKING ITALY	COMMERCIAL BANKING GERMANY	COMMERCIAL BANKING AUSTRIA	CENTRAL EASTERN EUROPE	CORPORATE & INVESTMENT BANKING	GROUP CORPORATE CENTRE	NON CORE	CONSOLIDATED GROUP TOTAL 12.31.2020
<b>STAFF</b>								
Employees (FTE)	26,884	9,002	4,687	23,829	3,443	14,047	214	82,107



## Part L - Segment reporting

### A.1 - Breakdown by business segment: income statement

								(€ million)
	COMMERCIAL BANKING ITALY	COMMERCIAL BANKING GERMANY	COMMERCIAL BANKING AUSTRIA	CENTRAL EASTERN EUROPE	CORPORATE & INVESTMENT BANKING	GROUP CORPORATE CENTRE	NON CORE	CONSOLIDATED GROUP TOTAL 12.31.2019
Net interest	3,300	1,530	689	2,610	2,259	(306)	(11)	10,071
Dividends and other income from equity investments	123	2	179	26	1	307	-	637
Net fees and commissions	3,652	716	605	834	555	(68)	10	6,304
Net trading income	79	59	34	495	1,051	(31)	(20)	1,669
Net other expenses/income	(92)	97	38	37	118	(21)	(21)	156
<b>OPERATING INCOME</b>	<b>7,062</b>	<b>2,404</b>	<b>1,546</b>	<b>4,001</b>	<b>3,985</b>	<b>(119)</b>	<b>(41)</b>	<b>18,839</b>
Payroll costs	(2,157)	(944)	(538)	(798)	(630)	(1,046)	(31)	(6,146)
Other administrative expenses	(1,960)	(671)	(424)	(597)	(905)	1,474	(196)	(3,279)
Recovery of expenses	424	10	-	49	2	55	51	592
Amortisation, depreciation and impairment losses on tangible and intangible assets	(90)	(20)	(6)	(189)	(16)	(775)	(0)	(1,096)
<b>Operating expenses</b>	<b>(3,782)</b>	<b>(1,626)</b>	<b>(969)</b>	<b>(1,535)</b>	<b>(1,549)</b>	<b>(292)</b>	<b>(177)</b>	<b>(9,929)</b>
<b>OPERATING PROFIT</b>	<b>3,280</b>	<b>778</b>	<b>577</b>	<b>2,466</b>	<b>2,436</b>	<b>(410)</b>	<b>(218)</b>	<b>8,910</b>
Net writedowns of loans and provisions for guarantees and commitments	(1,041)	(100)	(41)	(453)	(109)	(6)	(1,632)	(3,382)
<b>OPERATING NET PROFIT</b>	<b>2,239</b>	<b>678</b>	<b>536</b>	<b>2,014</b>	<b>2,327</b>	<b>(416)</b>	<b>(1,850)</b>	<b>5,527</b>
Other charges and provisions	(342)	69	(72)	(256)	165	(360)	(157)	(954)
Integration costs	(82)	(219)	(133)	(19)	(95)	(108)	(8)	(664)
Net income from investments	(83)	335	(5)	(22)	(299)	(518)	(252)	(844)
<b>PROFIT BEFORE TAX</b>	<b>1,732</b>	<b>863</b>	<b>326</b>	<b>1,716</b>	<b>2,098</b>	<b>(1,403)</b>	<b>(2,267)</b>	<b>3,065</b>

The figures refer to the reclassified income statement.

### A.2 - Breakdown by business segment: balance sheet amounts and RWA

								(€ million)
	COMMERCIAL BANKING ITALY	COMMERCIAL BANKING GERMANY	COMMERCIAL BANKING AUSTRIA	CENTRAL EASTERN EUROPE	CORPORATE & INVESTMENT BANKING	GROUP CORPORATE CENTRE	NON CORE	CONSOLIDATED GROUP TOTAL 12.31.2019
<b>BALANCE SHEET AMOUNTS</b>								
CUSTOMERS LOANS (NET REPOS AND IC)	134,974	87,172	44,521	67,534	85,970	2,295	1,886	424,352
CUSTOMERS DEPOS (NET REPOS AND IC)	153,283	89,798	48,454	70,745	55,349	2,332	488	420,449
<b>TOTAL RISK WEIGHTED ASSETS (BASEL 3)</b>	<b>96,067</b>	<b>36,171</b>	<b>23,141</b>	<b>67,560</b>	<b>85,081</b>	<b>59,733</b>	<b>10,966</b>	<b>378,718</b>

### A.3 - Staff

	COMMERCIAL BANKING ITALY	COMMERCIAL BANKING GERMANY	COMMERCIAL BANKING AUSTRIA	CENTRAL EASTERN EUROPE	CORPORATE & INVESTMENT BANKING	GROUP CORPORATE CENTRE	NON CORE	CONSOLIDATED GROUP TOTAL 12.31.2019
<b>STAFF</b>								
Employees (FTE)	28,379	9,096	4,798	24,142	3,494	14,042	295	84,245

## Part L - Segment reporting

### B - Secondary segment

(€ million)

AMOUNTS AS AT 12.31.2020	TOTAL ASSETS	OPERATING INCOME <sup>(*)</sup>	COST OF INVESTMENT
Italy	411,638	7,635	221
Germany	289,967	3,839	71
Austria	113,601	1,632	90
Total other european countries	115,956	3,618	157
<i>of which: Western Europe</i>	19,256	196	1
<i>of which: Central and Eastern Europe</i>	96,700	3,422	156
America	293	17	-
Asia	1	-	-
Rest of the world	-	-	-
<b>Total</b>	<b>931,456</b>	<b>16,741</b>	<b>539</b>

Note:

(\*) Item 120 of the Consolidated income statement.

(€ million)

AMOUNT AS AT 12.31.2019	TOTAL ASSETS	OPERATING INCOME <sup>(*)</sup>	COST OF INVESTMENT
Italy	368,220	8,487	278
Germany	270,289	3,874	53
Austria	97,602	1,664	128
Total other european countries	119,226	4,115	252
<i>of which: Western Europe</i>	21,655	212	1
<i>of which: Central and Eastern Europe</i>	97,571	3,903	251
America	309	2	-
Asia	1	-	-
Rest of the world	-	-	-
<b>Total</b>	<b>855,647</b>	<b>18,142</b>	<b>711</b>

Note:

(\*) Item 120 of the Consolidated income statement.

The amounts of each country are aggregated by country of residence of the relevant legal entity's Head Office (i.e.: foreign branches are generally included in the relevant Parent Company or conventionally attributed to another country).

## 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:

- land;
- buildings;
- office furniture and fitting;
- electronic systems;
- others (e.g. 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, in this respect 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.

Finally, please note that the Group has entered into sale and lease back transactions concerning properties sold during the period, determining the reduction of the corresponding right of use from €109 million to €43 million.

#### Quantitative information

The book value of the rights of use arising from lease contracts are exposed in Part B - Consolidated balance sheet – Assets, Section 9 - Property, plant and equipment - Item 90 of the Notes to the consolidated accounts.

During the year, these rights of use resulted in the recognition of depreciations for €328.4 million of which:

- €0.5 million relating to land;
- €310.3 million relating to buildings;
- €0.3 million relating to office furniture and fitting;
- €0.4 million relating to electronic systems;
- €16.9 million relating to the category other (eg. cars).

In addition, impairment (net of reversal) for €21.6 million has been booked.

With reference to lease liabilities, the related book value is shown in Part B - Consolidated balance sheet - Liabilities, Section 1 - Financial liabilities at amortised cost - Item 10 of the Notes to the consolidated accounts (refer to this section).

During the year, these lease liabilities led to the recognition of interest expenses shown in Part C - Consolidated income statement, Section 1 - Interests - Items 10 and 20 of the Consolidated income statement of the Notes to the consolidated accounts.

With reference to short-term leases and leases of low value assets, it should be noted that during the year, rentals were accounted for €97 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 €0.7 million during the year if classified as financial leases and other operating income for €3.4 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

The Group mainly carries out financial leasing activities, particularly through its leasing companies.

These contracts 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 Part B - Consolidated balance sheet - Assets, Section 4 - Financial assets at amortised cost - Item 40 of the Notes to the consolidated accounts.

Such loans determined, during the year, interest income shown in Part C - Consolidated income statement, Section 1 - Interests - Items 10 and 20 of the Income statement of the Notes to the consolidated accounts.

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: €250.3 million;
- buildings: €442.9 million;
- other: €590.9 million.

Rentals recognised on an accrual basis during the year for leasing of these activities are shown in Part C - Consolidated income statement, Section 16 - Other operating expenses/income - Item 230 of the Income statement of the Notes to the consolidated accounts.

##### 2. Financial leases

##### 2.1 Classification for time bucket of Payments to be received and Reconciliation with Lease Loans booked in the Assets

TIME BUCKET	(€ million)	
	12.31.2020	12.31.2019
	PAYMENTS TO BE RECEIVED FOR LEASE	PAYMENTS TO BE RECEIVED FOR LEASE
Up to 1 year	3,976	3,751
1 year to 2 years	3,487	3,007
2 year to 3 years	2,782	3,057
3 year to 4 years	2,192	1,958
4 year to 5 years	1,630	1,668
Over 5 years	5,881	9,336
<b>Total Payments to be received for lease</b>	<b>19,948</b>	<b>22,777</b>
<b>RECONCILIATION WITH LOANS</b>		
Unpaid Financial Profits (-)	2,051	2,116
Not guaranteed Residual Amount (-)	-	-
<b>Lease Loans</b>	<b>17,897</b>	<b>20,661</b>

The value shown in the table represents the gross exposure. This value is decreased by impairment, equal to €1,142 million on a cumulated basis, leading to the amount of €16,755 million shown in the Assets - Section 4 - Financial assets at amortised cost - Item 40 of the Notes to the consolidated accounts.

##### 2.2 Other information

With regard to financial leases, the credit risk associated with the contract is managed according to what is stated in Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated, 2.1 Credit risk of the Notes to the consolidated accounts (refer to this section).

## Part M - Information on leases

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

TIME BUCKET	(€ million)	
	12.31.2020	12.31.2019
	PAYMENTS TO BE RECEIVED FOR LEASE	PAYMENTS TO BE RECEIVED FOR LEASE
Up to 1 year	120	153
1 year to 2 years	89	74
2 year to 3 years	62	61
3 year to 4 years	43	45
4 year to 5 years	27	36
Over 5 years	108	229
<b>Total</b>	<b>449</b>	<b>598</b>

#### 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 Jean Pierre Mustier (as Chief Executive Officer) and Stefano Porro (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 applicationof the administrative and accounting procedures employed to draw up the 2020 Consolidated Financial Statements.
2. The adequacy of administrative and accounting procedures employed to draw up the 2020 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 2020 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, 10 February 2021

Jean Pierre MUSTIER



Stefano PORRO







**INDEPENDENT AUDITOR'S REPORT  
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010  
AND ARTICLE 10 OF THE EU REGULATION 537/2014**

**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 UniCredit S.p.A. and its subsidiaries (the "Group"), which comprise the balance sheet as at December 31, 2020, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and the related notes to the accounts.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and to art. 43 of Italian 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 *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of UniCredit S.p.A. (the "Bank") in accordance with the ethical requirements applicable under Italian law to the audit of the 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 judgment, were of most significance in our audit of the consolidated financial statements of the current period. 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.

## Risk of uncorrected classification and valuation of performing customer loans

### Description of the key audit matter

As indicated in the Notes to the accounts *Part B – Balance Sheet Information (4.2 Financial Assets at amortised cost: breakdown by product of loans and advances to customers)*, loans to customers (stage 1 and stage 2) are equal to 440,238 million Euro.

As more broadly described in the Notes to the accounts and in the Report on operations in 2020 the world economy faced an unprecedented contraction, triggered by the Covid-19 pandemic which significantly impacted the Group's business processes for identifying, monitoring and measuring credit risk.

The context was also characterized by new initiatives and concessions introduced by the government and the monetary and fiscal authorities, whose impacts on the Group's economic and financial situation are reported in the Notes to the accounts in the following sections:

- *Part B – Balance sheet – Section 4 – Financial assets at amortised cost (4.4a Financial assets at amortised cost subject to Covid-19 measures: gross value and total accumulated impairments);*
- *Part C – Income statement – Section 8 – Net losses/recoveries on credit impairment (8.1a Net impairment losses for credit risk relating to financial assets at amortised cost subject to Covid-19 measures: breakdown);*
- *Part E – Information on risks and hedging policies – Section A – Credit quality (A.1.3a Other loans and advances subject to Covid-19 measures: transfers between impairment stages (gross values) and A.1.5a Other loans and advances subject to Covid-19 measures: gross and net value);*

as required by the Bank of Italy Communication “Integration to Circular No.262 requirements – Banks financial statements: schemes and compilation rules” dated December 15, 2020 to provide the market with information on the effects that the Covid-19 and the measures to support the economy have produced on strategies, objectives and risk management policies, as well as on the economic and financial situation of intermediaries.

In relation to the context described above and as more broadly illustrated in the Notes to the accounts *Part E – Information on risks and hedging policies – Section 2 – Risks of the prudential consolidated perimeter – Paragraph 2.3 Measurement methods for expected losses*, as at December 31, 2020 performing loans valuation, compared to previous years, was characterized by some new methodological aspects such as:

- specific valuations adopted for the exposures, also subject to concession (moratoria), in order to verify the significant increase in credit risk, considering not only rating indicators but also prospective indicators and sector analyses;
- the new definition of default, whose more stringent classification criteria are applicable starting from January 1, 2021, which the Group has already taken into account for the purpose of evaluating the credit risk of the counterparties.

The valuation of performing portfolio has been furthermore significantly affected by the update of the macroeconomic scenarios and of the estimates of the likelihood of defaults (the “*default rate*”) which are expected to rise when the government protection schemes will expire; this in order to take into account the persistence of a high degree of uncertainty and economic forecasts that show a high volatility mainly linked to the effects of the Covid-19 pandemic. For a more exhaustive information please refer to the Notes to the accounts *Part A – Accounting policies – Section 2 – General preparation criteria – Measurement of Credit Exposures* and to the *Part E – Information on risks and hedging policies – Section 2 – Risks of the prudential consolidated perimeter – Paragraph 2.3 Measurement methods for expected losses*.

Considering the significance of the amount of the performing loans recorded in the financial statements, the increased complexity in the estimation processes adopted by the Group also to take into accounts the effects of the Covid-19 pandemic, we have identified the classification of performing loans - with particular reference to performing credit exposures with higher levels of management risk (“watchlist” exposures) and to exposures subject to concession - as well as the related process for determining collective loan loss provisions, as a key audit matter of the consolidated financial statements of the Group as at December 31, 2020.

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**Audit procedures performed**

The audit procedures performed, planned also considering the exceptional macroeconomic environment and related Covid-19 impacts, included, among others, the following:

- analysis and understanding of the Group's internal control system and the relative internal regulations concerning to the credit process, and in particular, the identification of the organizational and procedural safeguards implemented by the Group for monitoring credit quality, for the adequacy of the classification according to the provisions of the sector legislation and for the credit valuation in compliance with the applicable accounting standards; such analyses were focused on the main aspects referred to by the Supervisory Authorities following the Covid-19 pandemic;

- analysis and understanding of the IT systems and applications used and test of the operational effectiveness of relevant controls, also with the support of IT experts belonging to the Deloitte network;
- analysis of the implementation of the procedures and Group's processes, as well as test of the operational effectiveness of the relevant controls for the purposes of the classification and valuation processes;
- analysis and understanding of the main valuation models adopted by the Group and of the related updates, as well as check on a sample basis of the reasonableness of the parameters subject to estimation, also with the support of credit model experts and IT experts belonging to the Deloitte network;
- analysis and verification of further assessments made by the Group for the classification of Stage 2 exposures and for the valuation of counterparties risk with particular reference to sector analyses and to the new definition of default;
- checks on a sample basis of the classification according to the provisions of internal and sector legislation as well as of the related valuation in compliance with the applicable accounting standards;
- analysis and check of the collective valuation of performing loans, also through the development of independent estimates;
- comparative and trend analyses on the volumes of loans to customers and on related coverage ratios, through comparison with the data of the previous year and with sector data;
- examination of the sensitivity analyses carried out by the Group on the expected losses accounted for at year end to changes in macroeconomic scenarios;
- analysis of events occurring after the reference date of the financial statements.

Finally, we have verified the adequacy and compliance of the disclosures provided in the Notes to the accounts with respect to the requirements of the applicable accounting standards and reference legislation, as well as the contents of the interpretative and supporting documents for the application of the accounting standards in relation to the impacts of Covid-19, issued by the European regulatory and supervisory bodies.

**Risk of uncorrected classification and valuation of non-performing loans to customers (“bad loans” and “unlikely to pay”)****Description of the key audit matter**

As indicated in the Notes to the accounts *Part B – Balance Sheet (4.2 Financial assets at amortised cost: breakdown by product of loans and advances to customers)*, the net carrying amount of non-performing loans to customers (stage 3) is equal to 8,497 million Euro.

The Report on operations shows that non-performing loans coverage ratio as at December 31, 2020 for bad loans is equal to 78.39% with a net carrying value of 1,645 million Euro, for unlikely to pay is equal to 50.43% with a net carrying value of 6,381 million Euro and for non-performing past-due is equal to 33.70% with a net carrying value of 503 million Euro.

In the Notes to the accounts *Part A – Accounting Policies – Section A.2 – Main items of the accounts – Paragraph 16 – Other Information (Impairment)* is described that the valuation of bad loans and unlikely to pay takes place:

- on an analytical basis, on the basis of the estimated recoverable cash flows, discounted at the original interest rate of the financial asset;
- on a statistical basis, through the acknowledgment of coverage levels defined for credit portfolios below a predefined threshold;

and that, in accordance with the IFRS 9, the valuation of non-performing loans was determined by including also the multiple scenarios applicable to this type of exposures including any sale scenario where the Group's non-performing loans asset strategy foresees the recovery through their disposal on the market.

In addition, in the Notes to the accounts *Part E – Information on risks and hedging policies – Section 1 – Risks of the accounting consolidated perimeter – Paragraph A – Credit quality*, it is reported that during December 2020, the management of the Bank updated its disposal plan 2021-2023 by providing, in addition to the full rundown of the “Non-Core” portfolio (gross carrying amount as at December 31, 2020 of 1.8 billion Euro), the disposal of non-performing loans belonging to the “Core” perimeter of the Bank for a gross carrying amount of 2.6 billion Euro at December 31, 2020, which were evaluated on the basis of recovery through their disposal on the market (“Selling Scenario”). This led to the inclusion of additional loan loss provisions for 453 million Euro related to these exposures, in order to align recovery forecasts with expected market prices (defined by observable internal or market benchmarks, depending on the availability of the information and in compliance with internal regulations).

Considering the significance of non-performing loans amount recorded in the financial statements and the complexity of the estimation processes adopted by the Group which implied a complex classification activity into homogeneous risk categories and the use of some variables characterized by a high subjectivity (such as the estimates of expected cash flows, the related recovery times, the value of any guarantees and the recovery strategies, including the disposal on the market) for the determination of the related recoverable amount, we have identified the classification of non-performing loans (bad loans and unlikely to pay) and their valuation as a key audit matter of the consolidated financial statements of the Group as at December 31, 2020.

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**Audit procedures performed**

The audit procedures performed included, among others, the following:

- analysis and understanding of the internal control system as well as the related internal regulations regarding: (i) the monitoring of credit quality (ii) the management of non-performing loans (iii) the adequacy of the classification according to the provisions of the sector legislation and (iv) the credit valuation in compliance with the applicable accounting principles;
- analysis and understanding of the IT systems and applications used and test of the operational effectiveness of relevant controls, also with the support of IT experts belonging to the Deloitte network;
- verification of the implementation of the procedures and Group's processes, test of the operational effectiveness of the relevant controls for the purposes of the classification and valuation processes;
- analysis and understanding of the approval process by the competent bodies of the Bank of the actions to strengthen the strategy of reducing non-performing credit exposures included in the "Core" perimeter;
- analysis and understanding of the valuation model adopted for the determination of the additional loan loss provisions relating to non-performing loans belonging to the Bank "Core" perimeter, valued on the basis of the recovery expectations through the sale and verification of the reasonableness of the expected market prices, also through the development of independent estimates;
- checks on a sample basis, for each category of non-performing loans, of the classification and of the related valuation in compliance with the Group's internal regulations;

- comparative and trend analyses, for each category of non-performing loans, on the volumes and on related coverage ratios, through comparison with the data of the previous year and with sector data;
- analysis of events occurring after the reference date of the financial statements.

Finally, we have verified the adequacy and compliance of the disclosures provided in the Notes to the accounts with respect to the requirements of the applicable accounting standards and reference legislation, as well as the contents of the interpretative and supporting documents for the application of the accounting standards in relation to the impacts of Covid-19, issued by the European regulatory and supervisory bodies.

#### Impairment test of goodwill allocated to the Cash Generating Unit (CGU) Corporate & Investment Banking (CIB)

##### Description of the key audit matter

According to IAS 36, all intangible assets with an indefinite useful life, including goodwill, must be tested for impairment at least annually and in any event there is objective evidence that they might be impaired.

As more broadly described in the Notes to the accounts *Part A – Accounting Policies – Section 2 – General preparation criteria*, considering the current market environment affected, compared with the past, by an higher volatility and greater risk of limited predictivity of the macro-economic projections deriving from a substantial degree of uncertainty about the evolution of the pandemic and the consequent uncertainty of extent and timing of the economic recovery, the Bank's Directors have defined different macro-economic scenarios for the evaluation processes underlying the preparation of the consolidated financial statements of the Group as at December 31, 2020.

This takes into account also the information contained in the ESMA Communication dated October 28, 2020 ("*European common enforcement priorities for 2020 Annual Financial Reports*").

More particularly, for the purposes of the impairment test on goodwill, two different scenarios were considered:

- a base scenario ("*Baseline*") reflecting: i) the expected macroeconomic evolution of the Group considered in the 2021 budget approved by the Board of Directors during the meeting held on January 13, 2021; and ii) the projections for the 2022 and 2023 presented to the Board of Directors at the same meeting;

- a downturn scenario (“*Downturn*”), which, in light of the context of uncertainty, has been developed considering deteriorating macroeconomic conditions with respect to those of the base scenario, foreseeing a downward revision of expected profitability in both the 2021 budget and the 2022-2023 projections.

As more broadly described in the Notes to the accounts *Part B – Balance sheet – Section 10 – Intangible assets*, the goodwill impairment test was carried out using a Discounted Cash Flows model, which considered the two mentioned scenarios differently weighted in relation to the different probability of occurrence (60% for the “*Baseline*” and 40% for the “*Downturn*”). The implementation of this model resulted in an impairment of goodwill allocated to the CGU CIB for an amount of 629 million Euro, out of a total value of 878 million Euro.

Taking into account the already mentioned high level of uncertainty in the macroeconomic context and the sensitivity of the impairment test outcome to change in the discount rate, the Bank’s Directors considered appropriate to fully impair the goodwill allocated to the CGU CIB for the above-mentioned amount of 878 million Euro.

Considering the significant impact of the impairment of goodwill allocated to the CGU CIB on the Group net result and the complexity and subjectivity of the valuation processes adopted by the management for the impairment test, characterized by numerous variables, we have identified the impairment test of goodwill allocated to the CGU CIB as a key audit matter of the consolidated financial statements of the Group as at December 31, 2020.

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**Audit procedures performed**

The audit procedures performed included, among the others, the following:

- analysis and understanding of the internal control system as well as the related internal regulations regarding the impairment test process approved by the Bank’s Directors;
- verification of the implementation of the procedures and processes as well as of the relevant controls regarding the impairment test process;
- analysis and understanding of the identification criteria of the CGUs and verification of the carrying amounts through the recalculation of their allocated capital;
- analysis and understanding of the process for preparing the 2021 budget approved by the Bank’s Directors and the 2022-2023 projections in the different scenarios adopted for the impairment test, in light of the uncertainty of the current macroeconomic context resulting from the pandemic emergency;



- analysis and understanding of the impairment test model adopted and verification of the reasonableness of the main assumptions underlying the estimation of the cash flow forecasts and of the parameters used by the Directors, also through the development of independent estimates, with the support of valuation specialists belonging to the Deloitte network;
- examination of the sensitivity analysis of the results with reference to the estimation of the main parameters used in the impairment test.

Finally, we have verified the adequacy and compliance of the disclosures provided in the Notes to the accounts with respect to the requirements of the applicable accounting standards and reference legislation, as well as the contents of the interpretative and supporting documents for the application of the accounting standards in relation to the impacts of Covid-19, issued by the European regulatory and supervisory bodies.

### **Responsibilities of the Directors and the Board of Statutory Auditors 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 International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and to art. 43 of Italian Legislative Decree no. 136/15, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the parent company UniCredit S.p.A. or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

### **Auditor's 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 auditor's 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 International Standards on Auditing (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 International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism 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 management's 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 auditor's 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 auditor's 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 an appropriate level as 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 relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 period and are therefore the key audit matters. We describe these matters in our auditors' report.

**Other information communicated pursuant to art. 10 of the EU Regulation 537/2014**

The Shareholders' Meeting of UniCredit S.p.A. has appointed us on May 11, 2012 as auditors of the Bank for the years from December 31, 2013 to December 31, 2021.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS****Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98**

The Directors of UniCredit S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of UniCredit Group as at December 31, 2020, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98, with the consolidated financial statements of UniCredit Group as at December 31, 2020 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and some specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of UniCredit Group as at December 31, 2020 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the Group and of the related context acquired during the audit, we have nothing to report.

**Statement pursuant to art. 4 of the Consob Regulation for the implementation of Legislative Decree 30 December 2016, no. 254**

The Directors of UniCredit S.p.A. are responsible for the preparation of the non-financial statement pursuant to Legislative Decree 30 December 2016, no. 254.

We verified the approval by the Directors of the non-financial statement.

Pursuant to art. 3, paragraph 10 of Legislative Decree 30 December 2016, no. 254, this statement is subject of a separate attestation issued by us.

DELOITTE & TOUCHE S.p.A.

Signed by  
**Maurizio Ferrero**  
Partner

Milan, Italy  
March 9, 2021

*This report has been translated into the English language solely for the convenience of international readers.*





# 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

ASSETS	AMOUNTS AS AT	
	12.31.2020	12.31.2019
Cash and cash balances <i>Item 10. Cash and cash balances</i>	101,707 101,707	17,305 17,305
Financial assets held for trading <i>Item 20. Financial assets at fair value through profit and loss: a) Financial assets held for trading</i>	72,705 72,705	63,280 63,280
Loans to banks <i>Item 40. Financial assets at amortised cost: a) Loans and receivables with banks</i> <i>less: Reclassification of debt securities in Other financial assets</i> <i>+ Reclassification of loans from Other financial assets - Item 20 c)</i>	111,814 117,489 (5,735) 60	97,888 101,669 (3,826) 45
Loans to customers <i>Item 40. Financial assets at amortised cost: b) Loans and receivables with customers</i> <i>less: Reclassification of debt securities in Other financial assets</i> <i>less: Reclassification of leasing assets IFRS16 in Other financial assets</i> <i>+ Reclassification of loans from Other financial assets - Item 20 c)</i>	450,550 506,012 (57,277) (60) 1,876	482,574 524,794 (45,093) (56) 2,929
Other financial assets <i>Item 20. Financial assets at fair value through profit and loss: b) Financial assets designated at fair value</i> <i>Item 20. Financial assets at fair value through profit and loss: c) Other financial assets mandatorily at fair value</i> <i>less: Reclassification of loans in Loans to banks</i> <i>less: Reclassification of loans in Loans to customers</i> <i>Item 30. Financial assets at fair value through other comprehensive income</i> <i>Item 70. Equity investments</i> <i>+ Reclassification of debt securities from Loans to banks - Item 40 a)</i> <i>+ Reclassification of debt securities from Loans to customers - Item 40 b)</i> <i>+ Reclassification of leasing assets IFRS16 from Loans to customers - Item 40 b)</i>	153,349 226 14,894 (60) (1,876) 72,737 4,354 5,735 57,277 60	149,091 0 18,600 (45) (2,929) 79,702 4,787 3,826 45,093 56
Hedging instruments <i>Item 50. Hedging derivatives</i> <i>Item 60. Changes in fair value of portfolio hedged items (+/-)</i>	7,687 3,802 3,886	9,230 5,934 3,296
Property, plant and equipment <i>Item 90. Property, plant and equipment</i>	9,939 9,939	11,097 11,097
Goodwill <i>Item 100. Intangible assets of which: goodwill</i>	0 0	886 886
Other intangible assets <i>Item 100. Intangible assets net of goodwill</i>	2,117 2,117	1,914 1,914
Tax assets <i>Item 110. Tax assets</i>	13,097 13,097	12,922 12,922
Non-current assets and disposal groups classified as held for sale <i>Item 120. Non-current assets and disposal groups classified as held for sale</i>	2,017 2,017	2,512 2,512
Other assets <i>Item 130. Other assets</i>	6,473 6,473	6,949 6,949
<b>Total assets</b>	<b>931,456</b>	<b>855,647</b>

# Annex 1 - Reconciliation between reclassified balance sheet and income statement accounts and mandatory reporting schedules

continued: Consolidated balance sheet

LIABILITIES AND SHAREHOLDERS' EQUITY	AMOUNTS AS AT	
	12.31.2020	12.31.2019
Deposits from banks	172,465	135,563
Item 10. Financial liabilities at amortised cost: a) Deposits from banks	172,473	135,572
less: Reclassification of leasing liabilities IFRS16 in Other financial liabilities	(8)	(9)
Deposits from customers	498,440	470,570
Item 10. Financial liabilities at amortised cost: b) Deposits from customers	500,750	472,967
less: Reclassification of leasing liabilities IFRS16 in Other financial liabilities	(2,310)	(2,397)
Debt securities issued	102,524	96,301
Item 10. Financial liabilities at amortised cost: c) Debt securities in issue	102,524	96,301
Financial liabilities held for trading	47,787	41,483
Item 20. Financial liabilities held for trading	47,787	41,483
Other financial liabilities	12,887	12,083
Item 30. Financial liabilities designated at fair value	10,568	9,678
+ Reclassification of leasing liabilities IFRS16 from Deposits from banks	8	9
+ Reclassification of leasing liabilities IFRS16 from Deposits from customers	2,310	2,397
Hedging instruments	11,764	12,150
Item 40. Hedging derivatives	5,699	7,186
Item 50. Value adjustment of hedged financial liabilities (+/-)	6,065	4,964
Tax liabilities	1,358	1,378
Item 60. Tax liabilities	1,358	1,378
Liabilities included in disposal groups classified as held for sale	761	725
Item 70. Liabilities referable to disposal groups classified as held for sale	761	725
Other liabilities	23,529	23,608
Item 80. Other liabilities	12,750	12,549
item 90. Provision for employee severance pay	592	661
Item 100. Provisions for risks and charges	10,188	10,398
Minorities	435	369
Item 190. Minority shareholders' equity (+/-)	435	369
Group shareholders' equity:	59,507	61,416
- Capital and reserves	62,292	58,042
Item 120. Valuation reserves	(6,160)	(6,120)
Item 140. Equity instruments	6,841	5,602
Item 150. Reserves	31,167	24,344
Item 160. Share premium	9,386	13,225
Item 170. Share capital	21,060	20,995
Item 180. Treasury shares (-)	(3)	(3)
- Net profit (loss)	(2,785)	3,373
Item 200. Profit (Loss) for the period (+/-)	(2,785)	3,373
<b>Total liabilities and shareholders' equity</b>	<b>931,456</b>	<b>855,647</b>



# Annex 1 - Reconciliation between reclassified balance sheet and income statement accounts and mandatory reporting schedules

## Consolidated income statement

	(€ million)	
	YEAR	
	2020	2019
Net interest	9,441	10,071
Item 30. Net interest margin	9,497	10,272
less: Reclassification "loss of control" on FinecoBank S.p.A. <sup>(1)</sup>	-	(51)
less: Reclassification net Interest contribution deriving from Trading Book instruments	3	(131)
+ Derivatives instruments - Economic Hedges - Others - Interest component	(59)	(18)
Dividends and other income from equity investments	415	637
Item 70. Dividend income and similar revenue	208	295
less: Dividends from held for trading equity instruments included in Item 70	(133)	(188)
less: Dividends on equity investments, shares and equity instruments mandatorily at fair value	(43)	(86)
Item 250. Profit (Loss) of equity investments - of which: Profit (Loss) of equity investments valued at equity	383	616
Net fees and commissions	5,976	6,304
Item 60. Net fees and commissions	5,957	6,318
less: Settlement of specific accruals referred to previous years operations	22	-
less: External services costs related to credit cards in Austria	8	-
+ Non-recoverable expenses incurred for customers financial transactions taxes (from Item 190 b)	(11)	(13)
Net trading income	1,412	1,669
Item 80. Net gains (losses) on trading	678	1,298
less: Derivatives instruments - Economic Hedges - Others - Interest component	59	18
Item 90. Net gains (losses) on hedge accounting	(54)	42
Item 100. Gains (Losses) on disposal and repurchase of: c) financial liabilities	6	(11)
Item 100. Gains (Losses) on disposal or repurchase of: b) financial assets at fair value through other comprehensive income	144	160
Item 110. Net gains (losses) on other financial assets/liabilities at fair value through profit and loss	225	(370)
+ Gains (Losses) on disposal and repurchase of financial assets at amortised cost - debt securities (from Item 100 a)	110	60
+ Dividends from held for trading equity instruments (from Item 70)	133	188
+ Dividends on equity investments, shares and equity instruments mandatorily at fair value (from Item 70)	43	86
+ Net results from trading of gold and precious metals (from Item 230)	70	67
+ Reclassification net Interest contribution deriving from Trading Book instruments	(3)	131
Net other expenses/income	(104)	156
Item 230. Other operating expenses/income	511	897
less: Integration costs	29	0
less: Recovery of expenses	(487)	(557)
less: Transitional revenues	(1)	(0)
less: Net value adjustments/write-backs on leasehold improvements (on non-separable assets)	61	56
less: Other operating income - Other income from invoicing JVs	(35)	(35)
less: Net results from trading of gold, precious stones and metals	(62)	12
less: Losses for re-purchase from clients of closed-end-funds shares in Germany	25	-
+ Settlement of specific accruals referred to previous years operations	(22)	-
+ Result of industrial companies	(4)	(88)
+ Gains (Losses) on disposal and repurchase of financial assets at amortised cost - performing loans (from Item 100 a)	(2)	(1)
+ Net value adjustments/write-backs on property, plant and equipment in operating lease assets (from Item 210)	(119)	(131)
+ Gains (Losses) on disposals of investments in operating lease assets (from Item 280)	2	4
<b>OPERATING INCOME</b>	<b>17,140</b>	<b>18,839</b>

# Annex 1 - Reconciliation between reclassified balance sheet and income statement accounts and mandatory reporting schedules

continued: Consolidated income statement

	(€ million)	
	YEAR	
	2020	2019
<b>OPERATING INCOME</b>	<b>17,140</b>	<b>18,839</b>
Payroll costs	(5,968)	(6,146)
Item 190. Administrative expenses: a) staff costs	(7,388)	(6,588)
less: Staff costs of industrial companies	-	5
less: Integration costs	1,420	438
Other administrative expenses	(3,223)	(3,279)
Item 190. Administrative expenses: b) other administrative expenses	(4,091)	(4,096)
less: Administrative expenses: b) other administrative expenses of industrial companies	3	12
less: Contributions to the Resolution Funds, Deposit Guarantee Schemes (DGS), Bank Levy and Guarantee fees for DTA	921	841
less: Integration costs	1	7
less: Non-recoverable expenses incurred for customers financial transactions taxes	11	13
+ External services costs related to credit cards in Austria	(8)	-
+ Net value adjustments/write-backs on leasehold improvements (on non-separable assets) classified as "Other assets" (from Item 230)	(61)	(56)
Recovery of expenses	523	592
+ Recovery of expenses (from Item 230)	487	557
+ Transition revenues (from Item 230)	1	0
+ Other operating income - Other income from invoicing JVs	35	35
Amortisation, depreciation and impairment losses on intangible and tangible assets	(1,137)	(1,096)
Item 210. Net value adjustments/write-backs on property, plant and equipment	(960)	(1,425)
less: Reversal of impairment losses/write-backs on property owned for investment	(0)	236
less: Impairment/write-backs of inventories assets (IAS2) obtained from recovery procedures of NPE	21	8
less: Revaluation arising from IFRS5 non-current assets and disposal groups related to equity investment consolidated line by line and at net equity method	116	325
less: Net value adjustments/write-backs of tangible in operating lease assets	119	131
less: Impairment/write-backs of right of use of land and buildings used in the business	27	-
less: Integration costs	(7)	10
Item 220. Net value adjustments/write-backs on intangible assets	(471)	(746)
less: Integration costs	18	200
less: Net write-downs on property, plant and equipment and intangible assets of industrial companies	-	64
less: Purchase Price Allocation effect	-	101
<b>Operating costs</b>	<b>(9,805)</b>	<b>(9,929)</b>
<b>OPERATING PROFIT (LOSS)</b>	<b>7,335</b>	<b>8,910</b>
Net write-downs on loans and provisions for guarantees and commitments	(4,996)	(3,382)
Item 100. Gains (Losses) on disposal and repurchase of: a) financial assets at amortised cost	80	138
less: Gains (Losses) on disposals/repurchases on loans and receivables - performing loans	2	1
less: Gains (Losses) on disposal and repurchase of financial assets at amortised cost - debt securities	(110)	(60)
Item 130. Net losses/recoveries on impairment relating to: a) financial assets at amortised cost	(4,640)	(3,478)
less: Net losses/recoveries on impairment relating to: a) financial assets at amortised cost - debt securities	20	(10)
Item 130. Net losses/recoveries on impairment relating to: b) Financial assets at fair value through other comprehensive income	(16)	(11)
less: Net losses/recoveries on impairment relating to: b) Financial assets at fair value through other comprehensive income - debt securities	16	11
Item 140. Gains/Losses from contractual changes with no cancellations	(20)	(20)
Item 200. Net provisions for risks and charge - of which: a) commitments and financial guarantees given	(330)	45
less: Net provisions for risks and charge - Ex Post Contributions to Deposit Guarantee Schemes (DGS)	2	2
<b>NET OPERATING PROFIT (LOSS)</b>	<b>2,339</b>	<b>5,527</b>

# Annex 1 - Reconciliation between reclassified balance sheet and income statement accounts and mandatory reporting schedules

continued: Consolidated income statement

	(€ million)	
	YEAR	
	2020	2019
<b>NET OPERATING PROFIT (LOSS)</b>	<b>2,339</b>	<b>5,527</b>
Other charges and provisions	(1,055)	(954)
Item 200. Net provisions for risks and charges - of which: b) other net provision	(158)	(148)
less: Net provisions for risks and charges of industrial companies	(0)	5
less: Integration costs	4	10
less: Revaluation arising from IFRS5 non-current assets and disposal groups related to equity investment consolidated line by line and at net equity method	22	22
+ Contributions to Resolution Funds (SRF), Deposit Guarantee Schemes (DGS), Bank Levy and Guarantee fees for DTA (from Item 190 b)	(921)	(841)
+ Net provisions for risks and charge - Ex Post Contributions to Deposit Guarantee Schemes (DGS) - (from Item 200)	(2)	(2)
Integration costs	(1,464)	(664)
+ Payroll costs - Administrative expenses - of which a) staff costs - integration costs (from Item 190)	(1,420)	(438)
+ Other administrative expenses - Administrative expenses - of which b) other administrative expenses - integration costs (from Item 190)	(1)	(7)
+ 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)	7	(10)
+ Amortisation, depreciation and impairment losses on intangible and tangible assets - Net value adjustments/write-backs on intangible assets - integration costs (from Item 220)	(18)	(200)
+ Other charges and provisions - Net provisions for risks and charges - integration costs (from Item 200)	(4)	(10)
+ Net other expenses/income - Other operating expenses/income - integration costs (from Item 230)	(29)	-
Net income from investments	(1,365)	(844)
Item 250. Profit (Loss) of equity investments - of which: write-backs/impairment losses and gains/losses on disposal of associates valued at equity excluded IFRS5	(1,678)	15
Item 260. Net gains (losses) on tangible and intangible assets measured at fair value	10	4
Item 280. Gains (Losses) on disposal on investments	488	129
less: Gains (Losses) on disposals on investments in operating lease assets (from Item 280)	(2)	(4)
less: Industrial companies	1	(3)
+ Losses for re-purchase from clients of closed-end-funds shares in Germany	(25)	-
+ Net losses/recoveries on impairment relating to: of which: a) financial assets at amortised cost - debt securities (from Item 130)	(20)	10
+ Net losses/recoveries on impairment relating to: of which: b) financial assets at fair value through other comprehensive income - debt securities (from Item 130)	(16)	(11)
+ Impairment losses/write-backs on property owned for investment (from Item 210)	0	(236)
+ Impairment/write-backs of inventories assets (IAS2) obtained from recovery procedures of NPE	(21)	(8)
+ Revaluation arising from IFRS5 non-current assets and disposal groups related to equity investment consolidated line by line and at net equity method	(140)	(662)
+ Net results from trading of precious stones (from Item 230)	(8)	(78)
+ Impairment/write-backs of right of use of land and buildings used in the business	(27)	-
less: Purchase Price Allocation effect	72	-
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>(1,546)</b>	<b>3,065</b>
Income tax for the period	(344)	(890)
Item 300. Tax expense (income) from continuing operations	(322)	(862)
less: Tax expense related to profit from continuing operations of industrial companies	-	5
less: Purchase Price Allocation effect	(23)	(33)
<b>NET PROFIT (LOSS)</b>	<b>(1,890)</b>	<b>2,176</b>
Profit (Loss) from non-current assets held for sale after tax	49	1,383
Item 320. Profit (Loss) after tax from discontinued operations	49	1,332
+ Reclassification "loss of control" on FinecoBank S.p.A. <sup>(*)</sup>	-	51
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>(1,842)</b>	<b>3,559</b>
Minorities	(7)	(118)
Item 340. Minorities' profit (loss) for the period	(7)	(118)
<b>NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA</b>	<b>(1,849)</b>	<b>3,441</b>
Purchase Price Allocation effect	(50)	(68)
Goodwill impairment	(886)	-
Item 270. Goodwill Impairment	(886)	-
<b>NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP</b>	<b>(2,785)</b>	<b>3,373</b>

Note:

(\*) In 2019 the amount refers to the reclassification of net interests Group vs FinecoBank S.p.A. accrued up to the date of the "loss of control".

## Annex 2 - Audit fees and other non-audit services

### UniCredit group 2020 - Deloitte Network

As prescribed by Art. 149-duodecies of the Consob Issuers Regulation, the following table gives fees paid in 2020 for services rendered by Deloitte & Touche S.p.A. and firms in its network.

			(€ million)
SERVICE TYPE	SERVICE PROVIDER	USER	FEES <sup>(1)</sup>
Audit <sup>(2)</sup>	Deloitte & Touche S.p.A.	Parent company - UniCredit S.p.A.	3.4
	Deloitte & Touche S.p.A.	Subsidiaries	1.4
	Deloitte Network	Subsidiaries	15.8
Certification, letters of comfort, etc <sup>(3)</sup>	Deloitte & Touche S.p.A.	Parent company - UniCredit S.p.A.	3.5
	Deloitte & Touche S.p.A.	Subsidiaries	0.1
	Deloitte Network	Parent company - UniCredit S.p.A.	0.2
	Deloitte Network	Subsidiaries	3.7
Other services <sup>(4)</sup>	Deloitte & Touche S.p.A.	Parent company - UniCredit S.p.A.	0.2
	Deloitte & Touche S.p.A.	Subsidiaries	-
	Deloitte Network	Parent company - UniCredit S.p.A.	0.7
	Deloitte Network	Subsidiaries	4.9
<b>Total</b>			<b>33.9</b>

**Notes:**

(1) Excl. VAT and expenses.

(2) Does not include fees for audits of investment funds.

(3) Mainly verification services provided to UniCredit S.p.A. (e.g. Limited review on 2020 non financial information, Limited review on 1Q 2020 and 3Q 2020 Company and Consolidated Reports, Comfort Letter for the inclusion of year-end net profit in Common Equity Tier 1 Capital, ISAE 3000 Revised Mifid II, Issuing Comfort Letters concerning bond issues), other verification services required by regulations/local Supervisory Authorities in Germany, Austria and other CEE Countries.

(4) Mainly other services provided to UniCredit S.p.A. (e.g. Agrees upon procedure on Own Funds, "Bail in - model enhancement consistently with liquidity approach", "Data quality reporting enrichment for TLAC/Bail-in consistently with Liquidity approach", "My Credit Program prosecution" and "Mobile Leadership Evolution prosecution"); services provided to the subsidiary UniCredit Services S.C.p.A.; support provided to the subsidiary UniCredit Bank AG and other subsidiaries of the Group.

## Annex 3 - Securitisations - qualitative tables

### ORIGINATOR: UniCredit S.p.A.

#### Traditional securitisations of Performing and Non-Performing loans

<p>STRATEGIES, PROCESSES AND GOALS:</p>	<p>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).</p> <p>The main advantages of the transactions can be summarised as follows:</p> <ul style="list-style-type: none"> <li>- improvement in the matching of asset maturities;</li> <li>- diversification of sources of financing;</li> <li>- broadening of investor base and resulting optimisation of funding cost;</li> <li>- creating counterbalancing capacity.</li> </ul> <p>Moreover, securitisation transactions can also be implemented for purposes related to business projects (for better management of assets), corporate restructuring or deleveraging projects.</p>
<p>INTERNAL MEASUREMENT AND RISK MONITORING SYSTEMS:</p>	<p>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).</p> <p>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.</p>
<p>ORGANISATIONAL STRUCTURE AND SYSTEM FOR REPORTING TO SENIOR MANAGEMENT:</p>	<p>From a strategic point of view, Group Finance Department is responsible for central coordination. In this context, the above structure plays:</p> <p>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 &amp; Capital Management, Group Risk Management, M&amp;A etc.) 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;</p> <p>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.).</p> <p>The Bank has established a special coordination unit (General Ledger &amp; Securitisation Reporting) within the Group Accounting &amp; Regulatory Reporting 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, Group Finance, Group Legal Advice &amp; Contracts, etc.) and the Group (UniCredit Services S.C.p.A., etc.). 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.</p>
<p>HEDGING POLICIES:</p>	<p>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 AG.</p>
<p>OPERATING RESULTS:</p>	<p>At the end of December 2020, 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 securitised portfolio underlying operation "Large Corporate One" did not result in significant additional economic impacts.</p>

## Annex 3 - Securitisations - qualitative tables

ORIGINATOR: UniCredit S.p.A.

Transaction from previous years

NAME:	IMPRESA TWO	
Type of securitisation:	Traditional	
Originator:	UniCredit S.p.A.	
Issuer:	Impresa Two S.r.l.	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit Bank AG	
Target transaction:	Funding/Counterbalancing capacity	
Type of asset:	Corporate Loans	
Quality of Asset:	Performing	
Closing date:	11.08.2019	
Nominal Value of reference portfolio (€ million):	11,066	
Issued guarantees by the Bank (€):	-	
Issued guarantees by third parties (€):	-	
Bank Lines of Credit:	UCI has issued credit lines for a €2 billion maximum amount in order to fund, subject to some conditions, a Cash Reserve to cover Set-Off and Commingling risks.	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	Cash reserve funded by portfolio collections: €70 million	
Other relevant information:	Self-securitisation/Renegotiation cash reserve funded by portfolio collections: €30 million	
Rating Agencies:	Moody's/DBRS	
Amount of CDS or other risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	IT0005389520	IT0005389538
. Type of security	Senior	Junior
. Class	A	B
. Rating	Aa3/AL	-
. Nominal Value Issued (€ million)	7,746	3,320
. Nominal value at the end of accounting period (€ million)	7,746	3,320

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:	04.20.2016	
Nominal Value of disposal portfolio (€ million) <sup>(*)</sup> :	6,077	
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 also constituted this cash reserve for ABS investors benefit into an eligible entity, outstanding amount, at the end of accounting period, is €51 million, due to further amounts from waterfall payments	
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) <sup>(*)</sup>	4,679	1,398
. Nominal value at the end of accounting period (€ million) <sup>(*)</sup>	4,679	1,398

**Note:**

(\*) In the 2018 third quarter an amendment has been performed in order to postpone 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 postponed 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 postpone 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

<b>NAME:</b>	<b>CORDUSIO RMBS UCFIN - SERIE 2006 (EX CORDUSIO RMBS 3 - UBCASA 1)</b>	
Type of securitisation:	Traditional	
Originator:	UniCredit S.p.A. (ex Banca per la Casa S.p.A.)	
Issuer:	Cordusio RMBS UCFin S.r.l. (ex Cordusio RMBS 3 - UBCasa 1 S.r.l.)	
Servicer:	UniCredit S.p.A.	
Arranger:	UCB AG London Branch	
Target transaction:	Funding/Counterbalancing capacity	
Type of asset:	Residential Mortgage Loans	
Quality of Asset:	Performing	
Closing date:	11.16.2006	
Nominal Value of disposal portfolio (€ million):	2,496	
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, which at the end of accounting period is fully reimbursed.	
Other relevant information:	Following its downgrade by debt-rating agencies, UniCredit S.p.A. paid €160 million of funds into an eligible entity to maintain its role as an Account Bank; during the year 2017, as a result of the contractual amendment and the contextual outsourcing of the role of the Account Bank, the fund was fully repaid. Moreover UniCredit S.p.A., on 2013, has been replaced as swap counterparty with another Bank rated as eligible by ratings Agencies.	
Rating Agencies:	Fitch/Moody's/Standard & Poor's	
Amount of CDS or other supersenior risk transferred (€ million):	-	
Amount and Conditions of tranching:		
. ISIN	IT0004144884	IT0004144892
. Type of security	Senior	Senior
. Class	A1	A2
. Rating	-	AA-/Aa3/AA
. Nominal value issued (€ million):	600	1,735
. Nominal value at the end of accounting period (€ million):	-	131
. ISIN	IT0004144900	IT0004144934
. Type of security	Mezzanine	Mezzanine
. Class	B	C
. Rating	AA-/Aa3/AA	A+/Aa3/AA
. Nominal value issued (€ million):	75	25
. Nominal value at the end of accounting period (€ million):	75	25
. ISIN	IT0004144959	IT0004144967
. Type of security	Mezzanine	Junior
. Class	D	E
. Rating	BBB/A2/AA	-
. Nominal value issued (€ million):	48	13
. Nominal value at the end of accounting period (€ million):	48	13

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:	CORDUSIO RMBS SECURITISATION - SERIE 2007	
Type of securitisation:	Traditional	
Originator:	UniCredit Banca S.p.A.	
Issuer:	Cordusio RMBS Securitisation S.r.l.	
Servicer:	UniCredit S.p.A.	
Arranger:	UCB Ag London Branch (ex Bayerische Hypo und Vereinsbank AG, London Branch)	
Target transaction:	Funding/Counterbalancing capacity	
Type of asset:	Residential Mortgage Loans	
Quality of Asset:	Performing	
Closing date:	05.22.2007	
Nominal Value of disposal portfolio (€ million):	3,908	
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 €6,253 million, at the end of accounting period that amount is fully reimbursed	
Other relevant information:	Following its downgrade by debt-rating agencies, UniCredit S.p.A. paid €236 million of funds into an eligible entity to maintain its role as an Account Bank; during the year 2017, as a result of the contractual amendment and the contextual outsourcing of the role of the Account Bank, the fund was fully repaid. Moreover, in 2013, UniCredit S.p.A. has been replaced as swap counterparty with another Bank rated as eligible by ratings Agencies.	
Rating Agencies:	Fitch/Moody's/Standard & Poor's	
Amount of CDS or other supersenior risk transferred (€ million):	-	
Amount and Conditions of tranching:		
. ISIN	IT0004231210	IT0004231236
. Type of security	Senior	Senior
. Class	A1	A2
. Rating	-	-
. Nominal value issued (€ million):	704	2,228
. Nominal value at the end of accounting period (€ million):	-	-
. ISIN	IT0004231244	IT0004231285
. Type of security	Senior	Mezzanine
. Class	A3	B
. Rating	A+/Aa3/AA	A+/Aa3/AA
. Nominal value issued (€ million):	739	71
. Nominal value at the end of accounting period (€ million):	289	71
. ISIN	IT0004231293	IT0004231301
. Type of security	Mezzanine	Mezzanine
. Class	C	D
. Rating	A+/Aa3/AA	BBB-/Baa3/A
. Nominal value issued (€)	44	102
. Nominal value at the end of accounting period (€)	44	102
. ISIN	IT0004231319	IT0004231327
. Type of security	Mezzanine	Junior
. Class	E	F
. Rating	B/Ba3/BB-	-
. Nominal value issued (€ million):	20	2
. Nominal value at the end of accounting period (€ million):	20	2

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:	BIPCA CORDUSIO RMBS	
Type of securitisation:	Traditional	
Originator:	UniCredit S.p.A. (ex Bipop Carire, Società per Azioni)	
Issuer:	Capital Mortgage Srl	
Servicer:	UniCredit S.p.A.	
Arranger:	UniCredit S.p.A. (ex Bipop Carire, Società per Azioni)	
Target transaction:	Funding/Counterbalancing capacity	
Type of asset:	Residential Mortgage Loans	
Quality of Asset:	Performing	
Closing date:	12.17.2007	
Nominal Value of disposal portfolio (€ million):	952	
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 €10 million. At the end of accounting period it is fully reimbursed.	
Other relevant information:	All securities issued outstanding from 31 December 2010 have been retained by UniCredit S.p.A. Following its downgrade by debt-rating agencies, UniCredit S.p.A. paid €59 million of funds into an eligible entity to maintain its role as an Account Bank; during the year 2017, as a result of the contractual amendment and the contextual outsourcing of the role of the Account Bank, the fund was fully repaid. Moreover, in 2013, UniCredit S.p.A. has been replaced as swap counterparty with another Bank rated as eligible by ratings Agencies.	
Rating Agencies:	Standard & Poor's/Moody's	
Amount of CDS or other supersenior risk transferred (€ million):	-	
Amount and Conditions of tranching:		
. ISIN	IT0004302730	IT0004302748
. Type of security	Senior	Senior
. Class	A1	A2
. Rating	-	AA/Aa3
. Nominal value issued (€ million):	666	186
. Nominal value at the end of accounting period (€ million):	-	116
. ISIN	IT0004302755	IT0004302763
. Type of security	Mezzanine	Mezzanine
. Class	B	C
. Rating	AA/Aa3	AA/A1
. Nominal value issued (€ million)	62	14
. Nominal value at the end of accounting period (€ million)	62	14
. ISIN	IT0004302797	IT0004302854
. Type of security	Mezzanine	Mezzanine
. Class	D	E
. Rating	BB/Baa1	B-/Baa3
. Nominal value issued (€ million):	18	6
. Nominal value at the end of accounting period (€ million):	18	6
. ISIN	IT0004302912	
. Type of security	Junior	
. Class	F	
. Rating	-	
. Nominal value issued (€ million):	0.3	
. Nominal value at the end of accounting period (€ million):	0.3	

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:	UCB AG (ex Capitalia S.p.A.)	
Target transaction:	Funding/Counterbalancing capacity	
Type of asset:	Residential Mortgage Loans	
Quality of Asset:	Performing	
Closing date:	05.14.2007	
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).	
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/A1/A+	AA/A1/A+
. Nominal value issued (€ million):	1,736	644
. Nominal value at the end of accounting period (€ million):	129	197
. ISIN	IT0004222557	IT0004222565
. Type of security	Mezzanine	Junior
. Class	B	C
. Rating	BB/B2/B-	CCC-/Ca/CC
. 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		F-E MORTGAGES SERIES 1-2003		HELICONUS	
Type of securitisation:	Traditional		Traditional		Traditional	
Originator:	UniCredit S.p.A. (ex FinecoBank S.p.A.)		UniCredit S.p.A. (ex Fin-eco Banca ICQ S.p.A.)		UniCredit S.p.A. (ex Fin-eco Banca ICQ S.p.A.)	
Issuer:	F-E Mortgages S.r.l.		F-E Mortgages S.r.l.		Heliconus S.r.l.	
Servicer:	UniCredit S.p.A.		UniCredit S.p.A.		UniCredit S.p.A.	
Arranger:	UniCredit S.p.A. (ex MCC S.p.A. - Capitalia Gruppo Bancario)		UniCredit S.p.A. (ex MCC S.p.A. - Capitalia Gruppo Bancario)		UniCredit S.p.A. (ex MCC S.p.A. - Capitalia Gruppo Bancario)	
Target transaction:	Funding/Counterbalancing capacity		Funding/Counterbalancing capacity		Funding/Counterbalancing capacity	
Type of asset:	Residential Mortgage Loans		Residential Mortgage Loans		Residential Mortgage Loans	
Quality of Asset:	Performing		Performing		Performing	
Closing date:	04.06.2005		11.27.2003		11.08.2002	
Nominal Value of disposal portfolio (€ million):	1,029		749		409	
Guarantees issued by the Bank:	-		-		-	
Guarantees issued by Third Parties:	-		-		-	
Bank Lines of Credit:	-		UniCredit S.p.A. issued a credit line for €20 million (jointly with The Royal Bank of Scotland Milan Branch). The amount of line of credit is totally redeemed		UniCredit S.p.A. issued a credit line for €10 million. The amount of the credit line is totally redeemed	
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 reimbursed		-		-	
Other relevant information:	-		Following the downgrade of Royal Bank of Scotland Plc by Moody's, on 3 August 2012 UniCredit S.p.A. made a reserve of €20 million for the SPV, corresponding to the liquidity line		Following its downgrade by Moody's, on 12 January 2012 UniCredit S.p.A. made a reserve of €10 million for the SPV, corresponding to the liquidity line	
Rating Agencies:	S & P/Moody's/Fitch		S & P/Moody's/Fitch		S & P/Moody's/Fitch	
Amount of CDS or other supersenior risk transferred (€ million):	-		-		-	
Amount and Conditions of						
. ISIN	IT0003830418	IT0003830426	IT0003575039	IT0003575070	IT0003383855	IT0003383871
. Type of security	Senior	Mezzanine	Senior	Mezzanine	Senior	Mezzanine
. Class	A	B	A1	B	A	B
. Rating	AA/Aa3/AA-	AA/Aa3/AA-	-	AA/Aa3/AA-	-	-/Aa3/AA-
. Nominal value issued (€ million):	952	41	682	48	369	31
. Nominal value at the end of accounting period (€ million):	47	37	-	32	-	18
. ISIN	IT0003830434		IT0003575088	IT0003575096	IT0003383939	
. Type of security	Junior		Mezzanine	Junior	Junior	
. Class	C		C	D	C	
. Rating	BBB-/Aa3/A+		AA/Aa3/AA-	-	-	
. Nominal value issued (€ million):	36		11	8	9	
. Nominal value at the end of accounting period (€ million):	32		11	8	9	

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:	ARENA NPL ONE	
Type of securitisation:	Traditional	
Originator:	UniCredit S.p.A. (ex UCCMB S.p.A.)	
Issuer:	Arena NPL One S.r.l.	
Servicer:	UniCredit S.p.A.	
Arranger:	UBS	
Target transaction:	Funding	
Type of asset:	Unsecured loans - mortgage loans	
Quality of asset:	Non-Performing	
Closing date:	12.04.2014	
Nominal Value of disposal portfolio (€ million):	8,461	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	UniCredit S.p.A. issued a line of Liquidity Facility revolving amounts to €100 million, used for €30 million at the end of accounting period	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	Self-securitisation/UniCredit S.p.A. has granted SPV a loans facility of €30 million, used for legal expenses and refunded for an amount of €24 at the end of accounting period	
Rating Agencies:	No Rating Agency	
Amount of CDS or other supersenior risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	IT0005070120	IT0005070138
. Type of security	Senior	Junior
. Class	A	B
. Rating	-	-
. Nominal value issued (€ million):	304	913
. Nominal value at the end of accounting period (€ million):	-	913

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:	<p>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:</p> <ul style="list-style-type: none"> <li>- 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;</li> <li>- efficient and targeted restructuring and turnaround processes.</li> </ul> <p>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.</p>
INTERNAL MEASUREMENT AND RISK MONITORING SYSTEMS:	<p>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.</p> <p>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.</p>
ORGANIZATIONAL STRUCTURE:	<p>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.</p>
HEDGING POLICIES:	<p>There are no risk hedging derivatives.</p>
OPERATING RESULTS:	<p>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 Pillarstone project as a whole.</p>

# Annex 3 - Securitisations - qualitative tables

**ORIGINATOR: UniCredit S.p.A.**

**Operations of securitisation of Non-Performing credits**

NAME:	SANDOKAN			
Type of securitisation:	Traditional			
Originator:	UniCredit S.p.A.			
Issuer:	Yanez 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 debtors sold, in order to optimise the reimbursement of the securitised portfolio.			
Type of asset:	Corporate loans			
Quality of Asset:	Unlikely to pay + NPL			
Closing date:	11.12.2016	21.11.2017	17.10.2018	12.12.2018
Nominal Value of disposal portfolio (€ million):	861	240	18	96
Net amount of pre-existing writedown/writebacks:	-	-	-	-
Disposal Profit & Loss realised (€ million):	-	-	-	-
Portfolio disposal price (€ million):	861	240	18	96
Guarantees issued by the Bank:	-	-	-	-
Guarantees issued by Third Parties:	-	-	-	-
Bank Lines of Credit :	10	-	-	-
Third Parties Lines of Credit (€ million):	-	-	-	-
Other Credit Enhancements (€ million):	-	-	-	-
Other relevant information:	-	-	-	-
Rating Agencies:	-			
Amount of CDS or other supersenior risk transferred:	-			
Amount and Condition of tranching:				
. ISIN	IT0005382103		IT0005273674	
. Type of security	Senior <sup>(*)</sup>		Senior <sup>(*)</sup>	
. Class	AS1		AS2	
. Rating	-		-	
. Quotation	-		-	
. Issue date	11.08.2019		07.31.2017	
. Legal maturity	11.30.2025		11.30.2050	
. Call option	-		-	
. Expected duration (years)	-		-	
. Rate	4.5%		4.0%	
. Subordinated level	pari passu AS2		pari passu AS1	
. Nominal value issued (€ million)	150		100	
. Nominal value at the end of accounting period (€ million)	7		0	
. Security subscribers	D2 Europe I S.à r.l./Banca Finanziaria Internazionale		Celidoria S.a.r.l./Europa Plus SCA SIF/Banca Finanziaria Internazionale	
Amount and Condition of tranching:				
. ISIN	IT0005382111		IT0005273690	
. Type of security	Senior <sup>(*)</sup>		Senior <sup>(*)</sup>	
. Class	AJ1		AJ2	
. Rating	-		-	
. Quotation	-		-	
. Issue date	11.08.2019		07.31.2017	
. Legal maturity	11.30.2050		11.30.2050	
. Call option	-		-	
. Expected duration (years)	-		-	
. Rate	14.0%		14.0%	
. Subordinated level	Sub AS1, AS2, pari passu AJ2, AX		Sub AS1, AS2, pari passu AJ1 and AX	
. Nominal value issued (€ million)	10		10	
. Nominal value at the end of accounting period (€ million)	1.0		0.0	
. Security subscribers	Celidoria S.a.r.l./Europa Plus SCA SIF		Celidoria S.a.r.l./Europa Plus SCA SIF	
. ISIN	IT0005273666		IT0005273708	
. Type of security	Senior <sup>(*)</sup>		Mezzanine <sup>(*)</sup>	
. Class	AX		B1	
. Rating	-		-	
. Quotation	-		-	
. Issue date	31.07.2017 - 08.11.2019		31.07.2017 - 10.05.2019 (size increase)	
. Legal maturity	11.30.2050		11.30.2050	
. Call option	-		-	
. Expected duration (years)	-		-	
. Rate	14.0%		3.0%	
. Subordinated level	Sub AS1, AS2, pari passu AJ1, AJ2 and AX		Sub AS1, AS2, AJ, AX	
. Nominal value issued (€ million)	10		181 <sup>(**)</sup>	
. Nominal value at the end of accounting period (€ million)	0.0		8	
. Security subscribers	Banca Finanziaria Internazionale		UniCredit S.p.A.	
. ISIN	IT0005273724		IT0005273732	
. Type of security	Mezzanine <sup>(*)</sup>		Mezzanine <sup>(*)</sup>	
. Class	B2		C1	
. Rating	-		-	
. Quotation	-		-	
. Issue date	31.07.2017 - 10.05.2019 (size increase)		31.07.2017 - 10.05.2019 (size increase)	
. Legal maturity	11.30.2050		11.30.2050	
. Call option	-		-	
. Expected duration (years)	1.6		3.9	
. Rate	7.5%		3.5%	
. Subordinated level	Sub AS1, AS2, AJ, AX, B1		Sub AS1, AS2, AJ, AX, B1, B2	
. Nominal value issued (€ million)	45 <sup>(**)</sup>		62 <sup>(**)</sup>	
. Nominal value at the end of accounting period (€ million)	2		62	
. Security subscribers	Celidoria S.a.r.l./Europa Plus SCA SIF/FR Invest		UniCredit S.p.A.	

## Annex 3 - Securitisations - qualitative tables

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NAME:	SANDOKAN	
. ISIN	IT0005273740	IT0005273757
. Type of security	Mezzanine <sup>(*)</sup>	Mezzanine <sup>(*)</sup>
. Class	C2	D1
. Rating	-	-
. Quotation	-	-
. Issue date	31.07.2017 - 10.05.2019 (size increase)	31.07.2017 - 10.05.2019 (size increase)
. Legal maturity	11.30.2050	11.30.2050
. Call option	-	-
. Expected duration (years)	4.9	6.3
. Rate	15.0%	4.0%
. Subordinated level	Sub AS1, AS2, AJ, AX, B1, B2, C1	Sub AS1, AS2, AJ, AX, B1, B2, C1, C2
. Nominal value issued (€ million)	16 <sup>(**)</sup>	153 <sup>(**)</sup>
. Nominal value at the end of accounting period (€ million)	16	153
. Security subscribers	Celidoria S.a.r.l./Europa Plus SCA SIF/FR Invest	UniCredit S.p.A.
. ISIN	IT0005273773	IT0005273872
. Type of security	Mezzanine <sup>(*)</sup>	Junior <sup>(*)</sup>
. Class	D2	E
. Rating	-	-
. Quotation	-	-
. Issue date	31.07.2017 - 10.05.2019 (size increase)	31.07.2017 - 10.05.2019 (size increase)
. Legal maturity	11.30.2050	11.30.2050
. Call option	-	-
. Expected duration (years)	6.9	10.0
. Rate	19.0%	5%
. Subordinated level	Sub AS1, AS2, AJ, AX, B1, B2, C1, C2, D1	Sub AS1, AS2, AJ, AX, B1, B2, C1, C2, D1, D2
. Nominal value issued (€ million)	8 <sup>(***)</sup>	750 <sup>(***)</sup>
. Nominal value at the end of accounting period (€ million)	8	750
. Security subscribers	Celidoria S.a.r.l./Europa Plus SCA SIF/FR Invest	UniCredit S.p.A.
<b>Distribution of securitised assets by area (€):</b>		
Italy	1,215	
Other European Countries - E.U. countries	-	
- non-E.U. countries	-	
America	-	
Rest of the World	-	
<b>Total</b>	<b>1,215</b>	
<b>Distribution of securitised assets by business sector of the borrower (€):</b>		
Governments	-	
other governments agencies	-	
Banks	-	
Financial Companies	-	
Insurance Companies	-	
Non-financial companies	1,215	
Other entities	-	
<b>Total</b>	<b>1,215</b>	

**Notes:**

(\*) The classification of the field "Type of security" refers to Bank of Italy Circular No.262 "The Bank's Financial Statements" - Chapter 1 General principles - Section 5 Definitions - 5.23 - Securitisations: senior, mezzanine and junior exposures.

(\*\*) Securities issued to fund new money finance needs.

(\*\*\*) Nominal Value Issued B1: €172 million at Note Issuance + €9 million due to Size Increase; Nominal Value Issued B2: €43 million + €2 million following Size Increase; Nominal Value Issued C1: €57 million + €5 million due to Size Increase; Nominal Value Issued C2: €14 million + €1 million following the Size Increase; Nominal Value Issued D1: €126 million + €27 million due to Size Increase; Nominal Value Issued D2: €7 million + €1 million due to Size Increase Nominal Value Issued: €442 million + €308 million due to Size Increase.

The "Closing date" corresponds to the date of portfolio sale.



## Annex 3 - Securitisations - qualitative tables

NAME:		SANDOKAN 2				
Type of securitisation:	Traditional					
Originator:	UniCredit S.p.A.					
Issuer:	Yanez 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 debtors sold, in order to optimise the reimbursement of the securitised portfolio.					
Type of asset:	Corporate loans					
Quality of Asset:	Unlikely to pay + NPL					
Closing date:	05.06.2019	17.07.2019	04.12.2019	09.03.2020	07.05.2020	
Nominal Value of disposal portfolio (€ million):	144	163	381	86	162	
Net amount of pre-existing write-down/write-backs:	-	-	-	-	-	
Disposal Profit & Loss realised (€ million):	-	-	-	-	-	
Portfolio disposal price (€ million):	144	163	381	86	162	
Guarantees issued by the Bank:	-	-	-	-	-	
Guarantees issued by Third Parties:	-	-	-	-	-	
Bank Lines of Credit :	10					
Third Parties Lines of Credit (€ million):	-					
Other Credit Enhancements (€ million):	-					
Other relevant information:	-					
Rating Agencies:	-					
Amount of CDS or other supersenior risk transferred:	-					
Amount and Condition of tranching:						
. ISIN	IT0005432114		IT0005432270			
. Type of security	Senior <sup>(*)</sup>		Senior <sup>(*)</sup>			
. Class	AS2		AS4			
. Rating	-		-			
. Quotation	-		-			
. Issue date	30.12.2020		30.12.2020			
. Legal maturity	10.31.2054		10.31.2053			
. Call option	-		-			
. Expected duration (years)	-		-			
. Rate	4.0%		4.0%			
. Subordinated level	pari passu AS4		pari passu AS2			
. Nominal value issued (€ million)	100		100			
. Nominal value at the end of accounting period (€ million)	0		0			
. Security subscribers	PAF BRAVO III – Compartment/Italian Real Estate Special Situations II SCS, SICAV-RAIF – Closed-end/Italian Real Estate Special Situations II SCS, SICAV-RAIF – Seed Fund/Banca Finanziaria Internazionale		PAF BRAVO III – Compartment/Italian Real Estate Special Situations II SCS, SICAV-RAIF – Closed-end/Italian Real Estate Special Situations II SCS, SICAV-RAIF – Seed Fund/Banca Finanziaria Internazionale			
Amount and Condition of tranching:						
. ISIN	IT0005432288		IT0005432296			
. Type of security	Senior <sup>(*)</sup>		Senior <sup>(*)</sup>			
. Class	AJ2		AJ4			
. Rating	-		-			
. Quotation	-		-			
. Issue date	30.12.2020		30.12.2020			
. Legal maturity	10.31.2054		10.31.2053			
. Call option	-		-			
. Expected duration (years)	-		-			
. Rate	14.0%		14.0%			
. Subordinated level	Sub AS2, AS4, pari passu AJ4, AX		Sub AS2, AS4, pari passu AJ2 and AX			
. Nominal value issued (€ million)	10		10			
. Nominal value at the end of accounting period (€ million)	-		-			
. Security subscribers	PAF BRAVO III – Compartment/Italian Real Estate Special Situations II SCS, SICAV-RAIF – Closed-end/Italian Real Estate Special Situations II SCS, SICAV-RAIF – Seed Fund		PAF BRAVO III – Compartment/Italian Real Estate Special Situations II SCS, SICAV-RAIF – Closed-end/Italian Real Estate Special Situations II SCS, SICAV-RAIF – Seed Fund			
. ISIN	IT0005432304		IT0005432312			
. Type of security	Senior <sup>(*)</sup>		Senior <sup>(*)</sup>			
. Class	AX		AY			
. Rating	-		-			
. Quotation	-		-			
. Issue date	30.12.2020		30.12.2020			
. Legal maturity	10.31.2054		10.31.2053			
. Call option	-		-			
. Expected duration (years)	-		-			
. Rate	14.0%		14.0%			
. Subordinated level	Sub AS2, AS4, pari passu AJ2, AJ4 and AY		Sub AS2, AS4, pari passu AJ2, AJ4 and AX			
. Nominal value issued (€ million)	10		10			
. Nominal value at the end of accounting period (€ million)	-		-			
. Security subscribers	Yanez/Banca Finanziaria Internazionale		Yanez/Banca Finanziaria Internazionale			

## Annex 3 - Securitisations - qualitative tables

continued from previous page

NAME:	SANDOKAN 2	
. ISIN	IT0005432320	IT0005432338
. Type of security	Mezzanine(*)	Mezzanine(*)
. Class	B1	B2
. Rating	-	-
. Quotation	-	-
. Issue date	30.12.2020	30.12.2020
. Legal maturity	10.31.2054	10.31.2054
. Call option	-	-
. Expected duration (years)	1.8	1.8
. Rate	5.0%	5.0%
. Subordinated level	Sub AS2, AS4, AJ2, AJ4, AY, AX, B2	Sub AS2, AS4, AJ2, AJ4, AY, AX, B1
. Nominal value issued (€ million)	15	19
. Nominal value at the end of accounting period (€ million)	15	19
. Security subscribers	UniCredit S.p.A.	UniCredit S.p.A./PAF BRAVO III – Compartment/Italian Real Estate Special Situations II SCS, SICAV-RAIF – Closed-end/Italian Real Estate Special Situations II SCS, SICAV-RAIF – Seed Fund
. ISIN	IT0005432346	IT0005432353
. Type of security	Mezzanine(*)	Mezzanine(*)
. Class	C1	C2
. Rating	-	-
. Quotation	-	-
. Issue date	30.12.2020	30.12.2020
. Legal maturity	10.31.2054	10.31.2054
. Call option	-	-
. Expected duration (years)	4.3	4.3
. Rate	5.5%	9.0%
. Subordinated level	Sub AS2, AS4, AJ2, AJ4, AY, AX, B1, B2, C2	Sub AS2, AS4, AJ2, AJ4, AY, AX, B1, B2, C1
. Nominal value issued (€ million)	32	11
. Nominal value at the end of accounting period (€ million)	32	11
. Security subscribers	UniCredit S.p.A.	UniCredit S.p.A./PAF BRAVO III – Compartment/Italian Real Estate Special Situations II SCS, SICAV-RAIF – Closed-end/Italian Real Estate Special Situations II SCS, SICAV-RAIF – Seed Fund
. ISIN	IT0005432361	IT0005432379
. Type of security	Mezzanine(*)	Mezzanine(*)
. Class	D1	D2
. Rating	-	-
. Quotation	-	-
. Issue date	30.12.2020	30.12.2020
. Legal maturity	10.31.2054	10.31.2054
. Call option	-	-
. Expected duration (years)	5.9	5.9
. Rate	6.0%	8.5%
. Subordinated level	Sub AS2, AS4, AJ2, AJ4, AY, AX, B1, B2, C2, D2	Sub AS2, AS4, AJ2, AJ4, AY, AX, B1, B2, C2, D1
. Nominal value issued (€ million)	59	7
. Nominal value at the end of accounting period (€ million)	59	7
. Security subscribers	UniCredit S.p.A.	UniCredit S.p.A./PAF BRAVO III – Compartment/Italian Real Estate Special Situations II SCS, SICAV-RAIF – Closed-end/Italian Real Estate Special Situations II SCS, SICAV-RAIF – Seed Fund
. ISIN	IT0005432387	
. Type of security	Junior(*)	
. Class	E	
. Rating	-	
. Quotation	-	
. Issue date	30.12.2020	
. Legal maturity	10.31.2054	
. Call option	-	
. Expected duration (years)	8.1	
. Rate	5.0%	
. Subordinated level	Sub AS2, AS4, AJ2, AJ4, AY, AX, B1, B2, C2, D1, D2	
. Nominal value issued (€ million)	766	
. Nominal value at the end of accounting period (€ million)	766	
. Security subscribers	UniCredit S.p.A.	

## Annex 3 - Securitisations - qualitative tables

continued from previous page

NAME:	SANDOKAN 2	
<b>Distribution of securitised assets by area (€):</b>		
Italy	1,215	
Other European Countries - E.U. countries	-	
- non-E.U. countries	-	
America	-	
Rest of the World	-	
<b>Total</b>	<b>1,215</b>	
<b>Distribution of securitised assets by business sector</b>		
Governments	-	
other governments agencies	-	
Banks	-	
Financial Companies	-	
Insurance Companies	-	
Non-financial companies	1,215	
Other entities	-	
<b>Total</b>	<b>1,215</b>	

**Notes:**

(\*) The classification of the field "Type of security" refers to Bank of Italy Circular No.262 "The Bank's Financial Statements" - Chapter 1 General principles - Section 5 Definitions - 5.23 - Securitisations: senior, mezzanine and junior exposures.

(\*\*) Securitised issued to fund new money finance needs.

The "Closing date" corresponds to the date of portfolio sale.

## 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:	07.14.2016	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 <sup>(*)</sup>	Mezzanine <sup>(*)</sup>
. Class	A	B
. Rating	-	-
. Quotation	-	-
. Issue date	07.14.2016	07.14.2016
. Legal maturity	10.20.2030	10.20.2030
. 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)	€2	\$58
. Security subscribers		
. ISIN	IT0005246712	IT0005246761
. Type of security	Mezzanine <sup>(*)</sup>	Junior <sup>(*)</sup>
. Class	B	C
. Rating	-	-
. Quotation	-	-
. Issue date	04.04.2017	04.04.2017
. Legal maturity	10.20.2030	10.20.2030
. 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 <sup>(*)</sup>	Junior <sup>(*)</sup>
. Class	C	C
. Rating	-	-
. Quotation	-	-
. Issue date	07.14.2016	07.14.2016
. Legal maturity	10.20.2030	10.20.2030
. 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 No.262 "The Bank's Financial Statements" - Chapter 1 General principles - Section 5 Definitions - 5.23 - Securitisations: senior, mezzanine and junior exposures.

Pillarstone is a multioriginator securitization, 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.**

**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:	12.10.2015	01.22.2019
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 <sup>(*)</sup>	Mezzanine <sup>(*)</sup>
. Class	A	B
. Rating	-	-
. Quotation	-	-
. Issue date	12.10.2015	12.10.2015 - 01.22.2019 (size increase)
. Legal maturity	10.20.2030	10.20.2030
. 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)	1	19
. ISIN	IT0005155111	
. Type of security	Junior <sup>(*)</sup>	
. Class	C	
. Rating	-	
. Quotation	-	
. Issue date	12.10.2015 - 01.22.2019 (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 No.262 "The Bank's Financial Statements" - Chapter 1 General principles - Section 5 Definitions - 5.23 - Securitisations: senior, mezzanine and junior exposures.

Pillarstone is a multioriginator securitization, 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 performing loans

STRATEGIES, PROCESSES AND GOALS:	The securitizations aim at facilitating the access to long term financing opportunities for the Italian 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 securitization is submitted to the top management and internal of UniCredit S.p.A. deputed 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.

## Annex 3 - Securitisations - qualitative tables

### New Transactions 2020

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 AG London Branch
Target transaction:	Funding to SMEs
Type of asset:	Minibonds
Quality of Asset:	Non performing
Closing date:	06.18.2020
Nominal Value of reference portfolio (€ million):	49
Net amount of preexisting write-down/write-backs (€ million):	-
Disposal Profit & Loss realised (€ million) <sup>(*)</sup> :	-
Portfolio disposal price (€ million):	49
Issued guarantees by the Bank:	-
Issued guarantees by third parties:	12
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	06.18.2020
. Legal maturity	06.17.2030
. Call option	-
. Expected duration (years)	4.3
. Rate	0.5% + Variable return
. Subordination level	-
. Nominal Value Issued (€ million)	49
. Nominal value at the end of accounting period (€ million)	49
. Security subscribers	Cassa Depositi e Prestiti S.p.A./Mediocredito Centrale S.p.A.
<b>Distribution of securitised assets by area (€ million):</b>	
Italy - Northwest	-
Italy - Northeast	-
Italy - Central	-
Italy - South and Islands	49
Other European Countries - E.U. countries	-
Other European Countries - non-E.U. countries	-
America	-
Rest of the World	-
<b>Total</b>	<b>49</b>
<b>Distribution of securitised assets by business sector of the borrower (€ million):</b>	
Governments	-
Other public-sector entities	-
Banks	-
Financial Companies	-
Insurance Companies	-
Non-financial Companies	49
Other entities	-
<b>Total</b>	<b>49</b>

**Note:**

(\*) Amount gross of initial transaction's costs.

## Annex 3 - Securitisations - qualitative tables

## ORIGINATOR: UniCredit S.p.A.

STRATEGIES, PROCESSES AND GOALS:	UniCredit S.p.A., through the transfer of its credit exposures to an SPV pursuant to 130 Law on securitization, 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 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 securitization transactions of non-performing exposures is approved by the Board, based on the prior positive opinion of the proper committees within the bank. 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

### Traditional securitisations of non-performing loans

#### Transactions from previous years

NAME:	PRISMA	
Type of securitisation:	Traditional	
Originator:	UniCredit S.p.A.	
Issuer:	Prisma SPV S.r.l.	
Servicer:	doValue S.p.A.	
Arranger:	UniCredit Bank A.G.	
Target transaction:	Decrease of exposure in non-performing residential mortgages (bad-loans)	
Type of asset:	Residential mortgages granted to retail customers	
Quality of Asset:	Bad loans (sofferenze)	
Closing date:	10.18.2019	
Nominal Value of reference portfolio (€ million):	6,101	
Net amount of preexisting write-down/write-backs (€ million):	1,357	
Disposal Profit & Loss realised (€ million) <sup>(*)</sup> :	-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 Ag 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	10.18.2019	10.18.2019
. Legal maturity	November 2039	November 2039
. Call option	-	-
. Expected duration (years)	3.4	8.10
. 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)	1,017	80
. ISIN	IT0005387920	
. Type of security	Junior	
. Class	J	
. Rating	-	
. Quotation	-	
. Issue date	10.18.2019	
. Legal maturity	November 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:	Italfondario S.p.A. (Master Servicer), doValue S.p.A. (Special Servicer)	
Arranger:	Morgan Stanley International Plc - UniCredit Bank AG	
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 (sofferenze)	
Closing date:	07.31.2017	
Nominal Value of disposal portfolio (€ million):	5,376	
Net amount of pre-existing write-down/write-backs (€ million):	890	
Disposal Profit & Loss realised (€ million) <sup>(*)</sup> :	-96	
Portfolio disposal price (€ million):	794	
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:	Moody's - DBRS	
Amount of CDS or other supersenior 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	07.31.2017	07.31.2017
. Legal maturity	October 2045	October 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)	250	30
. ISIN	IT0005277345	IT0005277352
. Type of security	Mezzanine	Junior
. Class	C	D
. Rating	(Moody's) B1/BB - (DBRS) B1/BB	-
. Quotation	-	-
. Issue date	07.31.2017	07.31.2017
. Legal maturity	October 2045	October 2045
. Call option	-	
. Expected duration (years)	4.2	6.8
. Rate	3M Eur + 6%	3M Eur + 12%
. Subordinated level	SUB A-B	SUB A-B-C
. Nominal value issued (€ million)	40	50
. Nominal value at the end of accounting period (€ million)	40	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:	Italfondario S.p.A. (Master Servicer), doValue S.p.A. (Special Servicer)		
Arranger:	Morgan Stanley International Plc - UniCredit Bank AG		
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 (sofferenze)		
Closing date:	07.31.2017		
Nominal Value of disposal portfolio (€ million):	7,841		
Net amount of pre-existing write-down/write-backs (€ million):	822		
Disposal Profit & Loss realised (€ million) <sup>(*)</sup> :	-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 supersenior risk transferred (€ million):	-		
Amount and Condition of tranching:			
. ISIN	IT0005277378	IT0005277394	
. Type of security	Senior	Mezzanine	
. Class	A	B	
. Rating	-	-	
. Quotation	-	-	
. Issue date	07.31.2017	07.31.2017	
. Legal maturity	October 2045	October 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)	236	125	
. ISIN	IT0005277402	IT0005277410	
. Type of security	Mezzanine	Junior	
. Class	C	D	
. Rating	-	-	
. Quotation	-	-	
. Issue date	07.31.2017	07.31.2017	
. Legal maturity	October 2045	October 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 AG	
Target transaction:	UniCredit S.p.A. NPL stock reduction	
Type of asset:	Secured and unsecured loans granted to large enterprises	
Quality of Asset:	Bad loans (sofferenze)	
Closing date:	07.26.2017	
Nominal Value of disposal portfolio (€ million):	2,994	
Net amount of pre-existing write-down/write-backs (€ million):	402	
Disposal Profit & Loss realised (€ million) <sup>(*)</sup> :	-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 supersenior risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	IT0005277014	IT0005277022
. Type of security	Senior	Mezzanine
. Class	A	B
. Rating	-	-
. Quotation	-	-
. Issue date	07.26.2017	07.26.2017
. Legal maturity	October 2042	October 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)	-	100
. ISIN	IT0005277030	
. Type of security	Junior	
. Class	C	
. Rating	-	
. Quotation	-	
. Issue date	07.26.2017	
. Legal maturity	October 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.**

### Synthetic securitisations of performing loans

STRATEGIES, PROCESSES AND GOALS:	The main purpose of structuring synthetic securitizations 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 securitizations.
HEDGING POLICIES:	None
OPERATING RESULTS:	The performances of synthetic securitizations are monitored on a semi-annual basis with dedicated reports addressed to the competent first-level Committee.

### New Transactions 2020

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:	07.14.2020	
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 <sup>(*)</sup>	
Amount of CDS or other supersenior risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	-	-
. Type of security	Senior	Junior
. Class	A	B
. Rating	-	-
. Issue date	07.14.2020	07.14.2020
. Legal maturity	12.31.2028	12.31.2028
. Call option	-	-
. Expected duration (years)	-	-
. Rate	-	-
. Subordinated level	-	SUB A
. Reference Position (€ million)	19	2
. Reference Position at the end of accounting period (€ million)	15	2
. Risk holder	UniCredit S.p.A.	ArtgianCredito Toscano Consorzio Fidi della Piccola e Media Impresa Soc. Coop (Confidi)
<b>Distribution of securitised assets by area (€ million):</b>		
Italy - Northwest		
Italy - Northeast		
Italy - Central	21	
Italy - South and Islands		
Other European Countries - E.U. countries		
Other European Countries - non-E.U. countries		
America		
Rest of the World		
<b>Total</b>	<b>21</b>	
<b>Distribution of securitised assets by business sector of the borrower (€ million):</b>		
Governments		
Other public-sector entities		
Banks		
Financial Companies		
Insurance Companies		
Non-financial Companies	18	
Other entities	3	
<b>Total</b>	<b>21</b>	

**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:	07.20.2020	
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 supersenior risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	-	-
. Type of security	Senior	Junior
. Class	A	B
. Rating	-	-
. Issue date	07.20.2020	07.20.2020
. Legal maturity	03.31.2026	03.31.2026
. Call option	-	-
. Expected duration (years)	-	-
. Rate	-	-
. Subordinated level	-	SUB A
. Reference Position (€ million)	177	25
. Reference Position at the end of accounting period (€ million)	120	25
. Risk holder	UniCredit S.p.A.	Fondo di Garanzia per le Piccole e Medie Imprese
<b>Distribution of securitised assets by area (€ million):</b>		
Italy - Northwest	-	
Italy - Northeast	-	
Italy - Central	1	
Italy - South and Islands	201	
Other European Countries - E.U. countries	-	
Other European Countries - non-E.U. countries	-	
America	-	
Rest of the World	-	
<b>Total</b>	<b>202</b>	
<b>Distribution of securitised assets by business sector of the borrower (€ million):</b>		
Governments	-	
Other public-sector entities	-	
Banks	-	
Financial Companies	-	
Insurance Companies	-	
Non-financial Companies	172	
Other entities	30	
<b>Total</b>	<b>202</b>	

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:	03.31.2020	
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 <sup>(*)</sup>	
Amount of CDS or other supersenior risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	-	-
. Type of security	Senior	Junior
. Class	A	B
. Rating	-	-
. Issue date	03.31.2020	03.31.2020
. Legal maturity	12.31.2027	12.31.2027
. Call option	-	-
. Expected duration (years)	-	-
. Rate	-	-
. Subordinated level	-	SUB A
. Reference Position (€ million)	23	4
. Reference Position at the end of accounting period (€ million)	23	4
. Risk holder	UniCredit S.p.A.	European Investment Fund
<b>Distribution of securitised assets by area (€ million):</b>		
Italy - Northwest	7	
Italy - Northeast	5	
Italy - Central	7	
Italy - South and Islands	8	
Other European Countries - E.U. countries	-	
Other European Countries - non-E.U. countries	-	
America	-	
Rest of the World	-	
<b>Total</b>	<b>27</b>	
<b>Distribution of securitised assets by business sector of the borrower (€ million):</b>		
Governments	-	
Other public-sector entities	-	
Banks	-	
Financial Companies	-	
Insurance Companies	-	
Non-financial Companies	10	
Other entities	17	
<b>Total</b>	<b>27</b>	

**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

**ORIGINATOR: UniCredit S.p.A.**

**Synthetic securitisations of performing loans**

**Transactions from previous years**

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:	11.25.2019	
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 <sup>(*)</sup>	
Amount of CDS or other supersenior risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	-	-
. Type of security	Senior	Junior
. Class	A	B
. Rating	-	-
. Issue date	11.25.2019	11.25.2019
. Legal maturity	12.10.2025	12.10.2025
. Call option	-	-
. Expected duration (years)	-	-
. Rate	-	-
. Subordinated level	-	SUB A
. Reference Position (€ million)	24	3
. Reference Position at the end of accounting period (€ million)	14	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

<b>NAME:</b>	<b>Bond Italia 7</b>	
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:	11.21.2019	
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 <sup>(*)</sup>	
Amount of CDS or other supersenior risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	-	-
. Type of security	Senior	Junior
. Class	A	B
. Rating	-	-
. Issue date	11.21.2019	11.21.2019
. Legal maturity	11.30.2024	11.30.2024
. Call option	-	-
. Expected duration (years)	-	-
. Rate	-	-
. Subordinated level	-	SUB A
. Reference Position (€ million)	252	21
. Reference Position at the end of accounting period (€ million)	162	20

**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:	11.21.2019	
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 <sup>(*)</sup>	
Amount of CDS or other supersenior risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	-	-
. Type of security	Senior	Junior
. Class	A	B
. Rating	-	-
. Issue date	11.21.2019	11.21.2019
. Legal maturity	11.30.2024	11.30.2024
. Call option	-	-
. Expected duration (years)	-	-
. Rate	-	-
. Subordinated level	-	SUB A
. Reference Position (€ million)	79	9
. Reference Position at the end of accounting period (€ million)	59	9

**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:	12.18.2018	
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 <sup>(*)</sup>	
Amount of CDS or other supersenior risk transferred:	-	
Amount and Condition of tranching:		
. ISIN	-	-
. Type of security	Senior	Junior
. Class	A	B
. Rating	-	-
. Issue date	12.18.2018	12.18.2018
. Legal maturity	11.30.2024	11.30.2024
. Call option	-	-
. Expected duration (years)	-	-
. Rate	-	-
. Subordinated level	-	SUB A
. Reference Position (€ million)	192	18
. Reference Position at the end of accounting period (€ million)	112	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

<b>NAME:</b>	<b>Bond Italia 5-bis</b>	
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:	10.19.2018	
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 <sup>(*)</sup>	
Amount of CDS or other supersenior risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	-	-
. Type of security	Senior	Junior
. Class	A	B
. Rating	-	-
. Issue date	10.19.2018	10.19.2018
. Legal maturity	08.31.2024	08.31.2024
. Call option	-	-
. Expected duration (years)	-	-
. Rate	-	-
. Subordinated level	-	SUB A
. Reference Position (€ million)	32	2
. Reference Position at the end of accounting period (€ million)	19	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 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:	09.19.2018	
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 <sup>(*)</sup>	
Amount of CDS or other supersenior risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	-	-
. Type of security	Senior	Junior
. Class	A	B
. Rating	-	-
. Issue date	09.19.2018	09.19.2018
. Legal maturity	02.29.2024	02.29.2024
. Call option	-	-
. Expected duration (years)	-	-
. Rate	-	-
. Subordinated level	-	SUB A
. Reference Position (€ million)	81	11
. Reference Position at the end of accounting period (€ million)	26	11

**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.

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 agriculture sector	
Quality of Asset:	Performing	
Closing date:	09.05.2018	
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 <sup>(*)</sup>	
Amount of CDS or other supersenior risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	-	-
. Type of security	Senior	Junior
. Class	A	B
. Rating	-	-
. Issue date	09.05.2018	09.05.2018
. Legal maturity	12.31.2026	12.31.2026
. 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)	93	12

**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 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 Apulia	
Quality of Asset:	Performing	
Closing date:	03.31.2017	
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 <sup>(*)</sup>	
Amount of CDS or other supersenior risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	-	-
. Type of security	Senior	Junior
. Class	A	B
. Rating	-	-
. Issue date	03.31.2017	03.31.2017
. Legal maturity	12.31.2025	12.31.2025
. Call option	-	-
. Expected duration (years)	-	-
. Rate	-	-
. Subordinated level	-	SUB A
. Reference Position (€ million)	19	2
. Reference Position at the end of accounting period (€ million)	0	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

<b>NAME:</b>	<b>SME Initiative 2017</b>	
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:	12.22.2017	
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 <sup>(*)</sup>	
Amount and Conditions of tranching:		
. ISIN	-	-
. Type of security	Senior	Upper Mezzanine
. Class	A	B1
. Rating	-	-
. Issue date	12.22.2017	12.22.2017
. Legal maturity	11.13.2030	11.13.2030
. 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)	56	2
. ISIN	-	-
. Type of security	Middle Mezzanine	Lower Mezzanine
. Class	B2	B3
. Rating	-	-
. Issue date	12.22.2017	12.22.2017
. Legal maturity	11.13.2030	11.13.2030
. 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)	0	12
. ISIN	-	-
. Type of security	Second Loss	Junior
. Class	C	D
. Rating	-	-
. Issue date	12.22.2017	12.22.2017
. Legal maturity	11.13.2030	11.13.2030
. 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)	14	36

**Note:**

(\*) Synthetic securitizations 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:	Finpiemonte 2016		FILSEC 2016	
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 located in Piemonte		Unsecured loans - maturity between 18 and 60 months - to small and medium enterprises located in Liguria	
Quality of Asset:	Performing		Performing	
Closing date:	10.31.2017		10.31.2017	
Nominal Value of reference portfolio (€ million):	58		28	
Issued guarantees by the Bank:	-		-	
Issued guarantees by third parties:	Junior risk partially cash collateralised		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 <sup>(*)</sup>		No rating agency, use of Supervisory SEC-IRBA Approach <sup>(*)</sup>	
Amount and Conditions of tranching:				
. ISIN	-		-	
. Type of security	Senior	Junior	Senior	Mezzanine
. Class	A	B	A	B
. Rating	-		-	
. Issue date	10.31.2017	10.31.2017	06.16.2017	06.16.2017
. Legal maturity	12.31.2021	12.31.2021	12.31.2021	12.31.2021
. Call option	-		-	
. Expected duration	-		-	
. Rate	-		-	
. Subordinated level	SUB A		SUB A	
. Reference Position (€ million)	51	7	24	4
. Reference Position at the end of accounting period (€ million)	2	7	0	3

Note:  
 (\*) Synthetic securitizations 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.

NAME:	BOND ITALIA 5 INV		BOND ITALIA 5 MIX	
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 24 and 60 months - to small and medium enterprises		Unsecured loans - maturity between 18 and 60 months - to small and medium enterprises	
Quality of Asset:	Performing		Performing	
Closing date:	06.16.2017		06.16.2017	
Nominal Value of reference portfolio (€ million):	72		297	
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 <sup>(*)</sup>		No rating agency, use of Supervisory SEC-IRBA Approach <sup>(*)</sup>	
Amount and Conditions of tranching:				
. ISIN	-		-	
. Type of security	Senior	Junior	Senior	Mezzanine
. Class	A	B	A	B
. Rating	-		-	
. Issue date	06.16.2017	06.16.2017	06.16.2017	06.16.2017
. Legal maturity	06.30.2022	06.30.2022	06.30.2022	06.30.2022
. Call option	-		-	
. Expected duration	-		-	
. Rate	-		-	
. Subordinated level	SUB A		SUB A	
. Reference Position (€ million)	67	5	278	19
. Reference Position at the end of accounting period (€ million)	19	5	23	16

Note:  
 (\*) Synthetic securitizations 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		ARTS MIDCAP5	
Type of securitisation:	Tranchéd Cover		Tranchéd 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 A.G.		UniCredit Bank A.G.	
Target transaction:	Credit risk hedging		Credit risk hedging	
Type of asset:	unsecured loans - maturity between 18 and 60 months - to small and medium enterprises		Loans to Mid - Corporates	
Quality of Asset:	Performing		Performing	
Closing date:	12.07.2016		12.02.2016	
Nominal Value of reference portfolio (€ million):	300		2,463	
Issued guarantees by the Bank:	-		-	
Issued guarantees by third parties:	Financial guarantee to partially hedge the junior risk in the form of personal guarantee		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(*)		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	12.07.2016	12.07.2016	12.02.2016	12.02.2016
. Legal maturity	06.30.2023	06.30.2023	12.31.2046	12.31.2046
. Call option	-	-	Clean-up call, Regulatory Call, Time call	
. Expected duration (years)	-	-	-	-
. Rate	-	-	-	-
. Subordinated level	-	SUB A	-	SUB A
. Reference Position (€ million)	281	19	2,340	123
. Reference Position at the end of accounting period (€ million)	6	15	673	114

**Note:**

(\*) Synthetic securitizations 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.

NAME:	ARTS MIDCAP4		AGRIBOND	
Type of securitisation:	Tranchéd Cover		Tranchéd 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 A.G.		UniCredit Bank A.G.	
Target transaction:	Credit risk hedging		Credit risk hedging	
Type of asset:	Loans to Small and Mid Corporates		Unsecured loans - maturity 72 months - to small and medium enterprises pertaining to the agriculture sector	
Quality of Asset:	Performing		Performing	
Closing date:	06.21.2016		06.30.2015	
Nominal Value of reference portfolio (€ million):	2,259		172	
Issued guarantees by the Bank:	-		-	
Issued guarantees by third parties:	Junior risk cash collateralised		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	06.21.2016	06.21.2016	06.30.2015	06.30.2015
. Legal maturity	01.31.2036	01.31.2036	12.31.2022	12.31.2022
. Call option	Clean-up call, Regulatory Call, Time call		Clean-up call	
. Expected duration (years)	-	-	-	-
. Rate	-	-	-	-
. Subordinated level	-	SUB A	-	-
. Reference Position (€ million)	2,146	113	161	11
. Reference Position at the end of accounting period (€ million)	603	106	11	11

**Note:**

(\*) Synthetic securitizations 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 ITALIA 3 INVESTIMENTI		BOND ITALIA3 MISTO	
Type of securitisation:	Tranching Cover		Tranching 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 Bank A.G.	
Target transaction:	Credit risk hedging		Credit risk hedging	
Type of asset:	unsecured loans - maturity between 24 and 60 months - to small and medium enterprises		unsecured loans - maturity between 18 and 60 months - to small and medium enterprises	
Quality of Asset:	Performing		Performing	
Closing date:	05.14.2016		05.14.2016	
Nominal Value of reference portfolio (€ million):	99		166	
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	-	-	-	-
. Rating	-	-	-	-
. Issue date	05.14.2016	05.14.2016	05.14.2016	05.14.2016
. Legal maturity	02.28.2022	02.28.2022	02.28.2021	02.28.2021
. Call option	-	-	-	-
. Expected duration (years)	-	-	-	-
. Rate	-	-	-	-
. Subordinated level	-	-	-	-
. Reference Position (€ million)	92	7	156	10
. Reference Position at the end of accounting period (€ million)	5	6	-	3

Note:  
 (\*) Synthetic securitizations 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.

NAME:	SARDAFIDI		BOND ITALIA4 INVESTIMENTI	
Type of securitisation:	Tranching Cover		Tranching 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 A.G.		UniCredit S.p.A.	
Target transaction:	Credit risk hedging		Credit risk hedging	
Type of asset:	unsecured loans to small and medium enterprises located in Sardinia, originated with the purpose of financing working capital and/or investments		unsecured loans - maturity between 24 and 60 months - to small and medium enterprises	
Quality of Asset:	Performing		Performing	
Closing date:	10.15.2015		12.07.2016	
Nominal Value of reference portfolio (€ million):	14		100	
Issued guarantees by the Bank:	-		-	
Issued guarantees by third parties:	Junior risk partially cash collateralised		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	10.15.2016	10.15.2016	12.07.2016	12.07.2016
. Legal maturity	06.30.2021	06.30.2021	06.30.2023	06.30.2023
. Call option	-	-	-	-
. Expected duration (years)	-	-	-	-
. Rate	-	-	-	-
. Subordinated level	-	-	-	SUB A
. Reference Position (€ million)	13	1	92	8
. Reference Position at the end of accounting period (€ million)	-	1	29	7

Note:  
 (\*) Synthetic securitizations 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 ITALIA1 MISTO		BOND ITALIA2 MISTO	
Type of securitisation:	Tranché Cover		Tranché 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 18 and 60 months - to small and medium enterprises	
Quality of Asset:	Performing		Performing	
Closing date:	06.30.2015		12.31.2015	
Nominal Value of reference portfolio (€ million):	296		300	
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	06.30.2015	06.30.2015	12.31.2015	12.31.2015
. Legal maturity	12.31.2023	12.31.2023	02.28.2021	02.28.2021
. Call option	-		-	
. Expected duration	-	-	-	-
. Rate	-	-	-	-
. Subordinated level	-	SUB A	-	SUB A
. Reference Position (€ million)	277	19	281	19
. Reference Position at the end of accounting period (€ million)	-	5	-	4

**Note:**

(\*) Synthetic securitizations 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 ITALIA2 INVESTIMENTI		ARTS MIDCAP3	
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 Bank A.G.	
Target transaction:	Credit risk hedging		Credit risk hedging	
Type of asset:	Unsecured loans - maturity between 24 and 60 months - to small and medium enterprises		Loans to Mid - Corporates	
Quality of Asset:	Performing		Performing	
Closing date:	12.31.2015		11.21.2015	
Nominal Value of reference portfolio (€ million):	100		4,367	
Issued guarantees by the Bank:	-		-	
Issued guarantees by third parties:	Financial guarantee to partially hedge the junior risk in the form of personal guarantee		Junior risk cash collateralised; 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(*)		No rating agency, use of Supervisory SEC-IRBA Approach(*)	
Amount and Conditions of tranching:				
. ISIN	-	-	-	-
. Type of security	Senior	Junior	Senior	Mezzanine
. Class	A	B	A	B
. Rating	-	-	-	-
. Issue date	12.31.2015	12.31.2015	11.21.2015	11.21.2015
. Legal maturity	02.28.2022	02.28.2022	12.31.2030	12.31.2030
. Call option	Clean-up call, regulatory call			
. Expected duration	-	-	-	-
. Rate	-	-	-	-
. Subordinated level	-	SUB A	-	SUB A
. Reference Position (€ million)	92	8	4,105	44
. Reference Position at the end of accounting period (€ million)	4	6	419	44
. ISIN			-	
. Type of security			Junior	
. Class			C	
. Rating			-	
. Issue date			11.21.2015	
. Legal maturity			12.31.2030	
. Call option			Clean-up call, regulatory call	
. Expected duration			-	
. Rate			-	
. Subordinated level			SUB A-B	
. Reference Position (€ million)			218	
. Reference Position at the end of accounting period (€ million)			197	

**Note:**  
 (\*) Synthetic securitizations 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 ITALIA1 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:	06.30.2015	
Nominal Value of reference portfolio (€ million):	94	
Issued guarantees by the Bank:	-	
Issued guarantees 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 and Conditions of tranching:		
. ISIN	-	-
. Type of security	Senior	Junior
. Class	A	B
. Rating	-	-
. Issue date	06.30.2015	06.30.2015
. Legal maturity	02.28.2025	02.28.2025
. Call option	-	-
. Expected duration	-	-
. Rate	-	-
. Subordinated level	-	SUB A
. Reference Position (€ million)	87	7
. Reference Position at the end of accounting period (€ million)	4	6

**Note:**

(\*) Synthetic securitizations 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:	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:	03.13.2013	
Nominal Value of disposal portfolio (€ million):	70	
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 supersenior risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	-	-
. Type of security	Senior	Mezzanine
. Class	A	-
. Rating	-	-
. Issue date	03.13.2013	03.13.2013
. Legal maturity	05.31.2030	03.25.2023
. Call option	-	-
. Expected duration (years)	-	-
. Rate	-	-
. Subordinated level	-	SUB A
. Reference Position (€ million)	67	1
. Reference Position at the end of accounting period (€ million)	7	1
. ISIN	-	
. Type of security	Junior	
. Class	C	
. Rating	-	
. Issue date	03.13.2013	
. Legal maturity	05.31.2030	
. Call option	-	
. Expected duration (years)	-	
. Rate	-	
. Subordinated level	SUB A-B	
. Reference Position (€ million)	1	
. Reference Position at the end of accounting period (€ million)	1	

**Note:**  
 (\*) Synthetic securitizations 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:	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:	02.25.2013	
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 <sup>(*)</sup>	
Amount of CDS or other supersenior risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	-	-
. Type of security	Senior	Mezzanine
. Class	A	-
. Rating	-	-
. Issue date	02.25.2013	02.25.2013
. Legal maturity	01.31.2030	03.25.2023
. Call option	-	-
. Expected duration (years)	-	-
. Rate	-	-
. Subordinated level	-	SUB A
. Reference Position (€ million)	64	1
. Reference Position at the end of accounting period (€ million)	9	1
. ISIN	-	
. Type of security	Junior	
. Class	C	
. Rating	-	
. Issue date	02.25.2013	
. Legal maturity	01.31.2030	
. Call option	-	
. Expected duration (years)	-	
. Rate	-	
. Subordinated level	SUB A-B	
. Reference Position (€ million)	2	
. Reference Position at the end of accounting period (€ million)	1	

**Note:**

(\*) Synthetic securitizations 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.

STRATEGIES, PROCESSES AND GOALS:	UniCredit Leasing S.p.A., through the transfer of its credit exposures to an SPV pursuant to 130 Law on securitization, 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 securitization 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

### New transactions 2020

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 AG (UniCredit Markets & Investment Banking)	
Target transaction:	Run down of non-core assets	
Type of asset:	Real estate contracts	
Quality of Asset:	Bad exposures	
Closing date:	12.01.2020	
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 AG	
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 the 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	12.11.2020	12.11.2020
. Legal maturity	07.31.2040	07.31.2040
. 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)	466	91
. Security subscribers	UniCredit Leasing S.p.A.	UniCredit Leasing S.p.A./Do Value S.p.A.
. ISIN	IT0005429151	
. Type of security	Junior	
. Class	J	
. Rating	-	
. Quotation	-	
. Issue date	12.11.2020	
. Legal maturity	07.31.2040	
. Call option	-	
. Expected duration (years)	7.4	
. Rate	variable	
. Subordination level	sub B	
. Nominal Value Issued (€ million)	10	
. Nominal value at the end of accounting period (€ million)	10	
. Security subscribers	UniCredit Leasing S.p.A./Do Value S.p.A.	

**Note:**

(\*) Amount gross of initial transaction's costs.

## Annex 3 - Securitisations - qualitative tables

continued: from previous page

NAME:	RELAIS 2020	
<b>Distribution of securitised assets by area (€ million):</b>		
Italy - Northwest	184	
Italy - Northeast	100	
Italy - Central	151	
Italy - South and Islands	139	
Other European Countries - E.U. countries	-	
Other European Countries - non-E.U. countries	-	
America	-	
Rest of the World	-	
<b>Total</b>	<b>574</b>	
<b>Distribution of securitised assets by business sector of the borrower (€ million):</b>		
Governments	-	
Other public-sector entities	-	
Banks	-	
Financial Companies	4	
Insurance Companies	-	
Non-financial Companies	567	
Other entities	3	
<b>Total</b>	<b>574</b>	

### ORIGINATOR: UniCredit Bank AG

STRATEGIES, PROCESSES AND GOALS:	The main motivation for the Bank's securitisation programs is the Capital relief and 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 approves each new transaction and any other related decision and they are 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:	For true sale transactions the issuer hedged portfolio's interest rate risks through Interest Rate Swaps.
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.

## Annex 3 - Securitisations - qualitative tables

### New transactions 2020

NAME:	ROSENKAVALIER 2020	
Type of securitisation:	Traditional	
Originator:	UniCredit Bank AG	
Issuer:	Rosenkavalier 2020 UG	
Servicer:	UniCredit Bank AG	
Arranger:	UniCredit Bank AG (UniCredit Markets & Investment Banking)	
Target transaction:	Liquidity	
Type of asset:	Consumer Loans	
Quality of Asset:	Performing	
Closing date:	09.30.2020	
Nominal Value of reference portfolio (€ million):	800	
Net amount of preexisting write-down/write-backs (€ million):	-	
Disposal Profit & Loss realised (€ million) <sup>(1)</sup> :	-	
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:	Moody's/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	09.30.2020	09.30.2020
. Legal maturity	09.30.2035	09.30.2035
. Call option	Any Payment Date	
. Expected duration (years)	09.30.2035	09.30.2035
. 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)	632	168
. Security subscribers	UniCredit Bank AG	UniCredit Bank AG
<b>Distribution of securitised assets by area (€ million):</b>		
Italy - Northwest	-	
Italy - Northeast	-	
Italy - Central	-	
Italy - South and Islands	-	
Other European Countries - E.U. countries	800	
Other European Countries - non-E.U. countries	-	
America	-	
Rest of the World	-	
<b>Total</b>	<b>800</b>	
<b>Distribution of securitised assets by business sector of the borrower (€ million):</b>		
Governments	-	
Other public-sector entities	-	
Banks	-	
Financial Companies	-	
Insurance Companies	-	
Non-financial Companies	-	
Other entities	800	
<b>Total</b>	<b>800</b>	

## Annex 3 - Securitisations - qualitative tables

### Transactions from previous years

NAME:	ROSENKAVALIER 2015	
Type of securitisation:	Traditional	
Originator:	UniCredit Bank AG	
Issuer:	Rosenkavalier 2015 UG	
Servicer:	UniCredit Bank AG	
Arranger:	UniCredit Bank AG (UniCredit Markets & Investment Banking)	
Target transaction:	Liquidity	
Type of asset:	Large Corporate and SME corporate loans	
Quality of Asset:	Performing	
Closing date:	12.18.2015 (restructured on 11.30.2018)	
Nominal Value of disposal portfolio (€ million):	3,500	
Net amount of preexisting write-down/write-backs (€ million):	-	
Disposal Profit & Loss realised (€ million):	-	
Portfolio disposal price (€ million):	3,500	
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/DBRS	
Amount of CDS or other supersenior risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	DE000A1687E2	DE000A1687F9
. Type of security	Senior	Junior
. Class	A	B
. Rating	A/A	-
. Quotation	Munich	Munich
. Issue date	12.18.2015	12.18.2015
. Legal maturity	08.31.2045	08.31.2045
. Call option	Any payment date	
. Rate	Fixed Coupon 0.35%	Fixed Coupon 3.25%
. Subordinated level	-	sub A
. Nominal value issued (€ million)	2,104	1,397
. Nominal value at the end of accounting period (€ million)	2,104	1,397

### Transactions from previous years

NAME:	GELDILUX-TS-2015	
Type of securitisation:	Traditional	
Originator:	UniCredit Bank AG	
Issuer:	Geldilux-TS-2015 S.A. (Luxembourg)	
Servicer:	UniCredit Bank AG	
Arranger:	UniCredit Bank AG (UniCredit Markets & Investment Banking)	
Target transaction:	Liquidity	
Type of asset:	SME corporate loans	
Quality of Asset:	Performing	
Closing date:	07.29.2015	
Nominal Value of disposal portfolio at the end of the accounting period (€ million):	2,140	
Net amount of preexisting write-down/write-backs (€ million):	-	
Disposal Profit & Loss realised (€ million):	-	
Portfolio disposal price (€ million):	2,140	
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, True Sale - Revolving	
Rating Agencies:	Moody's/DBRS	
Amount of CDS or other supersenior risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	XS1261539610	XS1261577628
. Type of security	Senior	Junior
. Class	A	D
. Rating	Aaa/A	-
. Quotation	Luxembourg	Luxembourg
. Issue date	07.29.2015	07.29.2015
. Legal maturity	07.08.2022	07.08.2022
. Call option	Clean-up call	
. Rate	EUR1M (floored to zero) + 50bps	EUR1M (floored to zero) + 300bps
. Subordinated level	Waterfall Position 1	SUB A
. Nominal value issued (€ million)	1,830	310
. Nominal value at the end of accounting period (€ million)	1,830	310

## Annex 3 - Securitisations - qualitative tables

### Transactions from previous years

NAME:	ROSENKAVALIER 2008	
Type of securitisation:	Traditional	
Originator:	UniCredit Bank AG	
Issuer:	Rosenkavalier 2008 GmbH	
Servicer:	UniCredit Bank AG	
Arranger:	UniCredit Bank AG (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 preextinting write-down/write-backs :	11,946	
Disposal Profit & Loss realised :	-	
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 supersenior risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	DE000A0AEDB2	DE000A0AEDC0
. Type of security	Senior	Junior
. Class	A	B
. Rating	A+/A2	-
. Quotation	Munich	Munich
. Issue date	12.12.2008	12.12.2008
. Legal maturity	10.31.2058	10.31.2058
. Call option	Any Payment Date	
. Expected duration	10.31.2058	10.31.2058
. Rate	Fixed Coupon 0.55%	Fixed Coupon 3.5%
. Subordinated level	-	SUB A
. Nominal value issued (€ million)	9,653	2,294
. Nominal value at the end of accounting period (€ million)	2,624	576

## Annex 3 - Securitisations - qualitative tables

**ORIGINATOR: UniCredit Leasing (Austria) GmbH**

*Transactions from previous periods*

NAME:	SUCCESS 2015	
Type of securitisation:	Traditional	
Originator:	UniCredit Leasing (Austria) GMBH	
Issuer:	Success 2015 B.V.	
Servicer:	UniCredit Leasing (Austria) GMBH	
Arranger:	UniCredit Bank AG	
Target transaction:	Funding	
Type of asset:	Leasing Assets (Vehicle and Equipment)	
Quality of Asset:	Performing	
Closing date:	11.09.2015	
Nominal Value of disposal portfolio (€ million):	325	
Net amount of preexisting write-down/write-backs (€ million):	-	
Disposal Profit & Loss realised (€ million):	-	
Portfolio disposal price (€ million):	325	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	-	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	Subordinated Loan €4.6 million	
Other relevant information:	-	
Rating Agencies:	Fitch & DBRS	
Amount of CDS or other supersenior risk transferred (€ million):	-	
Amount and Condition of tranching:		
. ISIN	XS1317727698	XS1317727938
. Type of security	Senior	Junior
. Class	A	B
. Rating	AAA	-
. Quotation	Listed Luxembourg Stock Exchange	-
. Issue date	11.09.2015	11.09.2015
. Legal maturity	10.31.2029	10.31.2029
. Call option	10% clean up call	
. Expected duration (years)	6	6
. Rate	EUR3M + 0.47%	EUR3M + 2%
. Subordinated level	-	SUB A
. Nominal value issued (€ million)	231	94
. Nominal value at the end of accounting period (€ million)	-	89

## Annex 3 - Securitisations - qualitative tables

### ORIGINATOR: UniCredit Bulbank AD

#### Transactions from previous periods

NAME	EIF JEREMIE	
Type of securitisation:	Synthetic - First loss Portfolio Guarantees	
Originator:	UniCredit Bulbank AD	
Issuer:	European Investment Fund (EIF)	
Servicer:	UniCredit Bulbank AD	
Arranger:	UniCredit Bulbank AD	
Target transaction:	Risk transfer and capital relief	
Type of asset:	Highly diversified and granular pool of UniCredit Bulbank's SME loans	
Quality of Asset:	Performing	
Closing date:	08.15.2011	
Nominal Value of reference portfolio (€ million):	2	
Guarantees issued by the Bank:	-	
Guarantees issued by Third Parties:	First loss cash collateral EIF	
Bank Lines of Credit:	-	
Third Parties Lines of Credit:	-	
Other Credit Enhancements:	-	
Other relevant information:	- The agreed portfolio maximum volume is equal to €50 million. - The guarantee covers 80% of each outstanding loan up to a total amount equal to 25% of the portfolio volume	
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	-	-
. Reference Position at the end of accounting period (€ million)	-	2

**Note:**

(\*) Synthetic securitizations 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

**ORIGINATOR: UniCredit S.p.A.**

**New transactions 2020**

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 FININT and by the Advisor Italfondario.
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	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-sized companies, in financial difficulties, but with solid industrial fundamentals) sold from UniCredit to the fund, leveraging on an industrial and strategic partner as Italfondario.
Type of asset:	Corporate loans
Quality of Asset:	Unlikely to pay
Closing date:	10.27.2020
Nominal Value of reference portfolio (million):	188
Net amount of preexisting write-down/write-backs (€ million):	92
Disposal Profit & Loss realised (€ million):	(1)
Portfolio disposal price (million):	91
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	IT0005419509
. No. of units at the subscription	90,561,794
. Book Value at the subscription (million)	91
. No. of units at the end of accounting period	90,561,794
. Book value at the end of accounting period (million)	91
<b>Distribution of financial assets sold by area (€ million):</b>	
Italy - Northwest	40
Italy - Northeast	83
Italy - Central	28
Italy - South and Islands	37
Other European Countries - E.U. countries	-
Other European Countries - non-E.U. countries	-
America	-
Rest of the World	-
<b>Total</b>	<b>188</b>
<b>Distribution of financial assets sold by business sector of the borrower (€ million):</b>	
Governments	-
Other public-sector entities	-
Banks	-
Financial Companies	-
Insurance Companies	-
Non-financial Companies	188
Other entities	-
<b>Total</b>	<b>188</b>



## Annex 4 - Sales of financial assets to investment funds, receiving as consideration units issued by the same funds - qualitative

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:	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 DAVY and by the Advisor Pillarstone.
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 DAVY and by the Advisor Pillarstone.
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	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-sized 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
Quality of Asset:	Unlikely to pay	Unlikely to pay
Closing date:	05.13.2020	06.09.2020
Nominal Value of reference portfolio (million):	110	105
Net amount of preexisting write-down/write-backs (€ million):	49	2
Disposal Profit & Loss realised (€ million):	(3)	13
Portfolio disposal price (million):	47	15
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.
. ISIN	IT0005407975	IT0005407975
. No. of units at the subscription	46,870,925	14,500,000
. Book Value at the subscription (million)	47	15
. No. of units at the end of accounting period	46,870,925	14,500,000
. Book value at the end of accounting period (million)	46	14
<b>Distribution of financial assets sold by area (€ million):</b>		
Italy - Northwest	27	105
Italy - Northeast	37	-
Italy - Central	37	-
Italy - South and Islands	-	-
Other European Countries - E.U. countries	9	-
Other European Countries - non-E.U. countries	-	-
America	-	-
Rest of the World	-	-
<b>Total</b>	<b>110</b>	<b>105</b>
<b>Distribution of financial assets sold by business sector of the borrower (€ million):</b>		
Governments	-	-
Other public-sector entities	-	-
Banks	-	-
Financial Companies	-	-
Insurance Companies	-	-
Non-financial Companies	110	105
Other entities	-	-
<b>Total</b>	<b>110</b>	<b>105</b>

## Annex 4 - Sales of financial assets to investment funds, receiving as consideration units issued by the same funds - qualitative

ORIGINATOR: UniCredit S.p.A.

### Transactions from previous years

GOALS - STRATEGIES - PROCESSES:	UniCredit S.p.A., through the sale of debtors related to the shipping sector, aims to facilitate companies classified as "unlikely to pay" to improve their strategic positioning in their 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 DAVY and by the Advisor Pillarstone.
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	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:	02.19.2019	07.11.2019	08.02.2019	02.18.2020
Nominal Value of reference portfolio (million):	183\$ ; 3€	15\$; 6€	36€	42\$
Net amount of preexisting write-down/write-backs (€ 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
. No. 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\$
. No. 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)	107	14	11	28

## Annex 4 - Sales of financial assets to investment funds, receiving as consideration units issued by the same funds - qualitative

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 Dea Capital.
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	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
Quality of Asset:	Unlikely to pay	Unlikely to pay	Unlikely to pay
Closing date:	01.31.2018	12.19.2019	07.08.2020
Nominal Value of reference portfolio (€ million):	91	66	55
Net amount of preexisting write-down/write-backs (€ million):	40	22	15
Disposal Profit & Loss realised (€ million):	6	11	12
Portfolio disposal price (€ million):	56	33	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:	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.
. ISIN	IT0005276057	IT0005276057	IT0005276057
. No. of units at the subscription	1,122.221	815.752	698.786
. Book Value at the subscription (€ million)	56	33	27
. No. of units at the end of accounting period	1,122.221	815.752	698.786
. Book value at the end of accounting period (€ million)	43	31	27

## Annex 4 - Sales of financial assets to investment funds, receiving as consideration units issued by the same funds - qualitative

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:	05.31.2016	07.04.2019
Nominal Value of reference portfolio (€ million):	90	4
Net amount of preexisting write-down/write-backs (€ 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
. No. of units at the subscription	1,593.698	144.672
. Book Value at the subscription (€ million)	76	4
. No. of units at the end of accounting period	1,593.698	144.672
. Book value at the end of accounting period (€ million)	34	3

## Annex 4 - Sales of financial assets to investment funds, receiving as consideration units issued by the same funds - qualitative

ORIGINATOR: UniCredit Leasing S.p.A.

New transactions 2020

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 managed by Prelios SGR and therefore from the performances of the Asset Manager and the advisor AMCO and Prelios S.p.A.
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.

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 transaction
Quality of Asset:	Unlikely to pay
Closing date:	12.04.2020
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	17
. Book Value at the subscription (million)	5
. No. of units at the end of accounting period	17
. Book value at the end of accounting period (million)	5
<b>Distribution of financial assets sold by area (€ million):</b>	<b>0</b>
Italy - Northwest	-
Italy - Northeast	-
Italy - Central	-
Italy - South and Islands	5
Other European Countries - E.U. countries	-
Other European Countries - non-E.U. countries	-
America	-
Rest of the World	-
<b>Total</b>	<b>5</b>
<b>Distribution of financial assets sold by business sector of the borrower (€ million):</b>	<b>-</b>
Governments	-
Other public-sector entities	-
Banks	-
Financial Companies	-
Insurance Companies	-
Non-financial Companies	5
Other entities	-
<b>Total</b>	<b>5</b>




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2020

Company Report and Accounts  
of UniCredit S.p.A.

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# Company report and accounts 2020 of UniCredit S.p.A.

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# Do the right thing! For Diversity & Inclusion

UniCredit is committed to promoting a positive working environment that embraces our core values: Ethics & Respect.



## **TAKING ACTION AT THE 2020 D&I WEEK**

More than 21,000 colleagues joined our 100 events in 15 countries. With 270 external speakers and 145 hours of workshops, coaching sessions and online discussions, we made sure everyone could join UniCredit's second annual Diversity & Inclusion Week.

# 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") 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. Although some of this information, including certain APIs, is neither extracted nor directly reconciled 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.

For other information required by Law and regulations, refer to the Consolidated report on operations or to the Notes to the accounts of financial statements of UniCredit S.p.A. as better specified below.

Refer to Consolidated report on operations for information relating to:

- Share information - UniCredit share;
- Macroeconomic situation, banking and financial markets;
- qualitative disclosure of Principles of value creation and disciplined capital allocation, Capital ratios for information relating to transitional capital requirements and buffers for UniCredit group and Capital strengthening;
- references of UniCredit official website where can be found Report on corporate governance and ownership structure, Report on remuneration and Non-financial information;
- Research and development projects;
- Group activities development operations and other corporate transactions;
- Significant organisational changes and organisational structure;
- Certifications and other communications;
- Subsequent events;
- Outlook.

The amounts related to year 2019 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 balance sheet and income statement".

For information relating to related-party relations and transactions refer to the Notes to the accounts - Part H of Company financial statements of UniCredit S.p.A. 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 of the Company financial statements of UniCredit S.p.A.

## Highlights, alternative performance indicators and other measures

### Income statement

	YEAR		% CHANGE
	2020	2019	
Operating income	10,961	9,731	+ 12.6%
<i>of which:</i>			
- net interest	3,461	3,818	- 9.3%
- dividends and other income from equity investments	3,669	1,844	+ 99.0%
- net fees and commissions	3,559	3,802	- 6.4%
Operating costs	(4,544)	(4,725)	- 3.8%
Operating profit (loss)	6,417	5,006	+ 28.2%
Net write-downs on loans and provisions for guarantees and commitments	(2,737)	(2,659)	+ 2.9%
Net operating profit (loss)	3,680	2,347	+ 56.8%
Profit (Loss) before tax	(3,041)	(256)	n.m.
<b>Net profit (loss)</b>	<b>(2,732)</b>	<b>(555)</b>	<b>n.m.</b>

# Introduction and highlights

The figures in this table refer to the reclassified income statement. The amounts related to year 2019 differ from the ones published at that time. For further details refer to “Reconciliation principles followed for the reclassified income statement”. In Annex 1 is included the reconciliation between the reclassified accounts and the mandatory reporting schedule.

## Balance sheet

	(€ million)		
	AMOUNTS AS AT		
	12.31.2020	12.31.2019	% CHANGE
Total assets	452,069	414,474	+ 9.1%
Financial assets held for trading	11,238	12,678	- 11.4%
Loans and receivables with customers	208,244	229,625	- 9.3%
Financial liabilities held for trading	9,671	13,403	- 27.8%
Deposits from customers and debt securities issued	278,736	270,205	+ 3.2%
<i>of which:</i>			
- <i>deposits from customers</i>	219,717	215,696	+ 1.9%
- <i>debt securities issued</i>	59,019	54,509	+ 8.3%
<b>Shareholders' equity</b>	<b>49,493</b>	<b>51,519</b>	<b>- 3.9%</b>

The figures in this table refer to the reclassified balance sheet. For further details refer to “Reconciliation principles followed for the reclassified balance sheet”. In Annex 1 is included the reconciliation between the reclassified accounts and the mandatory reporting schedule.

## Profitability ratios

	YEAR		CHANGE
	2020	2019	
EPS <sup>(1)</sup> (€)	(1.282)	(0.306)	- 0.976
Cost/Income ratio <sup>(2)</sup>	41.5%	48.6%	- 7.1%
ROA <sup>(3)</sup>	- 0.6%	- 0.1%	- 0.5%

### Notes:

(1) Earnings per share. For further details refer to Part C - Section 22.

(2) Ratio between operating expenses and operating income.

(3) Return on assets calculated as the ratio between Net profit (loss) and Total assets pursuant to Art.90 of CRD IV.

## Risk ratios

	AS AT		% CHANGE ON
	12.31.2020	12.31.2019	
Net bad loans to customers/Loans to customers	0.3%	0.4%	- 0.1%
Net non-performing loans to customers/Loans to customers	1.8%	2.0%	- 0.2%

For further details refer to table “Loans to customers - Credit quality” in paragraph “Credit quality” in this Report on operations.



## Introduction and highlights

## Staff and branches

	AS AT		CHANGE
	12.31.2020	12.31.2019	
Number of employees	33,842	35,707	-1,865
Number of branches	2,569	2,746	-177
of which:			
- Italy	2,561	2,738	-177
- Other countries	8	8	-

## Transitional capital ratios

	AS AT		CHANGE
	12.31.2020 <sup>(*)</sup>	12.31.2019 <sup>(*)</sup>	
Total own funds (€ million)	56,161	59,156	- 2,995
Total risk-weighted assets (€ million)	183,065	204,944	- 21,879
<b>Common Equity Tier 1 Capital Ratio</b>	<b>22.50%</b>	<b>21.11%</b>	<b>+ 1.4%</b>
<b>Total Capital Ratio</b>	<b>30.68%</b>	<b>28.86%</b>	<b>+ 1.8%</b>

## 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). Therefore the values shown fully reflect the impact arising from the application of the IFRS9 principle.

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 Financial assets at amortised cost: a) Loans and receivables with banks net of debt securities reclassified in "Other financial assets";
- the inclusion in "Loans to customers" of Financial assets at amortised cost: b) Loans and receivables with customers net of debt securities reclassified in "Other financial assets" of loans reclassified from "Other financial assets - Item 20 c)" and leasing asset IFRS16 b) loans to customers reclassified in "Other financial assets";
- the aggregation as "Other financial assets" of (i) "Financial assets at fair value through profit and 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" and of (iii) "Equity investments", (iv) "Financial assets at amortised cost" - debt securities a) loans to banks and b) loans to customers and - leasing liabilities IFRS16 b) loans to customers;
- The inclusion in item "Other financial liabilities" of leasing liabilities IFRS16 related to item 10. Financial liabilities at amortised cost: a) deposits from banks and b) deposits from customers;
- grouping under "Hedging instruments", both assets and liabilities, of Hedging derivatives and Changes in fair value of portfolio hedged items;
- the inclusion of Provision for employee severance pay and Provisions for risks and charges under Item "Other liabilities".

### Reclassified balance sheet

(€ million)

ASSETS	AMOUNTS AS AT		CHANGE	
	12.31.2020	12.31.2019	AMOUNT	%
Cash and cash balances	61,416	2,395	+ 59,021	n.m.
Financial assets held for trading	11,238	12,678	- 1,440	- 11.4%
Loans to banks	35,285	38,637	- 3,352	- 8.7%
Loans to customers	208,244	229,625	- 21,381	- 9.3%
Other financial assets	108,721	104,199	+ 4,522	+ 4.3%
Hedging instruments	8,567	7,311	+ 1,256	+ 17.2%
Property, plant and equipment	3,999	4,172	- 173	- 4.1%
Goodwill	-	-	-	-
Other intangible assets	6	4	+ 2	+ 50.0%
Tax assets	10,664	10,405	+ 259	+ 2.5%
Non-current assets and disposal groups classified as held for sale	255	1,142	- 887	- 77.7%
Other assets	3,674	3,906	- 232	- 5.9%
<b>Total assets</b>	<b>452,069</b>	<b>414,474</b>	<b>+ 37,595</b>	<b>+ 9.1%</b>

(€ million)

LIABILITIES AND SHAREHOLDERS' EQUITY	AMOUNTS AS AT		CHANGE	
	12.31.2020	12.31.2019	AMOUNT	%
Deposits from banks	89,279	57,571	+ 31,708	+ 55.1%
Deposits from customers	219,717	215,696	+ 4,021	+ 1.9%
Debt securities issued	59,019	54,509	+ 4,510	+ 8.3%
Financial liabilities held for trading	9,671	13,403	- 3,732	- 27.8%
Other financial liabilities	6,074	5,090	+ 984	+ 19.3%
Hedging instruments	9,462	7,608	+ 1,854	+ 24.4%
Tax liabilities	3	1	+ 2	n.m.
Liabilities included in disposal groups classified as held for sale	-	-	-	-
Other liabilities	9,351	9,077	+ 274	+ 3.0%
Shareholders' equity:	49,493	51,519	- 2,026	- 3.9%
- capital and reserves	52,225	52,074	+ 151	+ 0.3%
- net profit (loss)	(2,732)	(555)	- 2,177	n.m.
<b>Total liabilities and Shareholders' equity</b>	<b>452,069</b>	<b>414,474</b>	<b>+ 37,595</b>	<b>+ 9.1%</b>

## Reclassified company accounts

## Reclassified balance sheet - Quarterly figures

(€ million)

ASSETS	AMOUNTS AS AT				AMOUNTS AS AT			
	12.31.2020	09.30.2020	06.30.2020	03.31.2020	12.31.2019	09.30.2019	06.30.2019	03.31.2019
Cash and cash balances	61,416	1,873	1,982	2,196	2,395	6,265	10,675	6,079
Financial assets held for trading	11,238	13,235	11,743	14,289	12,678	16,474	14,023	14,231
Loans to banks	35,285	51,566	48,778	32,217	38,637	31,268	26,875	27,353
Loans to customers	208,244	218,211	221,436	229,435	229,625	227,973	218,425	220,890
Other financial assets	108,721	108,521	108,776	107,152	104,199	104,994	105,962	106,841
Hedging instruments	8,567	8,666	8,663	8,460	7,311	9,460	7,969	6,939
Property, plant and equipment	3,999	4,011	4,052	4,118	4,172	3,709	3,610	3,660
Goodwill	-	-	-	-	-	-	-	-
Other intangible assets	6	5	4	4	4	3	3	4
Tax assets	10,664	10,476	10,457	10,539	10,405	10,175	10,495	10,562
Non-current assets and disposal groups classified as held for sale	255	543	354	464	1,142	1,267	167	49
Other assets	3,674	7,202	7,632	3,741	3,906	4,793	5,402	4,210
<b>Total assets</b>	<b>452,069</b>	<b>424,309</b>	<b>423,877</b>	<b>412,615</b>	<b>414,474</b>	<b>416,381</b>	<b>403,606</b>	<b>400,818</b>

(€ million)

LIABILITIES AND SHAREHOLDERS' EQUITY	AMOUNTS AS AT				AMOUNTS AS AT			
	12.31.2020	09.30.2020	06.30.2020	03.31.2020	12.31.2019	09.30.2019	06.30.2019	03.31.2019
Deposits from banks	89,279	75,869	80,724	72,546	57,571	58,735	55,941	61,873
Deposits from customers	219,717	199,055	196,645	196,246	215,696	201,309	201,519	197,321
Debt securities issued	59,019	58,787	54,948	53,668	54,509	57,160	54,702	55,190
Financial liabilities held for trading	9,671	10,806	11,067	13,038	13,403	13,263	9,666	10,312
Other financial liabilities	6,074	6,306	5,975	4,336	5,090	6,205	6,597	6,497
Hedging instruments	9,462	9,329	9,291	8,810	7,608	10,014	8,956	7,518
Tax liabilities	3	4	4	3	1	3	3	3
Liabilities included in disposal groups classified as held for sale	-	-	23	-	-	-	-	-
Other liabilities	9,351	12,266	13,278	12,334	9,077	14,561	11,559	9,757
Shareholders' equity:	49,493	51,887	51,922	51,634	51,519	55,131	54,663	52,347
- capital and reserves	52,225	52,370	52,460	52,809	52,074	51,345	51,049	51,744
- net profit (loss)	(2,732)	(483)	(538)	(1,175)	(555)	3,786	3,614	603
<b>Total liabilities and Shareholders' equity</b>	<b>452,069</b>	<b>424,309</b>	<b>423,877</b>	<b>412,615</b>	<b>414,474</b>	<b>416,381</b>	<b>403,606</b>	<b>400,818</b>

# 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:

- in “Dividends and other income from equity investments” the exclusion of dividends on equity investments, shares and equity instruments mandatorily at fair value which are included in “Net trading income”;
- the inclusion in the “Net other operating expenses/income” of other operating expenses/income, excluding “Recovery of expenses” which is classified under its own item, the exclusion of the costs for Write-downs on leasehold improvements, classified among “Other administrative expenses” and the exclusion of net results from trading of physical gold, precious stones and metals classified among “Net income from investments”;
- presentation of “Payroll costs”, “Other administrative expenses”, “Amortisation, depreciation and impairment losses on tangible and intangible assets” and “Other charges and provisions” net of any “Integration costs” relating to the reorganisation operations, classified as a separate item;
- the exclusion from the “Other administrative expenses” of the Contributions to the Resolution Funds (SRF), the Deposit Guarantee Schemes (DGS) and the Guarantee fees for DTA reclassified in item “Other charges and provision”;
- the exclusion from “Amortisation, depreciation and impairment losses on intangible and tangible assets” of property related to operating lease assets, which are reclassified among “Net income from investments”;
- in “Net write-downs on loans and provisions for guarantees and commitments”, the inclusion of net losses/recoveries on financial assets at amortised cost and at fair value through other comprehensive income net of debt securities, the gains (losses) on disposal and repurchase of non-performing financial assets at amortised cost, net of debt securities, and of net provisions for risks and charges of commitments and financial guarantees given;
- the inclusion in “Net income from investments”, together with gains (losses) on equity investments and on disposal of investments, of write-downs and write-backs on financial assets at amortised cost and at fair value through other comprehensive income - debt securities and of gains (losses) on tangible and intangible assets measured at fair value;
- the inclusion among “Net 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 the 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 and (v) of the interest income and expenses deriving from Trading Book instruments, excluded the economical hedging or funding banking book positions.

Figures of Reclassified income statement have been restated, starting from June 2020 and with reference to 2019 quarters and first quarter 2020, for interest income and expenses deriving from Trading Book instruments, excluded the economical hedging or funding banking book positions, that have been classified to the item “Net trading income”.

## Reclassified company accounts

## Reclassified income statement

(€ million)

	YEAR		CHANGE	
	2020	2019	P&L	%
Net interest	3,461	3,818	- 357	- 9.3%
Dividends and other income from equity investments	3,669	1,844	+ 1,825	+ 99.0%
Net fees and commissions	3,559	3,802	- 243	- 6.4%
Net trading income	440	358	+ 82	+ 22.8%
Net other expenses/income	(168)	(91)	- 77	+ 84.6%
<b>OPERATING INCOME</b>	<b>10,961</b>	<b>9,731</b>	<b>+ 1,230</b>	<b>+ 12.6%</b>
Payroll costs	(2,692)	(2,756)	+ 64	- 2.3%
Other administrative expenses	(1,959)	(2,130)	+ 171	- 8.0%
Recovery of expenses	442	480	- 38	- 7.9%
Amortisation, depreciation and impairment losses on intangible and tangible assets	(335)	(319)	- 16	+ 5.0%
<b>Operating costs</b>	<b>(4,544)</b>	<b>(4,725)</b>	<b>+ 181</b>	<b>- 3.8%</b>
<b>OPERATING PROFIT (LOSS)</b>	<b>6,417</b>	<b>5,006</b>	<b>+ 1,411</b>	<b>+ 28.2%</b>
Net write-downs on loans and provisions for guarantees and commitments	(2,737)	(2,659)	- 78	+ 2.9%
<b>NET OPERATING PROFIT (LOSS)</b>	<b>3,680</b>	<b>2,347</b>	<b>+ 1,333</b>	<b>+ 56.8%</b>
Other charges and provisions	(583)	(752)	+ 169	- 22.5%
<i>of which: systemic charges</i>	<i>(453)</i>	<i>(386)</i>	<i>- 67</i>	<i>+ 17.4%</i>
Integration costs	(1,345)	(114)	- 1,231	n.m.
Net income from investments	(4,793)	(1,737)	- 3,056	n.m.
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>(3,041)</b>	<b>(256)</b>	<b>- 2,785</b>	<b>n.m.</b>
Income tax for the period	309	(299)	+ 608	n.m.
<b>PROFIT (LOSS) AFTER TAX</b>	<b>(2,732)</b>	<b>(555)</b>	<b>- 2,177</b>	<b>n.m.</b>
Profit (Loss) from non-current assets held for sale after tax	-	-	-	-
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>(2,732)</b>	<b>(555)</b>	<b>- 2,177</b>	<b>n.m.</b>
Goodwill impairment	-	-	-	-
<b>NET PROFIT (LOSS)</b>	<b>(2,732)</b>	<b>(555)</b>	<b>- 2,177</b>	<b>n.m.</b>

## Reclassified company accounts

## Reclassified income statement - Quarterly figures

(€ million)

	2020				2019			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net interest	822	851	891	897	907	936	970	1,004
Dividends and other income from equity investments	(179)	90	3,593	165	9	(3)	1,468	370
Net fees and commissions	903	882	795	979	996	939	950	917
Net trading income	155	101	131	53	92	125	(31)	173
Net other expenses/income	(72)	(12)	(76)	(8)	(29)	(12)	(25)	(25)
<b>OPERATING INCOME</b>	<b>1,629</b>	<b>1,912</b>	<b>5,334</b>	<b>2,086</b>	<b>1,975</b>	<b>1,985</b>	<b>3,332</b>	<b>2,439</b>
Payroll costs	(642)	(663)	(689)	(698)	(691)	(682)	(690)	(693)
Other administrative expenses	(498)	(493)	(485)	(483)	(540)	(524)	(533)	(533)
Recovery of expenses	120	107	112	103	124	113	121	122
Amortisation, depreciation and impairment losses on intangible and tangible assets	(83)	(76)	(94)	(82)	(80)	(83)	(79)	(77)
<b>Operating costs</b>	<b>(1,103)</b>	<b>(1,125)</b>	<b>(1,156)</b>	<b>(1,160)</b>	<b>(1,187)</b>	<b>(1,176)</b>	<b>(1,181)</b>	<b>(1,181)</b>
<b>OPERATING PROFIT (LOSS)</b>	<b>526</b>	<b>787</b>	<b>4,178</b>	<b>926</b>	<b>788</b>	<b>809</b>	<b>2,151</b>	<b>1,258</b>
Net write-downs on loans and provisions for guarantees and commitments	(1,132)	(424)	(537)	(644)	(1,361)	(401)	(585)	(312)
<b>NET OPERATING PROFIT (LOSS)</b>	<b>(606)</b>	<b>363</b>	<b>3,641</b>	<b>282</b>	<b>(573)</b>	<b>408</b>	<b>1,566</b>	<b>946</b>
Other charges and provisions	(105)	(150)	(142)	(186)	(248)	(111)	(190)	(203)
<i>o/w systemic charges</i>	(26)	(161)	(103)	(163)	(38)	(108)	(73)	(167)
Integration costs	(25)	(38)	(4)	(1,278)	(113)	-	(1)	-
Net income from investments	(1,669)	(180)	(2,902)	(42)	(3,404)	(10)	1,692	(15)
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>(2,405)</b>	<b>(5)</b>	<b>593</b>	<b>(1,224)</b>	<b>(4,338)</b>	<b>287</b>	<b>3,067</b>	<b>728</b>
Income tax for the period	156	60	44	49	(3)	(115)	(56)	(125)
<b>PROFIT (LOSS) AFTER TAX</b>	<b>(2,249)</b>	<b>55</b>	<b>637</b>	<b>(1,175)</b>	<b>(4,341)</b>	<b>172</b>	<b>3,011</b>	<b>603</b>
Profit (Loss) from non-current assets held for sale, after tax	-	-	-	-	-	-	-	-
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>(2,249)</b>	<b>55</b>	<b>637</b>	<b>(1,175)</b>	<b>(4,341)</b>	<b>172</b>	<b>3,011</b>	<b>603</b>
Goodwill impairment	-	-	-	-	-	-	-	-
<b>NET PROFIT (LOSS)</b>	<b>(2,249)</b>	<b>55</b>	<b>637</b>	<b>(1,175)</b>	<b>(4,341)</b>	<b>172</b>	<b>3,011</b>	<b>603</b>

# Results of the year

## Main results and performance for the period

### The income statement

#### Breakdown of operating profit

Net operating profit (loss) at 31 December 2020 totaled €3,680 million, up +€1,333 million on the previous year. The Operating profit totaled €6,417 million (+€1,411 million year on year, +28.2%) and Net write-downs of loans amounted to -€2,737 million (down -€78 million versus December 2019).

The annual increase in the Operating profit (loss) on December 2020 is attributable to the increase in Operating income (+€1,230 million) and the decrease in Operating costs (+€181 million).

#### Net operating profit (loss)

	YEAR		CHANGE	
	2020	2019	P&L	%
	(€ million)			
<b>OPERATING INCOME</b>	<b>10,961</b>	<b>9,731</b>	<b>+ 1,230</b>	<b>+ 12.6%</b>
Operating costs	(4,544)	(4,725)	+ 181	- 3.8%
<b>OPERATING PROFIT (LOSS)</b>	<b>6,417</b>	<b>5,006</b>	<b>+ 1,411</b>	<b>+ 28.2%</b>
Net write-downs of loans and provisions for guarantees and commitments	(2,737)	(2,659)	- 78	+ 2.9%
<b>NET OPERATING PROFIT (LOSS)</b>	<b>3,680</b>	<b>2,347</b>	<b>+ 1,333</b>	<b>+ 56.8%</b>

#### Operating income

At 31 December 2020 Operating income totaled €10,961 million, up +€1,230 million (+12.6%) on the previous year. The increase was mainly attributable to the increase of Dividends and other income from equity investments (+€1,825 million), partially offset by the reduction in Net Interest (-€357 million) and Net fees and commissions (-€243 million).

Net interest at December 2020 amounted to €3,461 million, down compared to the previous year (-9.3%). In a context of a persistent negative interest rates scenario and economic contraction due to the persistence of Covid-19 pandemic disease, the increase of medium long term loans volumes, mainly driven by the increasing recourse to government-guaranteed credit, was not enough to balance short term loans rates and volumes compression, in particular related to non-financial corporations. Net Interest result was also impacted by time value and impaired assets interests decrease as a consequence of Non-Core portfolio rundown activities.

In 2020, deposits from both households and non-financial corporations showed an acceleration in the rate of expansion: the growth in deposits followed the strong increase in savings, especially household savings, as a consequence of the pandemic and the lockdown, which led to a decrease in sales of goods and services.

During the year, the Bank completed the medium/long term Financial Plan execution, using different structures and maturities so (i) to minimize concentration risk and (ii) to benefit from its creditworthiness towards Institutional Investors.

To strengthen the amount of eligible instruments according to TLAC regulation, in January the Bank placed with success a Dual Tranche Senior Non-Preferred issue, the first for an amount of €1,250 million, 6-year maturity and callable after 5 years, the second one for an amount of €750 million, 10-year maturity. In addition, in June UniCredit S.p.A. issued a benchmark Senior Preferred bond, amounted to €1,250 million, 6-year maturity and callable after 5 years; in July a Senior Preferred bond, 7-year maturity and callable after 6 years for an amount of €1,000 million, as "private placement" and, in addition, a benchmark Senior Non-Preferred, 7-year maturity and callable after 6 years for an amount of €1,250 million; at the end, in September, a benchmark Senior Non-preferred, maturity 6-year and callable after 5 years, amounted to \$1,000 million.

About subordinated bonds, in January 2020 the Bank launched a new issue of Tier 2 subordinated bond with 12-year maturity and callable after 7 years, for an amount of €1,250 million. In February, in addition, UniCredit S.p.A. launched an Additional Tier 1 Perpetual Non-Call (so-called Non-Cumulative Temporary Write-Down Deeply Subordinated Fixed Rate Resettable Notes), callable up to June 2027 for a total amount of €1,250 million. In addition, in June the Bank placed a subordinated Tier 2 bond for an amount of \$1,500 million, 15-year maturity and callable after 10 years.

All 2020 issues of bonds allowed to fully respect the different regulatory requirements, maintaining at the same time a high level of liquidity.

# Results of the year

Dividends recorded in 2020 totaled €3,669 million, up to €1,825 million year on year. The increase was mainly due to ordinary and extraordinary dividends distributed by UniCredit Bank AG, amounted to +€3,288 million (€2,768 million compared to 2019).

Net fees and commissions income and expense at 31 December 2020 amounted to €3,559 million, down -€243 million (-6.4%) year-on-year, strongly influenced by the containment measures related to the Covid-19 pandemic. This decrease was due to Asset management, custody and administration services (-€199 million), driven by insurance products, mutual funds fees and trading and placements securities, and to Collection and payment services (-€53 million).

Net trading income at December 2020 (+€440 million) was essentially attributable to the gains from investment portfolio (+€128 million), hedging activity in derivatives with customers (+€106 million), the effects of the revaluation of the issuance of Additional Tier1 of UniCredit Bank Ag (+€97 million) and Certificates and their derivatives (+€72 million). In 2020, the effects of the revaluation of the hedging derivative related to the issuance in USD of Additional Tier1 instruments amounted to -€10 million.

In addition, income related to the revaluation of Visa Inc. amounted to +€7 million and losses referred to the valuation of Webuild S.p.A. (Ex Salini Impregilo) were equal to -€20 million.

In 2020 losses related to XVA - Credit, Funding and Debt Value Adjustment, amounting to -€42 million, were recorded, partially offset by gains from relative hedging activity (+€26 million).

Overall, Net trading income increased by +€82 million compared to the previous year.

The mainly changes in comparison with 2019 are attributable to the following:

- +€97 million related to Additional Tier 1 of UniCredit Bank AG;
- +€28 million related to the revaluation of equity portfolio;
- +€18 million due to higher gains from investment portfolio;
- -€33 million due to Certificates and their derivatives.

The balance of other operating income and charges at December 2020 amounted to -€168 million, decreasing by -€77 million year-on-year. The main impacts in 2020 are due to charges and income related to company activities (mainly compensation, rebates, services provided, recoveries, rents) totaling -€90 million.

## Operating costs

The total of Operating costs at December 2020 amounted to -€4,544 million, decreasing of -€181 million (-3.8%) compared to the previous year; the year was also affected by approximately -€85 million of extraordinary costs related to Covid-19. Staff expenses, amounted to -€2,692 million, decreased compared to 2019 of about -€64 million (-2.3%), mainly due to the effect of staff structure reduction.

Full Time Equivalent (FTE) evolution stands at 32,545 at 31 December 2020 and showed a decrease of about 1,781 FTE year-on-year thanks to multiyear personnel exit plan linked with Team23.

Other administrative expenses in 2020 recorded -€1,959 million, down -€171 million (-8.0%) compared to 2019. The decrease was concentrated on credit recovery costs (-111 million), back office activities (-57 million) and to real estate expenses (-17 million).

Recovery of expenses, amounting to €442 million, decreased (-€38 million and -7.9% compared to the previous year), primarily for less recovery on credit recovery expenses and on stamp duties, partially balanced by real estate recoveries increase.

Amortization, depreciation and impairment losses on intangible and tangible assets amounted to -€335 million, increasing (+5.0%) compared to the previous year connected with the revaluation of real estate assets following the application, starting from 2019, of the revaluation model for the properties used in business (of the IAS16).

## Net impairment losses on loans

At the end of December 2020 net write-downs on loans and provisions for guarantees and commitments sum up to -€2,737 million, increased by -€78 million (+2.9%) in respect of previous year.

It should be noted that considering the elements of high uncertainty affecting the current environment, with the possibility that the slowdown in the economy will determine a deterioration of the credit portfolio quality, with a consequent increase of non performing loans incidence during 2020, it was recognised:

- -€274 millions of write-down due to the assessment of the significant increase in credit risk, which determines the classification of the credit exposures in Stage 2 and the resulting calculation of loan loss provision determined considering the overall residual life of the credit exposures, such assessment has been performed considering indicators of counterparty financial strength and the economic sector, this in order to represent the asymmetric effects that lockdown measures have on the different economic sectors and to grant a proper valuation of credit risk also in the



# Results of the year

context of Moratoria measures that, by providing payment holidays, can defer the occurrence of events indicating a significant deterioration of the counterparty credit quality; for additional details refer to Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter;

- -€504 millions of write-down referred to the update of the macroeconomic scenarios (of which -€486 million recognised in the first quarter 2020) used for loan loss provision calculation in compliance with IFRS9 that requires to consider the future evolution of the economic cycle also recurring to multiple scenarios. In this context a base scenario, which is the central reference scenario considered most likely, a positive scenario and a negative scenario have been elaborated. These positive and negative scenarios differ from the base scenario in term of evolution of the economies in which the Group operates as a result of the effects of the Covid-19 pandemics, vaccine distribution and economic policies followed by the governments. For additional details refer to Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part A - Accounting policies, A.1 General, Section 1 - Statement of compliance with IFRS;
- -€366 millions of write-down related to the effects of the inclusion of the evaluation effects connected with the new definition of default which, although entering into force from 1 January 2021, determines the knowledge of new elements and more stringent criteria for the classification of the counterparty risk, therefore the related valuation effects were already recognised in the write-down; for more details refer to the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidation perimeter;
- -€473 millions of write-down linked to the update of the selling scenarios referred to the exposures for which the Group strategy foresees the recovery through their disposal on the market. In this case the recoverable amount of exposures classified as Bad loans and Unlikely to Pay is determined considering the expected sale prices weighted for the probabilities of disposal evidenced by the already mentioned Group strategy. In this context, on 31 December 2020, the Group has updated its 2021 -2023 disposal plan by (i) confirming its intention, already manifested in 2019 financial year, to fully run-down the so called "Non Core" portfolio by the end of 2021 financial year and (ii) foreseeing the disposal of non-performing loans belonging to the "Core" perimeter for which recovery was expected through the work-out. This circumstance has determined the recognition of additional write-downs mainly related to the Core portfolio. For additional details refer to paragraph "Aspects relating to the valuation of credit exposures as at 31 December 2020" in the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part E - Information on risks and hedging policies, Section 1 - Risks of the accounting consolidated perimeter, Quantitative information.

Cost of risk (measured in respect of medium volume of credits with customers) is equal to 1.23%.

## Net profit (loss)

In the table below, the data showing the transition from operating profit (loss) to net profit (loss) have been reclassified for illustrative purposes.

### Net profit (loss)

	YEAR		CHANGE	
	2020	2019	P&L	%
<b>NET OPERATING PROFIT (LOSS)</b>	<b>3,680</b>	<b>2,347</b>	<b>+ 1,333</b>	<b>+ 56.8%</b>
Other charges and provisions	(583)	(752)	+ 169	- 22.5%
Integration costs	(1,345)	(114)	- 1,231	n.m.
Net income from investments	(4,793)	(1,737)	- 3,056	n.m.
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>(3,041)</b>	<b>(256)</b>	<b>- 2,785</b>	<b>n.m.</b>
Income tax for the period	309	(299)	+ 608	n.m.
<b>PROFIT (LOSS) AFTER TAX</b>	<b>(2,732)</b>	<b>(555)</b>	<b>- 2,177</b>	<b>n.m.</b>
Profit (Loss) from non-current assets held for sale after tax	-	-	-	-
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>(2,732)</b>	<b>(555)</b>	<b>- 2,177</b>	<b>n.m.</b>
Goodwill impairment	-	-	-	-
<b>NET PROFIT (LOSS)</b>	<b>(2,732)</b>	<b>(555)</b>	<b>- 2,177</b>	<b>n.m.</b>

## Other charges and provisions

Other charges and provisions, amounting to -€583 million, down compared to -€752 million in 2019, considered the Deposit Guarantee Scheme (DGS) contribution to Fondo Interbancario di Tutela dei Depositi - "FITD" (-€134 million), the ordinary and extraordinary contribution to the Single Resolution Fund (-€212 million) and other provisions for litigations, lawsuits, disputes, incidents and claims in which the Bank is passive subject.

# Results of the year

## Integration costs

Integration costs amounted to -€1,345 million, are mainly attributable to the charges for the incentives referred to multiyear personnel exit plan "Team 23".

## Net income (losses) from investments

Net income from investments was -€4,793 million, down -€3,056 million compared to 2019.

In 2020 write-downs on equity regarding, in particular, UniCredit Bank AG (-€3,972 million) UniCredit Bank Austria (-€404 million) and UniCredit Leasing S.p.A. (-€483 million) were recorded, partially offset by profit related to 11,93% stake Yapi Ve Kredi Bankasi sale (+€110 million) and write-backs on equity regarding Cordusio SIM S.p.A. (+€42million).

## Taxes on income

Taxes on income for 2020 reports a positive amount of €309 million, with respect to the negative amount of €299 million in 2019, this amount is mainly composed by:

- a negative IRES (current and deferred taxes) value of -€2 million. The current IRES generate a tax loss for a total of €1,401 million in terms of taxes, of which €1,235 million produced by tax cases from Income statement items. This tax loss has been produced for €673 million of taxes by the reversal of convertible deferred tax assets and generates a tax credit from transformation as per Art.2 par.56-bis of Law Decree 29 December 2010, No.225 and subsequent amendments, while the residual tax loss at Income statement of €562 million of taxes can be registered only for an amount of €4 million following the execution of the sustainability test, the remaining amount of €558 million has been completely subject to impairment as it was considered not sustainable. The movement of deferred tax assets and liabilities of the period amounts totally at -€672 million to which it has to be added an impairment of -€7 million on the pre-existing deferred tax assets following the sustainability test;
- a positive IRAP (current and deferred taxes) of €51 million, with current IRAP equal to zero as the taxable base is negative, +€33 million for the registration of the credit deriving from the negative taxable amount generated by the reversal of transformable deferred tax assets as per Art.2 par.56-bis.1 of Law Decree 29 December 2010, No.225 and subsequent amendments and +€18 million by the movement of deferred tax;
- net extraordinary income of €58 million, resulting from the effect of the reconsideration in the tax return of tax cases relating to the 2019 financial year for which it was only possible to estimate the taxes in the presence of non-definitive information and from the recognition of previous tax losses subject to impairment as not sustainable and then recognised through tax consolidation;
- tax credit deriving from the conversion of the "Aiuto alla Crescita Economica" (ACE) benefit into IRAP tax credit for €25 million for ACE 2019 that it could not have been recognised as non-sustainable if not transformed for IRAP purposes, with the addition of €79 million deriving from the positive ACE tax ruling obtained by Agenzia delle Entrate;
- a benefit of €110 million resulting from the transformation into tax credits of the tax losses as per Law Decree 17 March 2020 No.18, and the subsequent amendment contained in Law 13 October 2020 No.126.

For further details about taxes 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 2020, **loans to customers** totalled €208,244 million, in decrease of -€21,381 million (-9.3%) compared to 31 December 2019.

#### Loans and advances to customers

	AMOUNTS AS AT		CHANGE	
	12.31.2020	12.31.2019	AMOUNT	%
Performing loans	174,108	170,555	+ 3,553	+ 2.1%
Repos	30,469	54,363	- 23,894	- 44.0%
Non-performing exposures	3,667	4,707	- 1,040	- 22.1%
<b>Total loans and receivables with customers</b>	<b>208,244</b>	<b>229,625</b>	<b>- 21,381</b>	<b>- 9.3%</b>

More specifically:

- **performing loans** recorded an increase of €+3,553 million (+2.1%);
- **reverse repos** recorded a decrease of -€23,894 million (-44.0%);
- **impaired assets** recorded a decrease of -€1,040 million (-22.1%).

**Performing loans** (€174,108 million at 31 December 2020) included €1,802 million due from 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 2020 the aforementioned receivables from Special Purpose Vehicle (S.P.V.) increased by €660 million compared to 31 December 2019. The increase is due to the normal management of securitisation transactions.

**Reverse repos** amounted to €30,469 million at 31 December 2020 (€54,363 million at the end of 2019), 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 2020 amounted to €3,667 million and came to 1.8% of the total amount of loans to customers. They mainly referred to the business segment.

The decrease of -€1,040 million (-22.1% in comparison to €4,707 million at the end of December 2019) is mainly due to the intense activity of the Bank aimed at reducing impaired credit exposures, also through the objective of total Rundown of the Non Core portfolio (by 2021) which in 2020 recorded a reduction in the book value for about -€770 million.

For further information regarding the evolution of the impaired loans refer to Notes to the accounts Part E - Information on risks and hedging policies, Section 1 - Credit Risk, table "A.1.2 Breakdown of financial assets by portfolio and credit quality (gross and net values)".

### Credit quality

As at 31 December 2020, the gross book value (GBV) of the Non-Performing Exposures (NPE) amounts to €11,532 million, representing 5.3% of total GBV loans to customers (down from 6.4% at year-end 2019). The non-performing exposures do not incorporate the new definition of default classification applicable from 1 January 2021. However, if the new classification criteria had been implemented as at 31 December 2020, the NPE ratio would have been 5.8%, higher than the one really detected (5.3%).

The ratio of non-performing loans (GBV) amounted to 2.0% of total loans to customers (2.6% at 31 December 2019) loans classified as unlikely to pay amounted to 3.1% of total loans (3.6% at 31 December 2019), while impaired past due exposures amounted to 0.18% of total loans (0.19% at 31 December 2019).

The coverage ratio of impaired loans (specific write-downs to face value) came to around 68.2%, down on the 69.4% figure recorded at 31 December 2019 and consisting of 85.7% of non-performing loans, 58.8% of loans classified as unlikely to pay and 37.3% of impaired past due exposures.

## Results of the year

Performing loans, which amounted to €206,716 million at GBV (€226,112 million at 31 December 2019), were written down, at 31 December 2020, by a total of €2,139 million, with a coverage ratio of 1.0% (0.5% at 31 December 2019).

For further information concerning the coverage evolution on performing loans, refer to Notes to the accounts Part E - Information on risks and hedging policies, Section 1 - Credit Risk, table "A.1.2 Breakdown of financial assets by portfolio and credit quality (gross and net values)".

Overall, therefore, total Loans to customers at 31 December 2020 stood at €218,248 million, with value adjustments of €10,004 million taking the general level of coverage for Loans to Customers to 4.6% (4.9% at 31 December 2019).

The overall reduction in the coverage ratio is substantially due to the contraction of the impact of impaired loans on the aggregate of Loans to customers.

For the management and recovery of problematic loans (non-performing and unlikely to pay), the Bank uses also the services offered by doValue S.p.A., a bank specialised in loan recovery.

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
<b>As at 12.31.2020<sup>(*)</sup></b>						
Gross exposure	4,357	6,773	402	11,532	206,716	218,248
as a percentage of total loans	2.00%	3.10%	0.18%	5.28%	94.72%	
Write-downs	3,733	3,982	150	7,865	2,139	10,004
as a percentage of face value	85.68%	58.80%	37.30%	68.20%	1.03%	
Carrying value	624	2,790	252	3,667	204,577	208,244
as a percentage of total loans	0.30%	1.34%	0.12%	1.76%	98.24%	
<b>As at 12.31.2019<sup>(*)</sup></b>						
Gross exposure	6,340	8,563	466	15,369	226,112	241,480
as a percentage of total loans	2.63%	3.55%	0.19%	6.36%	93.64%	
Write-downs	5,384	5,123	155	10,662	1,194	11,856
as a percentage of face value	84.92%	59.83%	33.22%	69.37%	0.53%	
Carrying value	956	3,440	311	4,707	224,918	229,625
as a percentage of total loans	0.42%	1.50%	0.14%	2.05%	97.95%	

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 increase for the combined effect of increase attributable to operating units in Italy (€1,175 million) and increase due to operating units abroad (€7,356 million).

## Deposits from customers and debt securities in issue

(€ million)

	AMOUNTS AS AT		CHANGE	
	12.31.2020	12.31.2019	AMOUNT	%
Deposits from customers	219,717	215,696	+ 4,021	+ 1.9%
Debt securities in issue	59,019	54,509	+ 4,510	+ 8.3%
<b>Total deposits from customers and debt securities in issue</b>	<b>278,736</b>	<b>270,205</b>	<b>+ 8,531</b>	<b>+ 3.2%</b>

Deposits from customers change due to:

- current accounts and demand deposits, increased by €22,046 million;
- time deposits, reduced by -€80 million;
- repurchase agreements with customers, reduced by -€18,100 million;
- other types of deposits, increased by €155 million.

Debt securities in issue change mainly due to decrease attributable to operating units in Italy (-€2,607 million), driven by bond issues (-€2,125), repos on own issued bonds (-€460), certificates of deposit (-€13 million) and to "buoni fruttiferi" (-€9 million); certificates of deposit with operating units abroad increased by €7,117 million.

## Results of the year

## Other financial assets

In 2020 financial investments showed an increase mainly attributable to increase in bonds and reduction in equity investments.

## Other financial assets

	AMOUNTS AS AT		CHANGE	
	12.31.2020	12.31.2019	AMOUNT	%
Financial assets at fair value through profit or loss - Other financial assets designated at fair value	109	-	+ 109	n.m.
Financial assets at fair value through profit or loss - Other financial assets mandatorily at fair value	4,309	2,019	+ 2,290	n.m.
Financial assets at fair value through other comprehensive income	33,837	31,407	+ 2,430	+ 7.7%
Debt securities and loans at amortised cost	36,741	32,900	+ 3,841	+ 11.7%
Equity investments	33,725	37,873	- 4,148	- 11.0%
<b>Total other financial assets</b>	<b>108,721</b>	<b>104,199</b>	<b>+ 4,522</b>	<b>+ 4.3%</b>

More specifically:

- financial assets designated at fair value are composed by few governative bonds;
- financial assets mandatory at fair value are mainly composed by units in investment funds (€1,465 million) and bonds (€2,248 million, to whom is mainly attributable the change in the year, mainly driven by the subscription of Additional Tier 1 issuances of the subsidiary UniCredit Bank AG);
- financial assets at fair value through other comprehensive income included €32,453 million in debt (increased by €2,596 million primarily due to purchase of government securities) and €1,384 million in equity interests that have undergone an annual decrease of €166 million, mainly attributable to:
  - reduction of Banca d'Italia quotes (-€108 million);
  - fair value changes, of which ABHH Holding (-€51 million);
- debt securities and loans at amortised cost mainly include (i) government securities and have been increased due to purchases in the year and (ii) receivables for subleases deriving from the application of the IFRS16 standard;
- the value of equity investments decreased mainly driven by the combined effects arising from:
  - the write-downs of the investment, of which: UniCredit Bank AG (-€3,972 million), UniCredit Bank Austria Credistanstalt AG (-€404 million), UniCredit Leasing S.p.A. (-€483 million), UniCredit Bank Ireland Plc (-€36 million), UniCredit Turn Around Management Cee GmbH (-€18 million), UniCredit Subito Casa S.p.A. (-€2 million), UniCredit International Luxembourg S.A. (-€2 million), Capital Dev S.p.A. (-€25 million);
  - the write-up of the investment, of which: Cordusio SIM S.p.A. (+€42 million), Pioneer Alternative Investments Management Ltd (+€31 million);
  - new investment in Yapi Ve Kredi Bankasi (€545 million) acquired following the conclusion of the agreements with the Koç family which led to the termination of the Koç Financial Services Joint Venture.

## Interbank position

The Bank recorded, under its financial activities, a net interbank position at the end of 2020 of assets (€35,285 million) and liabilities (€89,279 million) equal to -€53,994 million. Compared with the corresponding figures at the end of 2019 (net equal to -€18,934 million), the balance showed an increase in the net liabilities of -€35,060 million due to the combined effect of the reduction in Loans and receivables with banks (-€3,352 million) and of the increase of Deposits from banks (+€31,708 million).

In this regard, the above Deposits increase was mainly generated by the increase in the participation to TLTRO, from €33,599 million at the end of 2019 to €51,291 million at the end of 2020, following the repayment of TLTROII amount in June 2020 and the simultaneous participation in TLTRO III operations and by the increase in the funding through repo by €13,766 million.

## Interbank position

	AMOUNTS AS AT		CHANGE	
	12.31.2020	12.31.2019	AMOUNT	%
Loans and receivables with banks	35,285	38,637	- 3,352	- 8.7%
Deposits from banks	89,279	57,571	+ 31,708	+ 55.1%
<b>NET INTERBANK POSITION</b>	<b>(53,994)</b>	<b>(18,934)</b>	<b>- 35,060</b>	<b>+ 185.2%</b>

# Results of the year

## Capital and Value Management

### Principles of value creation and disciplined capital allocation

Reference is made to the corresponding paragraph of Consolidated report on operations of UniCredit group which is herewith quoted entirely.

### Capital ratios

#### Transitional own funds and capital ratios

	AS AT	
	12.31.2020 <sup>(*)</sup>	12.31.2019 <sup>(*)</sup>
Common Equity Tier 1 Capital	41,186	43,272
Tier 1 Capital	48,276	49,261
Total own funds	56,161	59,156
Total RWA	183,065	204,944
<b>Common Equity Tier 1 Capital Ratio</b>	<b>22.50%</b>	<b>21.11%</b>
<b>Tier 1 Capital Ratio</b>	<b>26.37%</b>	<b>24.04%</b>
<b>Total Capital Ratio</b>	<b>30.68%</b>	<b>28.86%</b>

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). Therefore the values shown fully reflect the impact arising from the application of the IFRS9 principle.

The negative change with respect to 31 December 2019 equal to €2.1 billion on Common Equity Tier 1 Capital mainly reflects: (i) the loss of 2020 (€3,000 million) including the cash component of the dividends already deducted and (ii) the inclusion of the dividends of 2019 (€1,404 million) no more distributed in line with the recommendation published by European Central Bank, (iii) the negative change due to the payment of Additional Tier 1 capital instruments coupons (€326 million), (iv) the higher deduction for the deferred tax assets that rely on future profitability and not arise from temporary differences (€196 million).

With reference to the Total Own Funds, the negative change with respect to 31 December 2019 equal to €3 billion reflects in addition also the effect deriving from: (i) the new issuance of one subordinated instrument classified in Additional Tier 1 Capital for €1,240 million (ii) new issuance of two subordinated instruments classified as Tier 2 for €2,458 million, (iii) negative effect on Tier 2 Capital deriving from the authorization received by the competent authority to early redeem the instruments IT0005087116 and XS0986063864 for €3,464 million, (iv) the combined negative effect (€725 million) of regulatory amortisation and exchange rate variance on instruments in USD, and (v) other negative impacts for €0.4 billion million mainly related to the change of the consolidation method of Yapi ve Kredi Bankasi A.Ş. from proportional to equity.

UniCredit S.p.A. has registered as at 31 December 2020 a loss equal to 2,732 million, fully recognised in the Own Funds.

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

In particular, in accordance with the ECB recommendation, the cumulated 2019-20 adjusted profit at consolidated level, on which the 15% payout ratio is applied, is calculated by adjusting the profit/loss result for the following items: (i) goodwill and intangible assets impairment, (ii) impairment of deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities, (iii) reclassifications from other comprehensive income into profit and (iv) distribution related to AT1 instruments charged against equity.

The amount resulting from such calculation is equal to a total amount of €447 million, whose distribution is envisaged for (i) 60% via cash dividends (equal to €268 million) and for (ii) 40% via shares buy-back (equal to €179 million). The cash component is deducted from Own Funds as of fourth quarter 2020, while the shares buy-back component will be deducted once the ECB authorization will be released.

### Capital strengthening

Reference is made to the paragraph Capital strengthening of the Consolidated report on operations, which is herewith quoted entirely.

## Results of the year

## Shareholders' equity

## Shareholders' equity

(€ million)

	AMOUNTS AS AT		CHANGE	
	12.31.2020	12.31.2019	AMOUNT	%
Share capital	21,060	20,995	+ 65	+ 0.3%
Share premium	9,386	13,225	- 3,839	- 29.0%
Equity instruments	6,841	5,602	+ 1,239	+ 22.1%
Reserves	14,545	11,783	+ 2,762	+ 23.4%
Revaluation reserves	395	471	- 76	- 16.1%
Treasury shares	(2)	(2)	-	-
<b>Total capital and reserves</b>	<b>52,225</b>	<b>52,074</b>	<b>+ 151</b>	<b>+ 0.3%</b>
Net profit (loss)	(2,732)	(555)	- 2,177	n.m.
<b>Total shareholders' equity</b>	<b>49,493</b>	<b>51,519</b>	<b>- 2,026</b>	<b>- 3.9%</b>

Shareholders' equity as at 31 December 2020 amounted to €49,493 million, a decrease of €2,026 million compared to 31 December 2019, attributable to:

- -€2,732 million from the net result from the year;
- +€1,239 million from the issuance of Additional Tier 1 Notes recorded net of transaction cost and placement fees in item "Equity Instrument";
- -€323 million from the allocation to the reserves of the coupon paid to subscribers of Additional Tier 1 notes, net of related tax effects;
- -€126 million from the allocation to the reserves of the fees related to financial instruments denominated "Cashes" underlying to the usufruct contract signed with Mediobanca on UniCredit shares;
- +€50 million from the adjustment to the reserve dedicated to Equity Settled Share Based Payments;
- -€15 million for allocation to equity of realised net gains and losses from disposal of financial assets and liabilities at fair value through other comprehensive income;
- -€43 million for variation of the negative reserve that recognize the effects deriving from the non-sustainability of the tax benefits connected to the shareholders' equity items;
- -€76 million to the net effect deriving from revaluation reserves, of which: +€75 million from financial assets at fair value through other comprehensive income; -€73 million from financial liabilities designated at fair value through profit or loss, due to changes in their creditworthiness; -€72 million from cash flow hedges; +€8 million from revaluation of real estate properties and -€14 million from defined benefit plans.

Note the following significant changes occurred in 2020 which, though reflected among the various components of shareholders' equity, did not change the overall amount thereof:

- following the resolutions of the Shareholders' Meeting of 9 April 2020 occurred: (i) coverage the entire loss from the 2019 financial year through the use of the Share Premium Reserve (€555 million); (ii) coverage of the negative reserves totaling €3,408 million, partly buy use of Share premium reserve to eliminate the negative components related to the payment of AT1 coupons (€525 million) and to the first time adoption of the IFRS9 (€2,759 million) and partly by use of the Statutory reserve to cover the negative reserve arising from the payment of usufruct fees related to Cashes (€124 million);
- increase of €65 million in share capital following the resolution of the Board of Directors of 5 February 2020 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.

# Results of the year

## Shareholders

The share capital, subscribed and paid up, amounts to €21,059,536,950.48 divided into No.2,237,261,803 ordinary shares with no face value. As at 31 December 2020, according to the analyses performed using data from the content of the Register of Shareholders:

- shareholders were approximately 287,000;
- resident shareholders held around 19.28% of the capital and foreign shareholders 80.72%;
- 90.46% of the share capital is held by legal entities, the remaining 9.54% by natural persons.

At the same date, on the basis of the communications received pursuant to art.120<sup>43</sup> of the Consolidated Law on Finance ("TUF"), the relevant direct or indirect investments in the share capital are listed below. Following the CONSOB regulations in force on this date, the shareholders listed below hold more than 1% 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 Inc.	113,550,196	5.075%
Capital Research and Management Company	112,363,870	5.022% <sup>(*)</sup>
Norges Bank	67,366,057	3.011%
ATIC Second International Investment Company LLC	45,100,000	2.016%
Delfin S.a.r.l.	43,056,324	1.925%
Fondazione Cassa di Risparmio di Ve-Vi-BI e An	40,097,626	1.792%
Fondazione Cassa di Risparmio di Torino	36,757,449	1.643%
Allianz SE	25,273,986	1.130%

Note:  
(\*) Discretionary asset management.

## Treasury shares

The treasury share balance and relevant carrying value remain unchanged from year-end 2019 as no transactions involving treasury shares in 2020. The number of treasury shares in portfolio reflects the reverse stock split in preparation for the subsequent capital increase approved by the Extraordinary Shareholders' Meeting of 12 January 2017.

<sup>43</sup> With the resolution No.21525 of 7 October 2020, Consob extended until 13 January 2021 the provisions of the resolution No.21326 of 9 April 2020 by which the Authority provided, pursuant to article 120, paragraph 2-bis of the Consolidated Law on Finance ("TUF"), the additional threshold of 1% above which arises the obligation to notify the investee company and Consob according to article 120, paragraph 2 of the Consolidated Law on Finance ("TUF").



# Results of the year

## The commercial network

### Operating structure in Italy

During 2020, UniCredit domestic Retail Commercial Banking Network was subject to the closure of 158 branches.

As a result of the above, the structure of the domestic network at 31 December 2020 consisted of a total of 2,561 branches, of which 2,229 belonging to Retail Commercial Banking Network.

At 31 December 2020, following the initiatives described above and a small-scale branch re-organization resulting from the ongoing optimization and streamlining process of organizational units, the Italian distribution network was structured as follows.

#### Italian branch network

REGION	NUMBER OF BRANCHES AT 12.31.2020	% BREAKDOWN
- Piedmont	261	10.2%
- Valle d'Aosta	13	0.5%
- Lombardy	318	12.4%
- Liguria	49	1.9%
- Trentino Alto Adige	45	1.8%
- Veneto	312	12.2%
- Friuli Venezia Giulia	86	3.4%
- Emilia Romagna	327	12.8%
- Tuscany	110	4.3%
- Umbria	57	2.2%
- Marche	52	2.0%
- Lazio	340	13.3%
- Abruzzo	26	1.0%
- Molise	22	0.9%
- Campania	123	4.8%
- Puglia	94	3.7%
- Basilicata	7	0.3%
- Calabria	21	0.8%
- Sicily	259	10.1%
- Sardinia	39	1.5%
<b>Total branches</b>	<b>2,561</b>	<b>100.0%</b>

### Branches and representatives abroad

At 31 December 2020 UniCredit S.p.A. had eight branches abroad, plus a Permanent Establishment in Vienna and three Representative offices.

#### UniCredit S.p.A. international network as at 12.31.2020

BRANCHES	PERMANENT ESTABLISHMENT	REPRESENTATIVE OFFICES
PRC - Shanghai	AUSTRIA - Wien	BELGIUM - Brussels
GERMANY - Munich		PRC - Beijing
GERMANY - Munich <sup>(*)</sup>		INDIA - Mumbai
UNITED KINGDOM - London		
UNITED STATES - New York		
FRANCE - Paris		
SPAIN - Madrid		
UNITED ARAB EMIRATES - Abu Dhabi		

**Note:**

(\*) Formerly Branch of UniCredit Family and Financing Bank.

# Results of the year

## Resources

### Personnel developments

At 31 December 2020, UniCredit S.p.A.'s headcount is No.33,842 compared to No.35,707 at 31 December 2019. The decrease in resources is mainly due to Restructuring Plan.

#### Category

	12.31.2020		12.31.2019		CHANGE	
	TOTAL	OF WHICH: OUTSIDE ITALY	TOTAL	OF WHICH: OUTSIDE ITALY	IN TOTAL	PERCENT
Senior Management	709	6	701	6	+8	+ 1.1%
Management - 3rd and 4th grade	6,866	31	7,238	41	-372	- 5.1%
Management - 1st and 2nd grade	10,655	6	11,010	6	-355	- 3.2%
Other Staff	15,612	2	16,758	4	-1,146	- 6.8%
<b>Total</b>	<b>33,842</b>	<b>45</b>	<b>35,707</b>	<b>57</b>	<b>-1,865</b>	<b>- 5.2%</b>
<i>of which, Part-time staff</i>	<i>5,030</i>	<i>-</i>	<i>5,273</i>	<i>-</i>	<i>-243</i>	<i>- 4.6%</i>

The composition of the workforce by seniority and by age bracket is shown in the following tables. With respect to educational level, 39% of UniCredit S.p.A. employees have university degrees (mostly in the areas of economics and banking, or law). Women make up 49% of personnel.

#### Breakdown by seniority

	12.31.2020		12.31.2019		CHANGE	
	NUMBER	PERCENT	NUMBER	PERCENT	AMOUNT	PERCENT
Up to 10	4,209	12.4%	4,185	11.7%	+24	+ 0.6%
From 11 to 20 years	12,746	37.7%	13,673	38.3%	-927	- 6.8%
From 21 to 30 years	9,276	27.4%	9,757	27.3%	-481	- 4.9%
Over 30	7,611	22.5%	8,092	22.7%	-481	- 5.9%
<b>Total</b>	<b>33,842</b>	<b>100.0%</b>	<b>35,707</b>	<b>100.0%</b>	<b>-1,865</b>	<b>- 5.2%</b>

#### Breakdown by age

	12.31.2020		12.31.2019		CHANGE	
	NUMBER	PERCENT	NUMBER	PERCENT	AMOUNT	PERCENT
Up to 30	1,458	4.3%	1,478	4.1%	-20	- 1.4%
From 31 to 40 years	4,693	13.9%	5,545	15.5%	-852	- 15.4%
From 41 to 50 years	12,398	36.6%	12,837	36.0%	-439	- 3.4%
Over 50	15,293	45.2%	15,847	44.4%	-554	- 3.5%
<b>Total</b>	<b>33,842</b>	<b>100.0%</b>	<b>35,707</b>	<b>100.0%</b>	<b>-1,865</b>	<b>- 5.2%</b>

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

### Group activities development operations and other corporate transactions

Reference is made to the corresponding paragraph of Consolidated report on operations of UniCredit group with specific reference to events relating to the parent company UniCredit S.p.A. which is herewith quoted entirely.

### Conversion of Deferred tax assets (DTAs) into tax credits

The 2019 financial year closed with a loss in the Income statement of €555 million; therefore, there were the conditions for carrying out a new transformation of deferred tax assets (DTAs) into tax credits pursuant to Art.2, par.55 of the Law Decree of 29 December 2010 No.225, converted into Law No.10/2011.

The amount of the conversion carried out is equal to €87 million.

The 2020 financial year closed with a loss in Income statement of €2,732 million; therefore, the conditions to proceed with a new transformation of deferred tax assets into tax credits pursuant to the aforementioned regulation are verified again. In 2021, following the approval of the 2020 financial statements by the Shareholders' Meeting of UniCredit S.p.A., deferred tax assets, for IRES and IRAP, amounting to €385 million will be converted into tax credits.

### Certifications and other communications

Reference is made to the corresponding paragraph of Consolidated report on operations of UniCredit group which is herewith quoted entirely. For more information on related-party transactions refer to Notes to the accounts - Part H.

### Information on risks

For a complete description of the risks and uncertainties that the Bank must face under the current market conditions, refer to the appropriate section in the Company financial statements - Notes to the accounts - Part E.

## Subsequent events and outlook

### Subsequent events<sup>44</sup>

Reference is made to the corresponding paragraph of Consolidated report on operations of UniCredit group with specific reference to events relating to the parent company UniCredit S.p.A. which is herewith quoted entirely.

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<sup>44</sup> Up to the date of approval by the Board of Directors' Meeting of 10 February 2021 which, on the same date, authorised the publication also in accordance with IAS10.

# Subsequent events and outlook

## Outlook

Reference is made to the corresponding paragraph of Consolidated report on operations of UniCredit group which is herewith quoted entirely.

Milan, 10 February 2021

CHAIRMAN  
CESARE BISONI



THE BOARD OF DIRECTORS

CEO  
JEAN PIERRE MUSTIER



# Do the right thing! For the Environment

Our new sustainability targets, shared at the end of 2019, encouraged several sustainability-focused initiatives in 2020 focusing on protecting our environment.

## **CAUSING A BUZZ AT OUR NEW AUSTRIAN HQ**

Not only employees moved into UniCredit's new Austrian headquarters. They were joined by over one million honeybees, working hard to pollinate the nearby surroundings and make honey which will be harvested by UniCredit employees. What a sweet result!



# 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 2020 result.





## Company accounts

## Balance sheet

ASSETS	AMOUNTS AS AT	
	12.31.2020	12.31.2019
10. Cash and cash balances	61,415,768,947	2,394,848,301
20. Financial assets at fair value through profit or loss:	15,699,098,083	14,697,124,050
a) financial assets held for trading	11,237,904,889	12,678,323,652
b) financial assets designated at fair value	109,114,509	239
c) other financial assets mandatorily at fair value	4,352,078,685	2,018,800,159
30. Financial assets at fair value through other comprehensive income	33,836,949,616	31,406,841,298
40. Financial assets at amortised cost:	280,226,748,682	301,162,647,624
a) loans and advances to banks	41,816,270,664	42,067,990,546
b) loans and advances to customers	238,410,478,018	259,094,657,078
50. Hedging derivatives	6,132,397,195	5,222,562,432
60. Changes in fair value of portfolio hedged items (+/-)	2,435,082,120	2,088,787,884
70. Equity investments	33,724,891,672	37,872,616,053
80. Property, plant and equipment	3,998,577,233	4,171,693,854
90. Intangible assets	6,372,002	4,171,605
<i>of which: goodwill</i>	-	-
100. Tax assets:	10,663,920,555	10,404,625,898
a) current	1,483,987,924	594,152,335
b) deferred	9,179,932,631	9,810,473,563
110. Non-current assets and disposal groups classified as held for sale	254,774,468	1,141,912,829
120. Other assets	3,674,627,493	3,905,767,865
<b>Total assets</b>	<b>452,069,208,066</b>	<b>414,473,599,693</b>

LIABILITIES AND SHAREHOLDERS' EQUITY	AMOUNTS AS AT	
	12.31.2020	12.31.2019
10. Financial liabilities at amortised cost:	369,225,204,102	329,125,681,020
a) deposits from banks	89,285,766,223	57,577,982,401
b) deposits from customers	220,920,624,932	217,038,976,876
c) debt securities in issue	59,018,812,947	54,508,721,743
20. Financial liabilities held for trading	9,670,505,609	13,402,931,609
30. Financial liabilities designated at fair value	4,862,736,730	3,739,785,334
40. Hedging derivatives	6,030,861,691	4,882,147,506
50. Value adjustment of hedged financial liabilities (+/-)	3,431,509,272	2,726,228,912
60. Tax liabilities:	2,809,477	1,326,449
a) current	2,809,477	1,326,449
b) deferred	-	-
70. Liabilities associated with assets classified as held for sale	-	173,846
80. Other liabilities	6,730,685,023	6,154,981,085
90. Provision for employee severance pay	557,100,156	622,577,290
100. Provisions for risks and charges:	2,064,975,425	2,298,714,075
a) commitments and guarantees given	441,728,315	414,707,405
b) post-retirement benefit obligations	97,888,217	94,697,401
c) other provisions for risks and charges	1,525,358,893	1,789,309,269
110. Valuation reserves	395,151,135	472,051,927
120. Redeemable shares	-	-
130. Equity instruments	6,841,367,977	5,601,632,491
140. Reserves	14,544,629,034	11,783,312,155
150. Share premium	9,386,387,772	13,224,956,198
160. Share capital	21,059,536,950	20,994,799,962
170. Treasury shares (-)	(2,440,001)	(2,440,001)
180. Profit (Loss) of the year (+/-)	(2,731,812,286)	(555,260,165)
<b>Total Liabilities and Shareholders' Equity</b>	<b>452,069,208,066</b>	<b>414,473,599,693</b>

## Company accounts

## Income statement

ITEMS	YEAR	
	2020	2019
10. Interest income and similar revenues	4,584,552,286	5,120,039,055
<i>of which: interest income calculated with the effective interest method</i>	4,452,942,384	5,319,567,182
20. Interest expenses and similar charges	(1,153,325,215)	(1,301,471,197)
<b>30. Net interest margin</b>	<b>3,431,227,071</b>	<b>3,818,567,858</b>
40. Fees and commissions income	4,074,338,813	4,357,389,871
50. Fees and commissions expenses	(537,094,618)	(555,087,480)
<b>60. Net fees and commissions</b>	<b>3,537,244,195</b>	<b>3,802,302,391</b>
70. Dividend income and similar revenues	3,693,404,203	1,906,293,914
80. Net gains (losses) on trading	167,212,579	442,929,372
90. Net gains (losses) on hedge accounting	4,280,686	(3,317,901)
100. Gains (Losses) on disposal and repurchase of:	155,937,195	121,500,729
a) financial assets at amortised cost	123,617,570	75,908,898
b) financial assets at fair value through other comprehensive income	22,610,031	57,130,652
c) financial liabilities	9,709,594	(11,538,821)
110. Net gains (losses) on other financial assets/liabilities at fair value through profit or loss:	136,961,936	(241,173,762)
a) financial assets/liabilities designated at fair value	86,790,079	(226,807,101)
b) other financial assets mandatorily at fair value	50,171,857	(14,366,661)
<b>120. Operating income</b>	<b>11,126,267,865</b>	<b>9,847,102,601</b>
130. Net losses/recoveries on credit impairment relating to:	(2,743,897,700)	(2,756,070,109)
a) financial assets at amortised cost	(2,732,716,148)	(2,739,676,792)
b) financial assets at fair value through other comprehensive income	(11,181,552)	(16,393,317)
140. Gains/Losses from contractual changes with no cancellations	(6,743,988)	(20,926,172)
<b>150. Net profit from financial activities</b>	<b>8,375,626,177</b>	<b>7,070,106,320</b>
160. Administrative expenses:	(6,368,532,718)	(5,363,208,761)
a) staff costs	(3,937,212,879)	(2,760,458,136)
b) other administrative expenses	(2,431,319,839)	(2,602,750,625)
170. Net provisions for risks and charges:	(156,990,487)	(288,098,607)
a) commitments and financial guarantees given	(27,020,910)	77,189,718
b) other net provisions	(129,969,577)	(365,288,325)
180. Net value adjustments/write-backs on property, plant and equipment	(354,403,329)	(316,417,188)
190. Net value adjustments/write-backs on intangible assets	(2,372,244)	(2,322,964)
200. Other operating expenses/income	209,740,829	291,807,308
<b>210. Operating costs</b>	<b>(6,672,557,949)</b>	<b>(5,678,240,212)</b>
220. Gains (Losses) of equity investments	(4,741,766,941)	(1,397,472,018)
230. Net gains (losses) on property, plant and equipment and intangible assets measured at fair value	(6,604,998)	(251,484,324)
240. Goodwill impairment	-	-
250. Gains (Losses) on disposals on investments	4,761,237	351,687
<b>260. Profit (Loss) before tax from continuing operations</b>	<b>(3,040,542,474)</b>	<b>(256,738,547)</b>
270. Tax expenses (income) for the year from continuing operations	308,730,188	(298,521,618)
<b>280. Profit (Loss) after tax from continuing operations</b>	<b>(2,731,812,286)</b>	<b>(555,260,165)</b>
290. Profit (Loss) after tax from discontinued operations	-	-
<b>300. Profit (Loss) of the year</b>	<b>(2,731,812,286)</b>	<b>(555,260,165)</b>

## Company accounts

## Statement of other comprehensive income

ITEMS	YEAR	
	2020	2019
<b>10. Profit (Loss) of the year</b>	<b>(2,731,812,286)</b>	<b>(555,260,165)</b>
<b>Other comprehensive income after tax not reclassified to profit or loss</b>	<b>(187,368,628)</b>	<b>372,903,383</b>
20. Equity instruments designated at fair value through other comprehensive income	(108,121,829)	2,176,971
30. Financial liabilities designated at fair value through profit or loss (own creditworthiness changes)	(72,870,935)	(112,676,719)
40. Hedge accounting of equity instruments designated at fair value through other comprehensive income	-	-
50. Property, plant and equipment	7,618,184	510,810,759
60. Intangible assets	-	-
70. Defined-benefit plans	(13,613,922)	(27,407,628)
80. Non-current assets and disposal groups classified as held for sale	(380,126)	-
90. Portion of valuation reserves from investments valued at equity method	-	-
<b>Other comprehensive income after tax reclassified to profit or loss</b>	<b>110,467,836</b>	<b>601,814,848</b>
100. Foreign investments hedging	-	-
110. Foreign exchange differences	-	-
120. Cash flow hedging	(72,066,041)	34,960,603
130. Hedging instruments (non-designated items)	-	-
140. Financial assets (different from equity instruments) at fair value through other comprehensive income	182,533,877	566,854,245
150. Non-current assets and disposal groups classified as held for sale	-	-
160. Part of valuation reserves from investments valued at equity method	-	-
<b>170. Total other comprehensive income after tax</b>	<b>(76,900,792)</b>	<b>974,718,231</b>
<b>180. Other comprehensive income (Item 10+170)</b>	<b>(2,808,713,078)</b>	<b>419,458,066</b>

## Company accounts

## Statement of changes in the shareholders' equity as at 31 December 2020

	BALANCE AS AT 12.31.2019	CHANGE IN OPENING BALANCE	BALANCE AS AT 01.01.2020	PREVIOUS YEAR PROFIT (LOSS) ALLOCATION		CHANGES IN THE YEAR							SHAREHOLDERS' EQUITY AS AT 12.31.2020	
				RESERVES	DIVIDENDS AND OTHER ALLOCATIONS	CHANGES IN RESERVES	SHAREHOLDERS' EQUITY TRANSACTIONS					OTHER COMPREHENSIVE INCOME 2020		
							ISSUE OF NEW SHARES	PURCHASE OF TREASURY SHARES	DIVIDENDS EXTRAORDINARY DISTRIBUTION	CHANGE IN EQUITY INSTRUMENTS	TREASURY SHARES DERIVATIVES			STOCK OPTIONS
Share capital:	20,994,799,962	-	20,994,799,962	-	-	-	64,736,988	-	-	-	-	-	-	21,059,536,950
- ordinary shares	20,994,799,962	-	20,994,799,962	-	-	-	64,736,988	-	-	-	-	-	-	21,059,536,950
- other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premium	13,224,956,198	-	13,224,956,198	(555,260,165)	-	(3,283,308,261)	-	-	-	-	-	-	-	9,386,387,772
Reserves:	11,783,312,155	-	11,783,312,155	-	-	2,775,704,673	(64,736,988)	-	-	-	50,349,195	-	-	14,544,629,035
- from profits	7,108,142,661	-	7,108,142,661	-	-	2,619,916,999	(64,736,988)	-	-	-	-	-	-	9,663,322,672
- other	4,675,169,494	-	4,675,169,494	-	-	155,787,674	-	-	-	-	50,349,195	-	-	4,881,306,363
Valuation reserves	472,051,927	-	472,051,927	-	-	-	-	-	-	-	-	(76,900,792)	-	395,151,135
Equity instruments	5,601,632,491	-	5,601,632,491	-	-	-	-	-	1,239,735,486	-	-	-	-	6,841,367,977
Treasury shares	(2,440,001)	-	(2,440,001)	-	-	-	-	-	-	-	-	-	-	(2,440,001)
Profit (Loss) for the year	(555,260,165)	-	(555,260,165)	555,260,165	-	-	-	-	-	-	-	(2,731,812,286)	-	(2,731,812,286)
Shareholders' equity	51,519,052,567	-	51,519,052,567	-	-	(507,603,588)	-	-	-	1,239,735,486	-	50,349,195	(2,808,713,078)	49,492,820,582

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.

It should be noted that, following the Recommendation 2020/35 published by ECB on 27 March 2020 not to pay dividends until October 2020, UniCredit S.p.A. did not proceed with the dividend distribution during 2020, following the resolutions of the Shareholders' Meeting of 9 April 2020. On 15 December 2020, the European Central Bank issued the Recommendation 2020/62 "on dividend distributions during the Covid-19 pandemic and repealing Recommendation ECB/2020/35"; the recommendation asks banks to "refrain from or limit dividends until September 2021". For the implications related to its application at UniCredit S.p.A. level refer to the paragraph "Capital and value management - Capital ratios" of the Report on operations.

## Company accounts

## Statement of changes in the shareholders' equity as at 31 December 2019

	BALANCE AS AT 12.31.2018	CHANGE IN OPENING BALANCE	BALANCE AS AT 01.01.2019	PREVIOUS YEAR PROFIT (LOSS) ALLOCATION		CHANGES IN THE YEAR							OTHER COMPREHENSIVE INCOME 2019	SHAREHOLDERS' EQUITY AS AT 12.31.2019
				RESERVES	DIVIDENDS AND OTHER ALLOCATIONS	CHANGES IN RESERVES	SHAREHOLDERS' EQUITY TRANSACTIONS							
							ISSUE OF NEW SHARES	PURCHASE OF TREASURY SHARES	DIVIDENDS EXTRAORDINARY DISTRIBUTION	CHANGE IN EQUITY INSTRUMENTS	TREASURY SHARES DERIVATIVES	STOCK OPTIONS		
Share capital:	20,940,398,467	-	20,940,398,467	-	-	-	54,401,495	-	-	-	-	-	-	20,994,799,962
- ordinary shares	20,940,398,467	-	20,940,398,467	-	-	-	54,401,495	-	-	-	-	-	-	20,994,799,962
- other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premium	13,392,918,356	-	13,392,918,356	-	-	(167,962,158)	-	-	-	-	-	-	-	13,224,956,198
Reserves:	10,030,395,017	-	10,030,395,017	1,837,918,785	-	(99,193,645)	(54,401,495)	-	-	-	-	68,593,493	-	11,783,312,155
- from profits	5,540,721,546	-	5,540,721,546	1,837,918,785	-	(216,096,175)	(54,401,495)	-	-	-	-	-	-	7,108,142,661
- other	4,489,673,471	-	4,489,673,471	-	-	116,902,530	-	-	-	-	-	68,593,493	-	4,675,169,494
Valuation reserves	(502,666,304)	-	(502,666,304)	-	-	-	-	-	-	-	-	-	974,718,231	472,051,927
Equity instruments	4,610,073,464	-	4,610,073,464	-	-	-	-	-	991,559,027	-	-	-	-	5,601,632,491
Treasury shares	(2,440,001)	-	(2,440,001)	-	-	-	-	-	-	-	-	-	-	(2,440,001)
Profit (Loss) for the year	2,442,316,824	-	2,442,316,824	(1,837,918,785)	(604,398,039)	-	-	-	-	-	-	-	(555,260,165)	(555,260,165)
Shareholders' equity	50,910,995,823	-	50,910,995,823	-	(604,398,039)	(267,155,803)	-	-	991,559,027	-	68,593,493	419,458,066	51,519,052,567	

(€)

# Company accounts

## Cash flow statement (indirect method)

	YEAR	
	2020	2019
(€)		
<b>A. OPERATING ACTIVITIES</b>		
<b>1. Operations:</b>	<b>3,575,357,423</b>	<b>3,568,001,841</b>
- profit (loss) for the year (+/-)	(2,731,812,286)	(555,260,165)
- gains/losses on financial assets held for trading and on other financial assets/liabilities at fair value through profit or loss (-/+)	179,192,162	(520,037,003)
- gains (losses) on hedge accounting (-/+)	(4,280,686)	3,317,901
- net impairment losses/write-backs on impairment for credit risk (+/-)	3,418,668,977	3,621,825,718
- net value adjustments/write-backs on property, plant and equipment and intangible assets	363,380,571	570,224,476
- net provisions for risks and charges and other expenses/income (+/-)	33,374,735	(1,519,341,780)
- unpaid duties, taxes and tax credits (+/-)	(315,377,521)	286,355,476
- impairment/write-backs after tax on discontinued operations (+/-)	-	-
- other adjustments (+/-)	2,632,211,471	1,680,917,218
<b>2. Liquidity generated/absorbed by financial assets:</b>	<b>15,403,620,230</b>	<b>(15,855,824,639)</b>
- financial assets held for trading	2,183,826,420	800,983,072
- financial assets designated at fair value	(108,302,108)	117
- other financial assets mandatorily at fair value	(2,329,906,659)	2,330,607,117
- financial assets at fair value through other comprehensive income	(2,303,229,798)	16,267,164,585
- financial assets at amortised cost	17,588,885,889	(34,407,373,761)
- other assets	372,346,486	(847,205,769)
<b>3. Liquidity generated/absorbed by financial liabilities:</b>	<b>35,677,430,537</b>	<b>3,944,800,118</b>
- financial liabilities at amortised cost	40,099,523,084	3,724,592,465
- financial liabilities held for trading	(4,712,853,576)	1,949,647,033
- financial liabilities designated at fair value	1,076,083,489	(200,250,655)
- other liabilities	(785,322,460)	(1,529,188,725)
<b>Net liquidity generated/absorbed by operating activities</b>	<b>54,656,408,190</b>	<b>(8,343,022,680)</b>
<b>B. INVESTMENT ACTIVITIES</b>		
<b>1. Liquidity generated by:</b>	<b>4,117,963,523</b>	<b>3,852,260,120</b>
- sales of equity investments	448,174,454	1,847,332,652
- collected dividends on equity investments	3,645,469,760	1,833,797,810
- sales of property, plant and equipment	24,319,309	171,126,634
- sales of intangible assets	-	3,024
- sales of business units	-	-
<b>2. Liquidity absorbed by:</b>	<b>(346,751,100)</b>	<b>(471,618,496)</b>
- purchases of equity investments	(215,556,850)	(276,328,315)
- purchases of property, plant and equipment	(126,598,885)	(193,074,012)
- purchases of intangible assets	(4,595,365)	(2,216,169)
- purchases of business units	-	-
<b>Net liquidity generated/absorbed by investment activities</b>	<b>3,771,212,423</b>	<b>3,380,641,624</b>
<b>C. FUNDING ACTIVITIES</b>		
- issue/purchase of treasury shares	-	-
- issue/purchase of equity instruments	1,239,735,486	991,559,027
- dividend distribution and other	(577,141,311)	(1,121,578,609)
<b>Net liquidity generated/absorbed by funding activities</b>	<b>662,594,175</b>	<b>(130,019,582)</b>
<b>NET LIQUIDITY GENERATED/ABSORBED IN THE YEAR</b>	<b>59,090,214,788</b>	<b>(5,092,400,638)</b>

Key:  
 (+) generated;  
 (-) absorbed.

## Company accounts

### Reconciliation

ITEMS	YEAR	
	2020	2019
<b>Cash and cash balances at the beginning of the year</b>	<b>2,394,848,301</b>	<b>7,460,706,040</b>
Net liquidity generated/absorbed in the year	59,090,214,788	(5,092,400,638)
Cash and cash balances: foreign exchange effect	(69,294,142)	26,542,899
<b>Cash and cash balances at the end of the year</b>	<b>61,415,768,947</b>	<b>2,394,848,301</b>

For further details on item "Cash and cash balances" composition refer to Part B - Balance sheet - Assets, Section 1 - Cash and cash balances - Item 10 of the Notes to the accounts.





## 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 2020, pursuant to EU Regulation No.1606/2002 which was incorporated into Italian legislation through Legislative Decree No.38 of 28 February 2005 (see 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 of Banca d'Italia (and subsequent amendments), with regard to the banks and financial institution 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.

Banca d'Italia issued on 30 November 2018 with its Circular No.262 adjusting the formats for the financial statements and Notes to the accounts to requirements of IFRS16: Leasing. Such update has been integrated by the 15 December 2020 Banca d'Italia Communication "Integration to Circular No.262 requirements - Banks financial statements: schemes and compilation rules" which has mainly foreseen the need to provide further information regarding impacts coming from Covid-19 and related relief and support measures.

#### Section 2 - General Preparation Criteria

As mentioned above, these "Company financial statements as at 31 December 2020" 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 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 any other documents prepared by the IASB (including the IFRS Foundation communication of 27 March 2020 concerning "IFRS9 and Covid-19") or 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 (OIC) and Associazione Bancaria Italiana (ABI);
- ESMA (European Securities and Markets Authority), European Banking Authority, European Central Bank and Consob documents on the application of specific IFRS provisions also with specific reference to the presentation of the effects arising from Covid-19 pandemics and their effects on the evaluation processes. In particular, refer to the statement of ESMA dated 25 March 2020, 20 May 2020 and 28 October 2020, to the statement of European Central Bank dated 1 April 2020 and 4 December 2020 and to the statement of European Banking Authority dated 25 March 2020, 2 April 2020, 2 June 2020 and 2 December 2020 and to Consob Call for attention. The content of these statements, when relevant, has been reported in "Section 4 - Other matters" of the Company financial statements of UniCredit S.p.A., Notes to the accounts Part A - Accounting policies, A.1 General, in the context of the description of the evaluation choices made by the Bank as at 31 December 2020.

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.

Unless otherwise specified, figures in the Company accounts are given in units of euros 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 and 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 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 changes resulting from these reviews are recognised in the period in which the review was carried out, provided the change only concerns that period. If the revision 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 largest items in the Company financial statements as at 31 December 2020, as required by the accounting policies, statements and regulations described above.

## Part A - Accounting policies

The current market environment is furthermore affected, compared with the past, by an increased risk of a lower predictivity of the macro-economic projections arising from a substantial degree of uncertainty about the evolution of the pandemic and the consequent uncertainty of predicting timing and extent of the economic recovery which may occur in future periods. The existence of a higher uncertainty represents, in fact, a key factor of the statements issued by supranational authoritative bodies such as the International Monetary Fund ("IMF") and the European Commission ("EC"):

- in its statement "October 2020 World Economic Outlook", the IMF has stated, among other things, that "there remains tremendous uncertainty around the outlook"; "the uncertainty surrounding the baseline projection is unusually large"; "the growing restrictions on trade and investment and rising geopolitical uncertainty could harm the recovery";
- in its statement of November 2020<sup>45</sup> "Autumn 2020 Economic Forecast: Rebound interrupted as resurgence of pandemic deepens uncertainty", the EC has stated, among other things, that "The epidemiological situation means that growth projections over the forecast horizon are subject to an extremely high degree of uncertainty and risks" and that "A high degree of uncertainty with downside risks to the outlook".

Additionally, as already stated, through the communication issued on 28 October 2020, the ESMA published a Public Statement ("*European common enforcement priorities for 2020 Annual Financial Reports*") addressing the enforcement priorities on measurement and disclosure, in light of Covid-19 pandemic for 2020 Year-end Financial statements.

Among the others, for the topics under discussions in the present section, the following are worth to be mentioned, as they refer to uncertainty:

- impairment test: in order to reflect the higher level of uncertainties, the adoption of multiple scenarios might be required in calculating future cash flows;
- estimation uncertainties: the issuers shall disclose sources of estimation uncertainties in the measurement of items of financial statements.

In the context of high level of uncertainty explained above and considering the aforementioned ESMA communication, UniCredit has defined different macro-economic scenarios, to be used for the purposes of the evaluation processes of 2020 Financial Statements.

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

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

The paragraphs below provide a detailed description of the characteristics associated with the above scenarios.

### Investments in subsidiaries and deferred tax assets

As shown above and in light of the aforementioned considerations, UniCredit has defined certain macro-economic scenarios, used for the measurement of Investment in subsidiaries and deferred tax assets:

- Baseline scenario: on the basis of this macro-economic scenario, prepared last October 2020, were determined the budget for year 2021, approved by the Board of Directors (BoD) at meeting held on 13 January 2021, and the projections for years 2022 and 2023, presented to the BoD at the same meeting on 13 January 2021. This macro-economic scenario foresees a gradual recovery starting from spring 2021, also supported by a higher distribution of vaccines and a reduction of restrictions on mobility and on some economic activities introduced in Europe to manage Covid-19 infections. Moreover, this scenario foresees that central banks maintain favorable monetary policy measures. In 2022 and 2023 a normalization of economic activities is expected with a moderate recovery of rates, in particular of medium-long term rates (Mid Swap 10Y). For details refer to the table below.
- "Downturn" scenario, also in light of the context of uncertainty considered by ESMA and supranational bodies (e.g. IMF) the "Downturn" scenario has been stressed considering worse macro-economic conditions compared to the "Baseline", in particular foreseeing a halving in the Eurozone GDP in 2021 and a stable trend in long-term rates, thus leading to a downward revision of the results forecast in the 2021 budget and in the 2022-23 projections. In particular, the "Downturn" scenario considers a new phase of infections for Covid-19 at the beginning of 2021 with a consequent increase in restrictions on mobility and on economic activities compared to the "Baseline" scenario. The 2021 GDP therefore reaches in the main countries a growth in 2021 equal to about half of the base case (e.g. Western Europe +2.4% vs. +4.8% of the base case), settling at the same growth as the base case in 2022-23, thus not recovering the variation seen in 2021 against a long-term impact on the economy. Consistently with a reduced economic growth, it is assumed that central banks maintain favorable monetary policy measures and that interest rates therefore remain at lower levels compared to the "Baseline" scenario, with a significant impact also on medium- and long-term rates, resulting in a flatter rate curve than in the base case.

<sup>45</sup> [https://ec.europa.eu/commission/presscorner/detail/it/ip\\_20\\_2021](https://ec.europa.eu/commission/presscorner/detail/it/ip_20_2021).

## Part A - Accounting policies

The table below shows the most significant macro-economic data characterizing the "Baseline" and "Downturn" scenarios, also in order to highlight the different assumptions underlying these scenarios.

Interest rates and yield environment, EoP %		2020 <sup>(1)</sup>	2021	2022	2023
Baseline Scenario 2020	Euribor 3M (bps)	-50	-50	-45	-40
	Mid Swap 10Y (bps)	-23	+20	+40	+55
	Spread BTP – Bund (bps)	+150	+160	+160	+160
	<b>Real GDP growth y/y, %</b>				
	Western Europe <sup>(2)</sup>	-6.8%	4.8%	2.5%	2%
CEE (excluding Turkey)	-4.9%	3.2%	2.6%	2.5%	
Downturn Scenario 2020	Euribor 3M (bps)	-	-60	-55	-50
	Mid Swap 10Y (bps)	-	-10	0	+10
	Spread BTP – Bund (bps)	-	+160	+160	+160
	<b>Real GDP growth y/y, %</b>				
	Western Europe <sup>(2)</sup>	-	2.4%	2.5%	2.0%
CEE (excluding Turkey)	-	1.6%	2.6%	2.5%	

**Notes:**

(1) Data 2020 are shown only for the Baseline scenario for information purposes, data referred to the real GDP for Western Europe and the CEE are forecasts prepared during the fourth quarter of 2020.  
(2) Western Europe calculated as a weighted average considering the nominal GDP of the countries relevant for UniCredit (Italy, Germany and Austria).

It is worth to note that for comparative purposes, the macro-economic data used for the assessments performed for Company financial statement as at 31 December 2019 foresaw: (i) for 2020, real GDP growth of 0.6% for Western Europe and 1.4% for the CEE (excluding Turkey); (ii) for 2023 real GDP growth of 1.2% for Western Europe and 2.1% for the CEE (excluding Turkey).

With reference to investments in subsidiaries and deferred tax assets, the measurement is significantly influenced by assumptions on future cash flows, which in turn incorporate assumptions on the evolution of the macro-economic scenario. As a result, for the measurement and with the aim to reflect the aforementioned degree of uncertainty, pursuant to requirements of ESMA public statement of 28 October 2020, both the scenarios outlined above have been considered. In particular future cash flows have been estimated by weighting the "Baseline" Scenario and the "Downturn" scenario with a higher probability attributed to the Baseline Scenario (60% vs. 40%).

Moreover, additional parameters impact on measurement: (i) for equity investments the measurement is influenced by Cost of Equity, CET1 ratio target and long term growth rate; (ii) the sustainability of deferred tax assets is influenced by the volatility of expected results and by the confidence level used. In the context of measurement as at 31 December 2020, the evaluation has been updated through the redetermination, if needed, of the underlying parameters.

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 Company financial statements of UniCredit S.p.A., Notes to the accounts Part B - Balance sheet - Assets. The results of these evaluation might be subject to changes not foreseeable at the moment depending on the evolution of the pandemic, the effect of the relief measures adopted and, ultimately, on the existence and degree of the economic recovery. Possible deviations of the actual economic recovery compared with the assumptions which form the basis of the evaluations might require a re-determination of the parameters used, in particular the future cash flows, and the consequent change in the valuation.

In this context it should be noted that an update of the strategic plan Team 23, that reflects current conditions, may be approved by the new Board of Directors, that will be appointed by the shareholder's meeting to be held on 15 April 2021, during 2021.

### Measurement of Real estate portfolio

Always with reference to the valuation of the non-financial assets, it is worth to mention the valuation of the real estate portfolio which has become relevant following the adoption, starting from 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 2020, fair value has been determined through external appraisals. Further information has been reported in the paragraph "Section 8 - Tangible assets - Item 80" of the Company financial statements of UniCredit S.p.A., Notes to the accounts Part B - Balance sheet - Assets.

In this context it is worth to note that in the upcoming financial years, fair value of these assets might be different from the fair value observed as at 31 December 2020 as a result of the possible evolution of real estate market which will also depend on the new practice, in terms of remote working, that could prevail once the lock-down measures will be lifted.

## Part A - Accounting policies

### Measurement of Credit Exposures

With reference to credit exposures, it must be noted that the slow-down of the economic activity resulting from the pandemic Covid-19 and the associated lock-down measures has also affected the estimates on their recoverability and the calculation of the associated loan loss provisions. In this regard it must be noted that the amount of loan loss provisions is determined considering the classification, current and expected, of credit exposures as non-performing, the sale price, for those non performing exposure whose recovery is expected through sale to external counterparties, and credit parameters (Probability of Default, Loss Given Default and Exposure at Default) which, in accordance with IFRS9, incorporates, among other factors, forward looking information and the expected evolution of the macro-economic scenario.

In this context, the Bank has updated macro-economic scenarios as at 31 December 2020 considering, as already underlined, in addition to a base scenario (as already mentioned in the section on “Investment in subsidiaries and Deferred Tax Assets”), a negative scenario and a positive scenario and applying proper weighting factors.

- Negative Scenario, which reflects the assumption that Europe will face a further prolonged pandemic wave at the beginning of 2021. Although, with the mild climate, the economy may recover during spring, the distribution of vaccines, under this scenario, will proceed slower than expected in the Baseline scenario. As a result, mass immunity will only be achieved gradually at the end of the three-year forecast period. Such factor will cause a higher reduction in growth mainly in 2021 (e.g. Western Europe +1.2% vs 4.8% in the base case). Governments will maintain expansionist economic policies to mitigate the negative effects of the pandemic and to maintain social stability. The rate curve will have a more gradual normalization (*steepening*) compared to the “Baseline” scenario. Compared to a hypothesis of a flat rate curve until 2023, in this scenario the increase, however existing, of the long-term component influences the prospective credit risk by affecting the cost of financing for clients. For details refer to table below.
- Positive Scenario is based on the assumption that an effective distribution of vaccines increases the confidence and that GDP grows more than what has been foreseen in the “Baseline” scenario. In this scenario, although the 2021 trend remains in line with the base scenario, the pace of recovery in 2022 is expected significantly more solid, driving an increase in demand that will bring GDP back to pre-pandemic levels by the end of 2022. In this context, it is assumed that governments will gradually reduce support measures. In detail, annual real GDP growth for Western Europe would stand at +5.4% in 2021, rising to +5.9% in 2022 to stabilize at +2.5% in 2023 in a context of short-term rates (3-month Euribor) foreseen still negative in the three-year period 2021-2023.

For details refer to table below.

Interest rates and yield environment, EoP % <sup>(1)</sup>		2021	2022	2023
Negative Scenario 2020	Euribor 3M (bps)	-52	-52	-50
	Mid Swap 10Y (bps)	-8	+13	+33
	Spread BTP – Bund (bps)	+164	+175	+160
	<b>Real GDP growth y/y, %</b>			
	Wester Europe <sup>(2)</sup>	1.2%	2.8%	2.9%
CEE (excluding Turkey)	1.2%	2.6%	2.3%	
Positive Scenario 2020	Euribor 3M (bps)	-52	-52	-50
	Mid Swap 10Y (bps)	+15	+30	+40
	Spread BTP – Bund (bps)	+130	+141	+127
	<b>Real GDP growth y/y, %</b>			
	Wester Europe <sup>(2)</sup>	5.4%	5.9%	2.5%
CEE (excluding Turkey)	4.4%	3.6%	2.6%	

Notes:

(1) For Baseline Scenario data refer to the table above.

(2) Western Europe calculated as a weighted average considering the nominal GDP of the countries relevant for UniCredit (Italy, Germany and Austria).

Considering that a high degree of uncertainty still exists and that economic forecasts show a high degree of volatility where the main uncertainties refer to the continuation of the pandemic together with the effectiveness of the vaccines and their distribution, the probability of the “Negative” scenario in December 2020 has been raised by 10% (thus brought to 40% from 30% in the first half of 2020) so to incorporate the risks of downturns. The probabilities used for the base scenario and the positive scenario have been decreased by 5% each and set, respectively, at 55% (60% in the first half of 2020) and at 5% (from 10% in the first half of 2020).

For additional information on the measurement of credit exposure refer to the paragraph “2.1 Credit risk”, Notes to the consolidated accounts Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter.

Also, in this case the measurement is affected by the already mentioned degree of uncertainty on the evolution of the pandemic, the effect of the relief measures and, ultimately, the existence and degree of economic recovery.

The evolution of these factors may, indeed, require in future financial years the classification of additional credit exposures as non-performing thus determining the recognition of additional loan loss provisions related to both these exposures as well as performing exposures following the update in credit parameters. In this context it will be relevant, among other factors, the ability of the customers to service their debt once moratoria measures provided by the government or voluntarily by the bank will expire.

## Part A - Accounting policies

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 could impact on the value of properties received as collateral and may require an adjustment to the loan loss provisions.

### Other measurements

In addition to the assets mentioned above, the slow-down of economic activity and the associated degree of uncertainty on the economic recovery has also affected the valuation of the following items:

- fair value of financial instruments not listed in active markets;
- severance pay (in Italy) and other employee's benefits;
- 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 2020, they might be subject to changes not foreseeable at the moment, as a result of the evolution in the parameters used for the evaluation.

Further elements, in addition to Covid-19 pandemic, that determine uncertainty in the evaluations are (i) domestic and international socio-economic conditions and subsequent impact on the Bank's profitability and customers' creditworthiness, (ii) financial markets which affect changes in interest rates, prices and actuarial assumptions.

### Statement of going concern

In their joint Document No.4 of 3 March 2010, Banca d'Italia, Consob and ISVAP made a few observations on the current 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.

The Directors observed that the emergence of Covid-19 pandemic during the financial year 2020 and the associated lock-down measures, have determined, as mentioned above, negative effects that are offset, only in part, by the economic relief measures put in place by the Governments. The Directors have considered these circumstances in the assessments of significant items of the financial statements, and on the basis of these assessments, also acknowledging the current uncertainty surrounding the economic recovery and the long-term impact of the lock-down measures adopted, believe with reasonable certainty that the Bank will continue to operate profitably in the foreseeable future; as a result, in accordance with the provisions of IAS1, the document "Company financial statements as at 31 December 2020" was prepared on a going concern basis.

Based upon the aforementioned evaluations, also the main regulatory Group ratios have been taken into account at 31 December 2020, in terms of: (i) the exact figures at 31 December 2020 (CET1 ratio transitional equal to 15.96%; TLAC ratio equal to 26.97%; Liquidity Coverage Ratio at 171% 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 693 basis points; TLAC Ratio: excess of 743 basis points; Liquidity Coverage Ratio: excess of more than 71 percentage points); (iii) the expected evolution of the same ratios during 2021 (in particular, in 2021, it is expected to maintain a significant margin above the capital requirements, i.e. the so called CET1 ratio "MDA buffer", above the range of 200-250 basis points that the Group has set as target in the medium/long term).

Consistently with such evidences, taking into consideration the recommendations issued by European Central Bank in December 2020 and further corroborating the going concern, the Directors intend to propose in 2021 to the Shareholders' Meeting to authorise the distribution of a remuneration, in part in cash and in part through shares buy back, the latter conditional on the reception of the proper authorization by the European Central Bank.

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 - Subsequent events

No material events 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 of 31 December 2020.

For a description of the significant events after year-end refer to the information below.

On 4 January 2021, following the signing of the binding agreement on December 2019 and the obtaining of the relevant regulatory approvals, the parent company UniCredit S.p.A. completed the disposal of SIA UniCredit Leasing and its subsidiary SIA UniCredit Insurance Broker to AS Citadele banka. The intragroup funding has been fully reimbursed at closing.

On 12 January 2021 the parent company UniCredit S.p.A. launched a dual tranche Senior Preferred €1 billion with 5 years maturity and €1 billion with 10 years maturity. The combined amount represents the largest Euro institutional Senior Preferred issuance ever done by UniCredit.

On 27 January 2021 the Board of Directors of UniCredit S.p.A. unanimously nominated Andrea Orcel as designated Chief Executive Officer (CEO), for inclusion in the list for the renewal of the Board of Directors, to replace the outgoing CEO, Jean Pierre Mustier. The list will be presented for approval at the upcoming AGM on 15 April 2021. Upon AGM approval of the list, the Board will confirm his appointment as CEO.

### Section 4 - Other matters

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

- Amendment to IFRS16 Leases Covid-19 Related Rent Concessions (EU Regulation 2020/1434);
  - Amendments to IFRS3 Business Combinations (EU Regulation 2020/551);
  - Amendments to IFRS9, IAS39 and IFRS7: Interest Rate Benchmark Reform (EU Regulation 2020/34);
  - Amendments to IAS1 and IAS8: Definition of Material (EU Regulation 2019/2104);
  - Amendments to References to the Conceptual Framework in IFRS Standards (EU Regulation 2019/2075);
- whose adoption has not determined substantial effects on the amounts recognised in balance sheet or income statement. With reference to the "Amendment to IFRS16 Leases Covid-19 Related Rent Concessions", additional explanations are provided below in this section.

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

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

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

### Risks, uncertainties and impacts of Covid-19 pandemic

Reference is made to "Section 2 - General preparation criteria" for a description of risks and uncertainty relating to Covid-19 pandemic.

### Contractual modifications arising from Covid-19

#### 1) Contractual modifications and accounting derecognition (IFRS9)

In order to limit the effects of the restriction measures put in place to contain the Covid-19 pandemic, starting from the first half 2020, the Bank has granted to its customers debt moratoria measures. These measures have been granted both following the approval of specific laws by the government and as a result of specific initiatives by the Bank so to complement government initiatives. In particular the following measures have been offered:

- **Moratorium on mortgages for private Individuals (UniCredit initiative)**; main features: (i) suspension of the installment (principal) for clients which - before the crisis - were not suffering financial difficulties and whose transaction is not forborne; (ii) maximum duration: 12 months.
- **Moratorium on mortgages for private Individuals (Government initiative)**; main features: (i) the scope is extended also to clients suffering financial difficulties before crisis, as long as the delay in payments does not exceed 90 days, as well as self-employed works and professionals; (ii) maximum duration: 18 months; (iii) fund will pay interest accrued on the residual debt during the suspension period up to 50%; (iv) moratorium already in force for employees is extended to self-employed workers and professionals who have incurred as a result of emergency a decrease in turnover of more than 33%; (v) suppressed the ISEE requirement (income limit); (vi) suspension of the whole installment (principal + interests). The "Ristori" Decree (in force since 25 December 2020) prorogated: (i) until 31 December 2021 the possibility for banks to suspend the loan

## Part A - Accounting policies

installments without waiting for Consap outcome; (ii) until 9 April 2022: the access to Fund benefits for loans in amortization for less than 1 year (no prorogation Fund interventions for professionals and entrepreneurs).

- **Moratorium for SME (Italian Banking Association and UniCredit initiative)**; main features: (i) suspension of the installment (principal); (ii) maximum duration 12 months; (iii) performing counterparties, excluding lending positions for which the suspension or extension has already been granted within the 24 months prior to the application date.
- **Moratorium for Micro Enterprises and SME (Government initiative)**; main features: (i) irrevocability (until 30 June 2021) of the credit lines granted "until revoked" and of loans granted on advance on credits (the guarantee covers 33% of the increased credit line used between the date of entry into force of the decree and 30 June 2021); (ii) postponement (until 30 June 2021 under the same conditions) of the repayment of non-installment loans due to mature before 30 June 2021 (guarantee covers 33%); (iii) suspension (till 30 June 2021) of the payment of the instalments of loans (principal and interests) due to mature before 30 June 2021 (guarantee covers 33%).

Subsequently the **"August" Decree Law** of 14 August 2020, No.104, converted into Law No.126 of 13 October 2020, containing several urgent measures in support of health, work and economy, linked to the Covid-19 emergency:

- extended the moratorium for SME set by the Decree Cura Italia until 31 January 2021 (previous 30 September 2020). The extension operates automatically, unless expressly waived by the beneficiary company;
- extended to 31 March 2021 the moratorium for the tourist sector, for mortgage payments only, specifying that tourism-sector companies are: tourism-accommodation companies, travel and tourism agencies and tour operators, spas and physical wellness centers, subjects that manage amusement parks or theme parks, subjects that carry out tourist guide and assistance activities.

In accordance with ESMA's declaration<sup>46</sup> which clarified that it is unlikely that the contractual changes resulting from these moratoria can be considered as substantial, the Bank has not derecognised the related credit exposures<sup>47</sup>. A modification loss is consequently recognised in item "140. Gains/Losses from contractual changes with no cancellations" if the increase in future payments is not sufficient to remunerate the Bank for the postponement period also in light of local laws and regulations.

### 2) Amendment to IFRS16 accounting standard

The IASB published 28 May 2020 the "Amendment to IFRS16 Leases Covid-19 Related Rent Concessions" which has been endorsed 15 December 2020.

Such amendments provide lessees with an exemption (permitted and not required) from assessing whether a Covid-19-related rent concession is a lease modification. Entities applying the exemption, available from 1 June 2020, would account for the changes as if they were not lease modifications.

If the exemption is applied by the lessee then:

- forgiveness or waiver of lease payments are accounted for as a variable lease payment against the derecognition of the part of lease liability forgiven or waived;
- change in lease payments that reduces payments in one period but proportionally increases payments in another, requires interest to be accrued on the lease liability and lease liability to be reduced in order to reflect lease payments made to the lessor.

This exemption can be used only if the following conditions are met:

- rent concessions occur as a direct consequence of the Covid-19 pandemic;
- the revised consideration for the lease is the same as, or less than, the consideration for the lease immediately preceding the change;
- the reduction in lease payments affects only payments originally due on or before 30 June 2021;
- there is no substantive change to other terms and conditions of the lease.

The Bank has not applied the exemption foreseen by the IFRS16 amendment.

### Reorganization of Wien Permanent establishment ("WPE") of UniCredit S.p.A. ("UCI")

In the context of Team 23 Strategic plan the Group is implementing a re-organization of CEE activities executed through the streamlining of the functions attributed to the WPE of UCI, so to achieve the cost efficiency provided by Team 23.

In September 2020 UCI agreed, coherently with the obligations toward UniCredit Bank Austria ("UCBA"), in the context of re-organization of activities within CEE made in 2016, to review existing intercompany agreements, indemnifying UCBA for costs which it will incur in the context of WPE re-organization.

As a result, UCI has recognised during 2020 expenses for €49 million (including VAT) relating mainly to contracts for which the limited possibility of renegotiations towards third parties suppliers force UCI to reimburse UCBA for services purchased by the latter but that will not more used in the context of business operations.

<sup>46</sup> ESMA public statement: "Accounting implications of the Covid-19 outbreak on the calculation of expected credit losses in accordance with IFRS9" of 25 March 2020.

<sup>47</sup> According to IFRS9, the contractual modifications must be accounted for (i) if significant, through the derecognition, (ii) if not significant, through the recalculation of the gross exposure by discounting the contractual cash flows after the modification at the original effective interest rate. The standard does not provide any indication as to whether a change is significant or not. For further information on accounting principles used by the Bank and the Group on this matter, refer Consolidated financial statements of UniCredit group, Notes to consolidated accounts Part A - Accounting policies, A.2 - Main items of the accounts.

## Part A - Accounting policies

### TLTRO

On 6 January 2021, ESMA published a document which, referring to the changes introduced by the ECB during 2020 due to the Covid-19 emergency with particular reference to the interest rates applicable to the third series of targeted longer term refinancing operations (TLTRO III), recommends an adequate level of transparency regarding the accounting treatment applied for the purposes of preparing the financial statements, with particular reference to considerations regarding the qualification of transactions as loans at market rates (IFRS9) or at an interest rate lower than the market rate (IAS20), method of calculating the effective interest rate and any changes in the estimate of payments for changes in the valuation regarding compliance with the "eligibility" criteria. In such document ESMA, also specifies that, taking into account the different accounting treatments observed on the market, it will send a question to the IFRIC on this matter. Therefore, the accounting treatment adopted by the Bank, described below, may be subject in the future to different interpretations by the competent bodies.

The TLTRO liabilities are banking book funding instruments to be subsequently measured at amortised cost according to IFRS9.4.2.1.

The prospect for the borrowing bank to be charged of a variable negative interest margin on "long term refinancing operations", additional to the average Deposit Facility Rate ("DFR") or Main Refinancing Operation ("MRO") rate, is linked to the achievement of specific threshold on Cumulative Net Lending toward eligible counterparties<sup>48</sup>.

In particular, financial conditions incorporated into TLTROs are reflecting ECB monetary policy initiatives to prospectively reduce market "cost of funding" for banking institutions by using "non-conventional" tools and reflected in money market operations.

As a result, accounting analysis rejected such a margin would have been assimilated to either (i) a government grants (being ECB TLTRO a "limited access & banking specific" market by its own), or (ii) an embedded derivative (not filling with IFRS9 derivative definition).

Therefore, such contractual term must be seen as contractual clause included into a one-coupon floating-rate<sup>49</sup> financial liability (the refinancing operation), and to be considered part of the calculation of the liability's interest revenues according to IFRS9.

Under the said accounting principle, the interests shall be calculated using the "effective interest method" that allocates interest revenues over the application period of the "effective interest rate". The latter is defined as the rate that discounts estimated future cash flows through the expected life of the financial instruments to the net carrying amount.

Accordingly, having introduced a new/prospective "performance-related" remuneration within the ECB TLTRO "market" specific financial features are handled similarly to changes in market-index for floating-rate liabilities.

Therefore, referencing EIR rules for "markets-driven" variable remunerations, changes in "market index" (e.g. base rate and spread) are reflected by adjusting instruments' carrying amount calculated by reference to the evolution of the "TLTRO index" and limited to the accrued (to-date) portion<sup>50</sup>.

As a result, TLTRO III effective interest rate for a 3 years funding is comprised between -0.33% and -0.83%<sup>51</sup>, coherently with (i) benchmark achievements for Cumulative Net Lending ("CNL") as at March 2021 and December 2021 and (ii) current MRO and DFR levels.

With reference to 2020, a Net Interest Income contribution equal to +€90 million, additional to "DFR", has been recognised for the outstanding €51 billion TLTRO funding, fully subscribed in June 2020, reflecting expected CNL threshold achievement as supported by (i) outstanding CNL production and (ii) expected business developments incorporated into FY2021 budget plan, also corroborated by statistical model used for calculating the probability related to the achievement of the relevant "minimum thresholds".

### 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 DL 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 (eg. Eco and Sismabonus) and current expenses (eg. rents for non-residential premises).

These incentives applies to households or businesses, are commensurate with a percentage of the expenditure incurred (which in some cases even reaches 110%) and 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 State, can use them to offset taxes and contributions or they can further transfer them (in whole or in part) to third parties.

Starting from the third quarter of 2020 UniCredit S.p.A. launched commercial initiatives aimed at:

- providing "bridge" loans 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.

<sup>48</sup> Loans to non-financial corporations & Loans to households, excluding loans for house purchase.

<sup>49</sup> Either for the base rate (Avg DRF or Avg MRO) and the spread (up to -50bps with a minimum of -1% for a portion of the liability's expected duration).

<sup>50</sup> Similarly, to other "market indexed" variable rate notes.

<sup>51</sup> Early termination would result in lower (i.e. more negative) EIR with additional NII effect.



## Part A - Accounting policies

The specific features of these tax credits are such that these assets are not in the scope of specific IAS/IFRS.

Therefore, the paragraph of IAS8<sup>52</sup> which require the management to define an accounting policy suitable for providing relevant and reliable information is applied.

In accordance with what is indicated in the paper published by the OIC on 17 May 2020<sup>53</sup> and in Document No.9 jointly published by Banca d'Italia, CONSOB, IVASS on 5 January 2021<sup>54</sup>, it is believed that an accounting model based on IFRS9 is the accounting model more suitable for providing relevant and reliable information.

As a result of the above, on initial recognition tax credits are booked in item "120. Other assets" for a value equal to the purchase price assumed equal to a Level 3 fair value of the fair value hierarchy.

On subsequent measurement, the provisions of IFRS9 relating to the "Held to collect portfolio" are applied. As a result, these tax credits are measured at amortised costs recognising in Income statement under item "10. Interest income and similar revenues" the portion, accrued in the period, of the difference between the value at initial recognition and the value that is expected to be utilised through the offsetting with tax liabilities. This latter value is subject to periodical re-assessment with recognition into income statement, item "10. Interest income and similar revenues" of the associated difference in term of carrying amount to such tax credits.

As at 31 December 2020, the tax credit recognised in "Other assets" of UniCredit S.p.A. amounts to €0.1 million.

The commitments connected with the purchase of the future tax credit are recognised, for a value equal to the price that will be paid when the commitment will be used by the customer, among "Other commitments" (€1.9 million at the end of 2020) and will be subject to impairment tests in relation to their effectively offset value with recognition in the Income statement under item "170. Net provisions for risks and charges".

For the sake of completeness, it should be noted that the "bridge" loan (€1.2 million as at 31 December 2020) is a financial instrument that is measured at amortised cost according to the ordinary provisions of IFRS9.

### Interbank Offered Rates (IBORs) transition

A comprehensive reference rates reform is currently taking place following the concerns raised in recent years about the integrity and reliability of major financial market benchmarks. In order to assess the relevant risks associated with the global benchmark reforms mandated by the Financial Stability Board (FSB), and taking appropriate actions to ensure an adequate transition to alternative or reformed benchmark rates ahead of the deadline of the end of 2021 specified in the revised EU Benchmark Regulation BMR, UniCredit group launched in October 2018 a Group wide project in order to manage the IBORs discontinuation.

Accordingly, a multiyear roadmap has been defined based on both Group exposure (mainly focused on Euro) and transition timeline.

In 2020, UniCredit has followed up the activities defined to ensure a smooth transition away from LIBOR, consistently with the latest international working groups' developments and recommendations.

In this sense, it is worth to mention that, after a slowdown at market level on recommendation developments, due to Covid-19 crisis, during the last part of the year, a number of consultations have been issued both by European ECB Working Groups on Euro Risk-Free Rates, focused on Euribor fallbacks and cessation triggers, and by other international working groups and bodies (e.g. International Swaps and Derivatives Association - ISDA; ICE Benchmark Administration - IBA; LCH), focused on LIBOR discontinuation and alternative rates, whose outcomes will be known during 2021 and will be taken into account while envisaging recommendations and market practices to consider on transition.

At the same time, the regulatory discussion has accelerated both within European Commission (i.e. to define possible amendments to the current Benchmark Market Regulation), within the other mainly 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), and at local level, in order to support a smooth transition.

Such discussions and consultation outcomes, while aimed to bring further stability in the market and reduce conduct risk, may affect timing and/or fallback rules applied to outstanding stock of assets, liability and derivatives linked to IBOR yet to be transformed or transitioned.

<sup>52</sup> IAS8 paragraph 10.

<sup>53</sup> "Cessione del credito d'imposta" - Law 17 July 2020 No.77"

<sup>54</sup> 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

To address potential source of uncertainty on the effect of the Interbank offered rates (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 as of 31 December 2020 is presented below:

**Hedging contracts: notional amount<sup>(\*)</sup>**

(€ million)

HEDGING RELATIONSHIP	HEDGED ITEMS	INDEX			
		LIBOR USD	LIBOR OTHER CURRENCIES	OTHER CEE COUNTRIES IBORS	OTHERS
Fair value	Assets	3,365	4,853	59	-
	Liabilities	11,364	-	-	263
Cash flows	Assets	4,875	4,417	-	-
	Liabilities	15,239	-	-	-
<b>Total</b>		<b>34,843</b>	<b>9,270</b>	<b>59</b>	<b>263</b>

**Note:**

(\*) Double-entry method when relevant.

In order to closely follow the developments on IBORs and to properly manage the transition and the discontinuation impacts, UniCredit is continuously monitoring the market, also attending the European working groups, the industry working groups (e.g. International Swaps and Derivatives Association - ISDA) and participating to the relevant public consultations.

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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 2020 are audited by Deloitte & Touche S.p.A. pursuant to Legislative Decree No.39 of 27 January 2010 and to the resolution passed by the Shareholder's Meeting on 11 May 2012.

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 2020, subject to limited scope audit, as well as the Consolidated interim reports as at 31 March and 30 September 2020, 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 2020 have been approved by the Board of Directors' meeting of 10 February 2021, which authorised its disclosure to the public also pursuant to IAS10.

The whole document is filed in the competent offices and entities as required by law.

## 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 recovery 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.

## 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.

## Part A - Accounting policies

### 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 and from which future economic benefits are probable.

Intangible assets are principally represented by software.

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.

An intangible asset with a definite life is subject to straight-line amortisation over its estimated useful life.

Residual useful life is usually assessed up to 7 years with regard to software.

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 originate 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.

### 10 - Provisions for risks and charges

#### Commitments 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.

## Part A - Accounting policies

### 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.

#### 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”)

The “TFR” provision for Italy-based 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” (see previous paragraph 10 - under Provisions for Risks and Charges - *Retirement Payments and Similar Obligations*). This method distributes the cost of the benefit evenly over the employee’s working life.

## Part A - Accounting policies

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 "160. Administrative costs: a) staff expense" and include, for the part of obligations already existing 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 "110. Revaluation reserves" according to IAS19 Revised.

### **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 financial 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.

### **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 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 2020.

### 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 could 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 the 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, the dealer, the broker, the 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.

If the observable prices in active market or other observable inputs, such as the quoted price of a similar instrument in an active market, the Group may use another valuation techniques, such as:

- a market approach (e.g. using quoted prices for similar 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 keeping 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 "executability" 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**

##### *Fixed-Income securities*

Fixed-Income 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 positions in these instruments are disclosed in reference to Fair Value Hierarchy under Level 1<sup>55</sup>. In order to assess it, within the global bond Independent Price Verification (IPV) process a daily Liquidity Indicator is defined taking into account:

- the number of executable bid/ask quotes;
- their relative sizes and spreads.

Such indicator is tracked over a 20 business days time window in order to obtain a stable monthly indicator.

Instruments not traded in active markets are marked to model based on implied credit spread curves derived from the former Level 1 instruments. The model maximises the use of observable input and minimizes the use of unobservable inputs. With this respect, depending on the proximity of the credit spread curve applied, the bonds are disclosed as Level 2 or Level 3, Level 3 is applied in case credit spread curves used are significantly unobservable. 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 fair value of structured financial products not quoted is determined 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 relies on internal policies centred on:

- extension and implementation across all the Group's Legal Entities of an independent Price Verification (IPV) process suited to the changed market conditions for Structured Credit Bonds;
- integration of current Fair Value Adjustments Policy.

According to the IPV process the quality of a price is assessed based upon the availability of quotes of independent market players for identical assets.

The process relies first on *consensus data provider* as reliable collector of market quotes.

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 are reasonably made available without excessive costs or efforts.

##### *Derivatives*

Fair value of derivatives not traded in an active market is determined using a *mark-to-model* valuation technique. In such cases, 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 where the instrument is quoted has decreased significantly.

<sup>55</sup> 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

### *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*

Real Estate 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.

### *Property, plant and equipment measured at fair value*

The Group owns property, plant and equipment held for investment purposes, which are valued according to the fair value model for Real Estate investments linked to liabilities that generate a return on investments themselves.

The attribution of fair value levels is based on the level of observability of the significant market parameters used by the valuation technique. Given the current portfolio composition, most of the positions are at Level 3.

### **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 which reflects the actual exit price of a certain position.

Below a list of adjustments:

- Credit/Debit Valuation Adjustment (CVA/DVA);
- 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 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 2020, net CVA/DVA cumulative adjustment, relating to performing counterparts, amounts to €49.4 million negative. The part related to own credit spread evolution, which is filtered out from regulatory capital (accordingly to CRDIV), amounts to €144 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 accounts 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 FVA 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.

## Part A - Accounting policies

As at 31 December 2020 the Fair Value adjustment component (FundVA) reflect into P&L amounts to €19.1 million negative.

### *Model risk*

Financial models are used for the valuation of the financial instruments if the direct market quotes are not readily available. 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 costs*

It measures the implicit costs of closing an (aggregated) trading position. The position could 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 fair value on the consolidated balance sheet, but they are carried at amounts that approximate fair value, due to their short-term nature and generally negligible credit risk.

### *Financial assets at amortised cost*

For the assets that are composed by securities, fair value is determined according to what explained in section "Assets and Liabilities measured at fair value on a recurring basis - Fixed Income Securities".

On the other hands, fair value for performing Loans and Receivables 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 held for investment purposes*

The fair value of property, plant and equipment held for investment purposes is determined on the basis of a valuation by an independent appraiser who holds a recognised and relevant professional qualification which perform its valuation mainly 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 and in consideration of market analysis.

The attribution of fair value levels is based on the level of observability of the significant market parameters used by the valuation technique.

### *Financial liabilities at amortised cost*

Fair value for debt securities in issue is determined using the discounted cash flow model adjusted for UniCredit credit risk. The Credit Spread is determined using UCG's subordinated and non-subordinated risk curves.

On the other hands, fair value for other financial liabilities is determined using the discounted cash flow model adjusted for UniCredit credit risk. The Credit Spread is determined using UCG's senior and subordinated risk curves.

### **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 Bank 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 model valuation techniques are 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 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 that uses prices generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities.

### *Gordon Growth Model*

This is the model used to determine the intrinsic value of an equity investment, based on a series of future dividends which grow at a constant rate. Given a dividend to be paid in a specific year and the hypothesis that the dividend grows at a constant rate, the model computes the present value of future dividends.

### *Dividend Discount Model*

This model is used to determine the value of an equity investment, based on the series of predicted future dividends. Given a dividend to be paid in a specific year and the hypothesis that the dividend grows at a constant rate, the model computes the fair value of an equity share as the sum of the present value of all future dividends.

### *Adjusted NAV*

Net asset value is the total value of a fund's assets less liabilities. An increase in net asset value would result in an increase in a fair value measure. Usually for funds classified as Level 3, NAV represents a risk free valuation, therefore in this case the NAV is adjusted so as to consider the issuer's default risk.

### **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 a measure for 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 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, favorable or unfavorable, on the fair value of an instrument, depending on the type of correlation.

## Part A - Accounting policies

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 represents 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 curve refer to the rates in currencies for which a market liquidity doesn't exist in terms of tightness, depth and resiliency. The illiquidity of these input data impacts directly the valuation of securities or derivatives expressed in illiquid currencies.

### *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. The illiquidity of those inputs has an indirect impact on the valuation of a debt instrument linked to inflation (inflation-linked note) or in case of a derivative over inflation.

### *Credit spreads*

Different valuation models, especially for credit derivatives require an input for the credit spread which reflects the credit quality of the associated credit name. The credit spread of a particular *security* is quoted in relation to the yield on a *benchmark security* or reference rate, typically either U.S. Treasury or LIBOR/EURIBOR and is generally expressed in terms of basis points.

The ranges for credit spreads cover a variety of underlings (*index* and *single names*), regions, sectors, *maturities* and credit qualities (*high-yield* and *investment-grade*). The broad range of this population gives rise to the width of the *ranges* of unobservable inputs.

### *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. The *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.

### *Price*

Where market prices are not observable, comparison via proxy is used to measure a fair value.

### *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 upon 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 not only depends 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.

## Part A - Accounting policies

### 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		
<b>Derivatives</b>	Financial	Foreign Exchange	30	3	Option Pricing Model	Volatility	0%	27%
					Discounted Cash Flows	Interest rate (bps)	0	36
		Interest Rate	53	0	Discounted Cash Flows	Swap Rate (bps)	0	36
						Inflation Swap Rate (bps)	3	6
		Equity & commodities	226	59	Option Pricing Model	Volatility	2%	20%
						Correlation	2%	24%
	Credit		-	-	Hazard Rate Model	Credit Spread (bps)	1	73
						Recovery rate	0%	5%
	<b>Debt Securities and Loans</b>	Corporate/Government/Other	94	373	Market Approach	Credit Spread (bps)	1	391
						Mortgage & Asset Backed Securities	242	-
Recovery rate		0%	24%					
Default Rate		0%	1%					
						Prepayment Rate	0%	5%
<b>Equity Securities</b>	Unlisted Equity & Holdings	1,053	-	Market Approach	Price (% of used value)	0%	73%	
				Gordon Growth Model	Ke	7%	16%	
					Growth Rate	2%	3%	
<b>Units in Investment Funds</b>	Real Estate & Other Funds	1,437	-	Adjusted Nav	PD	1%	30%	
					LGD	35%	60%	

## Part A - Accounting policies

### A.4.2 Valuations processes and sensitivities

The Bank 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 valuation models developed by Group companies' front offices are independently tested centrally and validated by the Group Internal Validation 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 inputs 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% of volatility, 10% of dividend, 1% of correlation and 10% of volatility skew;
- for foreign exchanges: 1% of underlying volatility;
- for interest rate derivatives: 1 basis point of rates curves and volatilities;
- for credit derivatives: 1 basis point 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% shift of the recovery rate;
- for debt securities: 1 basis point of credit spread;
- for equities: 1% of the underlying;
- for Units in Investment Funds quotes: 5 basis points shift in PD and LGD, if evaluated leveraging on models considering counterparty credit risk as main risk factor, otherwise 1% of fair value.

PRODUCT CATEGORIES		FAIR VALUE MOVEMENTS	
(€ million)			
Derivatives	Financial	Equities & Commodities	+/- 13.34
		Foreign Exchange	+/- -
		Interest Rate	+/- -
	Credit	+/- 4.51	
Debt Securities and Loans	Corporate/Government/Other	+/- 0.04	
	Mortgage & Asset Backed Securities	+/- 0.07	
Equity Securities	Unlisted Equity & Holdings	+/- 10.53	
Units in investment funds	Real Estate & Other Funds	+/- 0.17	

Within the unlisted Level 3 Units in Investment Funds, measured using a model, the shares in Atlante and Italian Recovery Fund, former Atlante II, (€350 million at 31 December 2020) are classified and, within Equity Securities, the investments in the Voluntary Scheme (as at 31 December 2020 equal to €7 million). For further information, please refer to Part B - Section 4 - Available for sale financial assets c) other financial assets mandatory 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.

## Part A - Accounting policies

### 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 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 the major part of the fair value variance itself over a period of three months.

In some specific cases, the significance limit is assessed in relation to the fair value of the instrument at the measurement date.

In particular, three levels are considered:

- Level 1: fair value for instruments classified within this level is determined according to the quoted prices on active markets;
- Level 2: fair value for instruments classified within this level is determined according to the valuation models which use observable inputs on active markets;
- Level 3: fair value for instruments classified within this level is determined according to the valuation models which prevalently use significant unobservable input 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):** quoted prices (unadjusted) in active markets are available for identical assets or liabilities that the entity has the ability to access at the measurement date. 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.

When fair value is measured directly taking into consideration an observable price and quoted on an active market, the hierarchy attribution process will assign Level 1. When fair value has to be measured either via Comparable approach or via Mark-to-Model approach, the hierarchy attribution process will assign Level 2 or Level 3, depending on the observability of all the significant input parameters.

Within the choice among various valuation techniques 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 FV levels (both between L1 and L2 and in/out L3) 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 FV levels occurred in the period is presented in paragraph "A.4.5 Hierarchy of fair value" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part A - Accounting policies, A.4 - Information on fair value, Quantitative information.

### A.4.4 Other information

The Bank 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.



## Part A - Accounting policies

### Quantitative information

#### A.4.5 Hierarchy of fair value

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

FINANCIAL ASSETS/LIABILITIES MEASURED AT FAIR VALUE	AMOUNTS AS AT 12.31.2020			AMOUNTS AS AT 12.31.2019		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Financial assets at fair value through profit or loss	4,668	8,586	2,445	6,816	5,954	1,927
a) Financial assets held for trading	4,423	6,507	308	6,740	5,646	292
b) Financial assets designated at fair value	109	-	-	-	-	-
c) Other financial assets mandatorily at fair value	136	2,079	2,137	76	308	1,635
2. Financial assets at fair value through other comprehensive income	27,193	5,954	690	26,056	3,315	2,036
3. Hedging derivatives	114	6,018	-	146	5,077	-
4. Property, plant and equipment	-	-	2,608	-	-	2,616
5. Intangible assets	-	-	-	-	-	-
<b>Total</b>	<b>31,975</b>	<b>20,558</b>	<b>5,743</b>	<b>33,018</b>	<b>14,346</b>	<b>6,579</b>
1. Financial liabilities held for trading	2,704	6,905	62	7,422	5,916	65
2. Financial liabilities designated at fair value	-	4,490	373	-	3,607	133
3. Hedging derivatives	126	5,905	-	166	4,716	-
<b>Total</b>	<b>2,830</b>	<b>17,300</b>	<b>435</b>	<b>7,588</b>	<b>14,239</b>	<b>198</b>

The item "1. c) Financial assets mandatorily at fair value" at Level 3 as at 31 December 2020 includes the investments in Atlante and Italian Recovery Fund, former Atlante II (carrying value €350 million) and in "Schema Volontario" (carrying value €7 million).

Since no market valuations or prices of comparable securities are available for "Schema Volontario", at 31 December 2020 the fair value of such instrument was determined using internal models (Discounted Cash Flow and Market Multiples) also having as reference the valuation of the financial assets of the "Schema Volontario" (supported by the advisor in charge) contained in the Rendiconto 2019 of the "Schema Volontario" itself, while concerning Atlante and Italian Recovery Fund, former Atlante II, the Fair Value was determined having as reference the valuation of the financial assets provided from the fund itself adjusted to consider the valuation risks underlying the estimate provided by the fund and mainly due to the liquidity premium and the availability of the information related to the performance of the fund's underlying assets.

See the paragraph "2.5 Other financial assets mandatorily at fair value: breakdown by product" 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.

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:

- 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 approximately €62 million;
  - of financial assets measured at fair value through reserves (financial assets at fair value through other comprehensive income) for approximately €17 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 2020							
	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	HEDGING DERIVATIVES	PROPERTY, PLANT AND EQUIPMENT	INTANGIBLE ASSETS
	TOTAL	OF WHICH: A) FINANCIAL ASSETS HELD FOR TRADING	OF WHICH: B) FINANCIAL ASSETS DESIGNATED AT FAIR VALUE	OF WHICH: C) FINANCIAL ASSETS MANDATORILY AT FAIR VALUE				
<b>1. Opening balances</b>	<b>1,927</b>	<b>292</b>	-	<b>1,635</b>	<b>2,036</b>	-	<b>2,616</b>	-
<b>2. Increases</b>	<b>2,273</b>	<b>1,334</b>	-	<b>939</b>	<b>136</b>	-	<b>145</b>	-
2.1 Purchases	1,192	334	-	858	20	-	34	-
2.2 Profits recognised in	1,036	1,000	-	36	45	-	85	-
2.2.1 Income statement	1,036	1,000	-	36	3	-	17	-
<i>- of which unrealised gains</i>	177	145	-	32	-	-	17	-
2.2.2 Equity	X	X	X	X	42	-	68	-
2.3 Transfers from other levels	6	-	-	6	-	-	-	-
2.4 Other increases	39	-	-	39	71	-	26	-
<b>3. Decreases</b>	<b>1,755</b>	<b>1,318</b>	-	<b>437</b>	<b>1,482</b>	-	<b>153</b>	-
3.1 Sales	961	940	-	21	147	-	-	-
3.2 Redemptions	260	-	-	260	207	-	-	-
3.3 Losses recognised in	485	378	-	107	89	-	130	-
3.3.1 Income statement	485	378	-	107	3	-	92	-
<i>- of which unrealised losses</i>	303	251	-	52	-	-	26	-
3.3.2 Equity	X	X	X	X	86	-	38	-
3.4 Transfers to other levels	4	-	-	4	918	-	22	-
3.5 Other decreases	45	-	-	45	121	-	1	-
<i>of which: business combinations</i>	-	-	-	-	-	-	-	-
<b>4. Closing balances</b>	<b>2,445</b>	<b>308</b>	-	<b>2,137</b>	<b>690</b>	-	<b>2,608</b>	-

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 2020		
	FINANCIAL LIABILITIES HELD FOR TRADING	FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE	HEDGING DERIVATIVES
<b>1. Opening balances</b>	<b>65</b>	<b>133</b>	<b>-</b>
<b>2. Increases</b>	<b>1,063</b>	<b>500</b>	<b>-</b>
2.1 Issuance	217	337	-
2.2 Losses recognised in	846	58	-
2.2.1 Income statement	846	32	-
<i>- of which unrealised losses</i>	26	23	-
2.2.2 Equity	X	26	-
2.3 Transfers from other levels	-	102	-
2.4 Other increases	-	3	-
<b>3. Decreases</b>	<b>1,066</b>	<b>260</b>	<b>-</b>
3.1 Redemptions	820	-	-
3.2 Purchases	-	210	-
3.3 Profits recognised in	246	29	-
3.3.1 Income statement	246	23	-
<i>- of which unrealised gains</i>	106	21	-
3.3.2 Equity	X	6	-
3.4 Transfers to other levels	-	4	-
3.5 Other decreases	-	17	-
<i>of which: business combinations</i>	-	-	-
<b>4. Closing balances</b>	<b>62</b>	<b>373</b>	<b>-</b>

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 12.31.2020				AMOUNTS AS AT 12.31.2019			
	BOOK VALUE	FAIR VALUE			BOOK VALUE	FAIR VALUE		
		LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3
1. Financial assets at amortised cost	280,226	32,156	111,092	136,935	301,163	30,294	107,738	165,574
2. Property, plant and equipment held for investment	-	-	-	-	-	-	-	-
3. Non-current assets and disposal groups classified as held for sale	255	-	17	-	1,142	-	17	-
<b>Total</b>	<b>280,481</b>	<b>32,156</b>	<b>111,109</b>	<b>136,935</b>	<b>302,305</b>	<b>30,294</b>	<b>107,755</b>	<b>165,574</b>
1. Financial liabilities at amortised cost	369,226	31,162	72,769	267,703	329,126	30,222	83,396	218,012
2. Liabilities associated with assets classified as held for sale	-	-	-	-	-	-	-	-
<b>Total</b>	<b>369,226</b>	<b>31,162</b>	<b>72,769</b>	<b>267,703</b>	<b>329,126</b>	<b>30,222</b>	<b>83,396</b>	<b>218,012</b>

## Part A - Accounting policies

The changes occurred between 31 December 2019 and 31 December 2020 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 book value of items “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 €238 million. For further details on these two sub-items see the table reported in the paragraph “11.1 Non-current assets and disposal groups classified as held for sale: breakdown by asset type” of the Company financial statements of UniCredit S.p.A., 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 (see Sections 1.a) and 12 of part A.2 above) and instruments designated at fair value (see 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 +1,1 million at 31 December 2020.

## Part B - Balance sheet - Assets

## Assets

## Section 1 - Cash and cash balances - Item 10

## 1.1 Cash and cash balances: breakdown

	AMOUNTS AS AT	
	12.31.2020	12.31.2019
a) Cash	1,338	1,561
b) Demand deposits with Central Banks	60,078	834
<b>Total</b>	<b>61,416</b>	<b>2,395</b>

(€ million)

The change in the item "Demand deposits with Central Banks" (equal to over €59 billion) is mainly attributable to investment of liquidity into overnight deposits with Banca d'Italia, in addition to the part that is maintained in the Compulsory Reserves. The aforementioned increase in liquidity position is substantially due to a net surplus of funds recognised both (i) in the context of commercial activity with customers (about €25 billion the annual change in the net imbalance between deposits and receivables from/to customers, mainly allocated into short-term positions) and (ii) as part of the interbank business (about €32 billion the annual change in the net imbalance between deposits and receivables from/to banks, mainly as a result of the increase in TLTRO facilities for about €18 billion and in Reverse repos for approximately €14 billion).

## Section 2 - Financial assets at fair value through profit or loss - Item 20

## 2.1 Financial assets held for trading: breakdown by product

ITEMS/VALUES	AMOUNTS AS AT 12.31.2020			AMOUNTS AS AT 12.31.2019		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
<b>A. Financial assets (non-derivatives)</b>						
<b>1. Debt securities</b>	<b>4,421</b>	-	-	<b>6,737</b>	-	-
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	4,421	-	-	6,737	-	-
<b>2. Equity instruments</b>	-	-	-	-	-	-
<b>3. Units in investment funds</b>	-	-	-	-	-	-
<b>4. Loans</b>	-	-	-	-	-	-
4.1 Reverse Repos	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
<b>Total (A)</b>	<b>4,421</b>	-	-	<b>6,737</b>	-	-
<b>B. Derivative instruments</b>						
<b>1. Financial derivatives</b>	<b>2</b>	<b>6,507</b>	<b>308</b>	<b>3</b>	<b>5,646</b>	<b>292</b>
1.1 Trading	2	6,333	90	3	5,418	45
1.2 Linked to fair value option	-	79	197	-	103	207
1.3 Other	-	95	21	-	125	40
<b>2. Credit derivatives</b>	-	-	-	-	-	-
2.1 Trading	-	-	-	-	-	-
2.2 Linked to fair value option	-	-	-	-	-	-
2.3 Other	-	-	-	-	-	-
<b>Total (B)</b>	<b>2</b>	<b>6,507</b>	<b>308</b>	<b>3</b>	<b>5,646</b>	<b>292</b>
<b>Total (A+B)</b>	<b>4,423</b>	<b>6,507</b>	<b>308</b>	<b>6,740</b>	<b>5,646</b>	<b>292</b>
<b>Total Level 1, Level 2 and Level 3</b>			<b>11,238</b>			<b>12,678</b>

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.

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 Company financial statements of UniCredit S.p.A., Notes to the accounts Part A - Accounting policies.

## Parte B - Balance sheet - Assets

### 2.2 Financial assets held for trading: breakdown by borrowers/issuers/counterparties

ITEMS/VALUES	(€ million)	
	AMOUNTS AS AT	
	12.31.2020	12.31.2019
<b>A. Financial assets (non-derivatives)</b>		
<b>1. Debt securities</b>	<b>4,421</b>	<b>6,737</b>
a) Central Banks	-	-
b) Governments and other Public Sector Entities	4,421	6,737
c) Banks	-	-
d) Other financial companies	-	-
<i>of which: insurance companies</i>	-	-
e) Non-financial companies	-	-
<b>2. Equity instruments</b>	-	-
a) Banks	-	-
b) Other financial companies	-	-
<i>of which: insurance companies</i>	-	-
c) Non-financial companies	-	-
d) Other issuers	-	-
<b>3. Units in investment funds</b>	-	-
<b>4. Loans</b>	-	-
a) Central Banks	-	-
b) Governments and other Public Sector Entities	-	-
c) Banks	-	-
d) Other financial companies	-	-
<i>of which: insurance companies</i>	-	-
e) Non-financial companies	-	-
f) Households	-	-
<b>Total A</b>	<b>4,421</b>	<b>6,737</b>
<b>B. Derivative instruments</b>		
a) Central counterparties	416	253
d) Other	6,401	5,688
<b>Total B</b>	<b>6,817</b>	<b>5,941</b>
<b>Total (A+B)</b>	<b>11,238</b>	<b>12,678</b>

### 2.3 Financial assets designated at fair value: breakdown by product

ITEMS/VALUES	(€ million)					
	AMOUNTS AS AT 12.31.2020			AMOUNTS AS AT 12.31.2019		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
<b>1. Debt securities</b>	<b>109</b>	-	-	-	-	-
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	109	-	-	-	-	-
<b>2. Loans</b>	-	-	-	-	-	-
2.1 Structured	-	-	-	-	-	-
2.2 Other	-	-	-	-	-	-
<b>Total</b>	<b>109</b>	-	-	-	-	-
<b>Total Level 1, Level 2 and Level 3</b>			<b>109</b>			-

The items are 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	
	12.31.2020	12.31.2019
<b>1. Debt securities</b>	<b>109</b>	-
a) Central Banks	-	-
b) Governments and other Public Sector Entities	109	-
c) Banks	-	-
d) Other financial companies	-	-
<i>of which: insurance companies</i>	-	-
e) Non-financial companies	-	-
<b>2. Loans</b>	-	-
a) Central Banks	-	-
b) Governments and other Public Sector Entities	-	-
c) Banks	-	-
d) Other financial companies	-	-
<i>of which: insurance companies</i>	-	-
e) Non-financial companies	-	-
f) Households	-	-
<b>Total</b>	<b>109</b>	-

## 2.5 Other financial assets mandatorily at fair value: breakdown by product

(€ million)

ITEMS/VALUES	AMOUNTS AS AT 12.31.2020			AMOUNTS AS AT 12.31.2019		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
<b>1. Debt securities</b>	<b>80</b>	<b>2,001</b>	<b>167</b>	-	<b>274</b>	<b>227</b>
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	80	2,001	167	-	274	227
<b>2. Equity instruments</b>	<b>56</b>	<b>49</b>	<b>491</b>	<b>76</b>	-	<b>106</b>
<b>3. Units in investment funds</b>	-	<b>28</b>	<b>1,437</b>	-	<b>29</b>	<b>1,213</b>
<b>4. Loans</b>	-	<b>1</b>	<b>42</b>	-	<b>5</b>	<b>89</b>
4.1 Structured	-	-	-	-	-	-
4.2 Other	-	1	42	-	5	89
<b>Total</b>	<b>136</b>	<b>2,079</b>	<b>2,137</b>	<b>76</b>	<b>308</b>	<b>1,635</b>
<b>Total Level 1, Level 2 and Level 3</b>			<b>4,352</b>			<b>2,019</b>

The sub-item "Debt securities" includes investments in FINO Project's Mezzanine and Junior Notes with a value of €47 million and Mezzanine and Junior bonds of Prisma securitisation for €3 million. Increase in respect to 2019 depend on new investments, in particular of Additional Tier 1 issuances of the subsidiary UniCredit Bank AG, subscribed for a nominal amount of €1,700 million.

The item "Equity instruments" includes the investment in a "Schema Volontario" (presented among Level 3 instruments) with a value of €7 million. Increase in respect of 2019 depends on new investments in equity instruments mainly due to the acquisition of the investment in La Villata S.p.A. Investment and Development Real Estate for a value of 435 million at 31 December 2020.

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 €350 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 €6 million.

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 Company financial statements of UniCredit S.p.A., Notes to the accounts Part A - Accounting policies.

## Parte B - Balance sheet - Assets

### Exposures to securities relating to Securitisation transactions

	(€ million)
	AMOUNTS AS AT 12.31.2020
<b>TRANCHING</b>	
Senior	1
Mezzanine	56
Junior	58
<b>Total</b>	<b>115</b>

### 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 2020 UniCredit S.p.A. holds shares classified as financial assets mandatory at fair value with a carrying value of €168 million. The year-to-date overall cash investments are equal to €844 against which impairments for €684 million and positive fair value changes for €24 million were carried out. Received reimbursement amount to €16 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 2020 UniCredit S.p.A. holds shares with a carrying value of €182 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 €18 million were carried out. Received reimbursement amount to €23 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 2020 the book value (fair value) of both was determined with reference to the valuation of financial assets provided by the management company DeA adequate to mitigate the valuation risks implicit in the estimate provided and mainly due to the estimate of the liquidity premium and the prompt availability of information relating to the performance of the underlying assets acquired by the fund itself. This fair value valuation determined in the year a higher value for €14 million accounted into the Bank 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 2018 UniCredit S.p.A. recognised an impairment of €1.2 million, increased with a further impairment of €0.2 million at 31 December 2020; updated valuation as at 31 December 2020 has resulted in a further impairment of €1 million. Thus, 31 December 2020 UniCredit S.p.A. carrying value of investments related to securitisation is equal to nearly €1.9 million.

### ***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.

## Parte B - Balance sheet - Assets

### 2.6 Other Financial assets mandatorily at fair value: breakdown by borrowers/issuers

ITEMS/VALUES	(€ million)	
	AMOUNTS AS AT	
	12.31.2020	12.31.2019
<b>1. Equity instruments</b>	<b>596</b>	<b>182</b>
<i>of which: banks</i>	-	-
<i>of which: other financial companies</i>	103	105
<i>of which: non-financial companies</i>	494	77
<b>2. Debt securities</b>	<b>2,248</b>	<b>501</b>
a) Central banks	-	-
b) Governments and other Public Sector Entities	68	65
c) Banks	2,010	207
d) Other financial companies	165	174
<i>of which: insurance companies</i>	45	45
e) Non-financial companies	5	55
<b>3. Units in investment funds</b>	<b>1,465</b>	<b>1,242</b>
<b>4. Loans and advances</b>	<b>43</b>	<b>94</b>
a) Central banks	-	-
b) Governments and other Public Sector Entities	-	-
c) Banks	-	-
d) Other financial companies	-	-
<i>of which: insurance companies</i>	-	-
e) Non-financial companies	43	94
f) Households	-	-
<b>Total</b>	<b>4,352</b>	<b>2,019</b>

Increase in equity instruments depends on new investments realised during the year.

Increase into debt securities is mainly determined by new investments into Additional Tier 1 instruments issued by the subsidiary UniCredit Bank AG.

Increase into units in investment funds is mainly determined by purchase of new instruments.

## 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

ITEMS/VALUES	(€ million)					
	AMOUNTS AS AT 12.31.2020			AMOUNTS AS AT 12.31.2019		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
<b>1. Debt securities</b>	<b>27,176</b>	<b>5,150</b>	<b>128</b>	<b>26,056</b>	<b>2,402</b>	<b>1,399</b>
1.1 Structured securities	-	-	-	-	-	-
1.2 Other	27,176	5,150	128	26,056	2,402	1,399
<b>2. Equity instruments</b>	<b>17</b>	<b>804</b>	<b>562</b>	<b>-</b>	<b>913</b>	<b>637</b>
<b>3. Loans</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>27,193</b>	<b>5,954</b>	<b>690</b>	<b>26,056</b>	<b>3,315</b>	<b>2,036</b>
<b>Total Level 1, Level 2 and Level 3</b>	<b>33,837</b>			<b>31,407</b>		

Increase in debt securities is mainly determined by new purchases of government bonds net of sales and maturities.

Item "Debt Securities" includes investments FINO Project's in instrument Senior and in part in instrument Mezzanine notes with a value of €128 million and in Senior bonds of Prisma securitisation for €918 million.

Item "Equity instruments" includes (i) Banca d'Italia stake (presented among Level 2 instruments), with a value of €805 million and (ii) ABH Holding SA investments (presented among Level 3 instruments) acquired in contemplation of the sale of PJSC UkrsoBank to Alfa Group, with a value of €265 million.

## Part B - Balance sheet - Assets

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 Company financial statements of UniCredit S.p.A., Notes to the accounts Part A - Accounting policies.

## Exposures to securities relating to Securitisation transactions

	(€ million)
	AMOUNTS AS AT 12.31.2020
<b>TRANCHING</b>	
Senior	1,035
Mezzanine	11
Junior	-
<b>Total</b>	<b>1,046</b>

## Information about the shareholding in Banca d'Italia

Since the end of 2015, UniCredit S.p.A. started the disposal of its stake in Banca d'Italia for an amount corresponding to its carrying value. Until the end of 2020, UniCredit S.p.A. completed the disposal of about 11.4% of the share capital of Banca d'Italia for about €854 million, of which about €108 million in 2020 (equal to about 1.5%), thus reducing its shareholding to 10.7% (carrying value equal to about €805 million).

The disposal process is the result of a capital increase carried out by Banca d'Italia in 2013 when, in order to facilitate the redistribution of shares, a limit of 3% was introduced in respect of holding shares: after an interim period of no more than 36 months, no economic rights were applicable to shares exceeding the above limit.

During the last years, the shareholders with excess shares started the disposal process, finalising sales for more than 35% of Banca d'Italia total capital. The carrying value as at 31 December 2020, in line with the figure at the end of the previous year and the outcome of the measurement conducted by the committee of high-level experts on behalf of Banca d'Italia at the time of the capital increase, is supported by the price consideration of the transactions that took place since 2015. The relevant measurement was therefore confirmed as Level 2 in the fair value classification.

With regard to regulatory treatment as at 31 December 2020, the value of the investment, measured at fair value, is given a weighting of 100% (in accordance with article 133 "Exposures in Equity Instruments" of the CRR).

## 3.2 Financial assets at fair value through other comprehensive income: breakdown by borrowers/issuers

ITEMS/VALUES	(€ million)	
	AMOUNTS AS AT 12.31.2020	12.31.2019
<b>1. Debt securities</b>	<b>32,454</b>	<b>29,857</b>
a) Central Banks	-	-
b) Governments and other Public Sector Entities	28,405	24,905
c) Banks	1,839	2,403
d) Other financial companies	1,434	1,728
<i>of which: insurance companies</i>	-	-
e) Non-financial companies	776	821
<b>2. Equity instruments</b>	<b>1,383</b>	<b>1,550</b>
a) Banks	870	999
b) Other issuers	513	551
- Other financial companies	370	454
<i>of which: insurance companies</i>	5	6
- Non-financial companies	143	97
- Other	-	-
<b>3. Loans and advances</b>	<b>-</b>	<b>-</b>
a) Central Banks	-	-
b) Governments and other Public Sector Entities	-	-
c) Banks	-	-
d) Other financial companies	-	-
<i>of which: insurance companies</i>	-	-
e) Non-financial companies	-	-
f) Households	-	-
<b>Total</b>	<b>33,837</b>	<b>31,407</b>

The item "2.Equity instruments a) Banks" includes Banca d'Italia stake.

## Parte B - Balance sheet - Assets

### 3.3 Financial assets at fair value through other comprehensive income: gross value and total accumulated impairments

	GROSS VALUE				TOTAL ACCUMULATED IMPAIRMENTS			PARTIAL ACCUMULATED WRITE-OFFS(*)
	STAGE 1		STAGE 2	STAGE 3	STAGE 1	STAGE 2	STAGE 3	
		OF WHICH: INSTRUMENTS WITH LOW CREDIT RISK EXEMPTION						
Debt securities	32,493	32,492	-	1	39	-	1	-
Loans and advances	-	-	-	-	-	-	-	-
<b>Total 12.31.2020</b>	<b>32,493</b>	<b>32,492</b>	<b>-</b>	<b>1</b>	<b>39</b>	<b>-</b>	<b>1</b>	<b>-</b>
<i>of which: purchased or originated credit-impaired financial assets</i>	-	-	-	-	-	-	-	-
<b>Total 12.31.2019</b>	<b>29,886</b>	<b>29,886</b>	<b>-</b>	<b>-</b>	<b>29</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>of which: purchased or originated credit-impaired financial assets</i>	X	X	-	-	X	-	-	-

Note:

(\*) Value shown for information purposes.

## 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

TYPE OF TRANSACTIONS/VALUES	AMOUNTS AS AT 12.31.2020						AMOUNTS AS AT 12.31.2019						
	BOOK VALUE			FAIR VALUE			BOOK VALUE			FAIR VALUE			
	STAGE 1 AND STAGE 2	STAGE 3	OF WHICH: PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	LEVEL 1	LEVEL 2	LEVEL 3	STAGE 1 AND STAGE 2	STAGE 3	OF WHICH: PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	LEVEL 1	LEVEL 2	LEVEL 3	
<b>A. Loans and advances to Central Banks</b>	<b>13,735</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,735</b>	<b>11,407</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,406</b>	
1. Time deposits	-	-	-	X	X	X	-	-	-	X	X	X	
2. Compulsory reserves	13,735	-	-	X	X	X	11,406	-	-	X	X	X	
3. Reverse repos	-	-	-	X	X	X	-	-	-	X	X	X	
4. Other	-	-	-	X	X	X	1	-	-	X	X	X	
<b>B. Loans and advances to banks</b>	<b>28,081</b>	<b>-</b>	<b>-</b>	<b>2,063</b>	<b>19,492</b>	<b>6,811</b>	<b>30,661</b>	<b>-</b>	<b>-</b>	<b>1,781</b>	<b>21,788</b>	<b>7,212</b>	
1. Loans	21,569	-	-	-	14,795	6,801	27,250	-	-	-	20,118	7,203	
1.1 Current accounts and demand deposits	1,918	-	-	X	X	X	1,538	-	-	X	X	X	
1.2 Time deposits	3,641	-	-	X	X	X	8,235	-	-	X	X	X	
1.3 Other loans	16,010	-	-	X	X	X	17,477	-	-	X	X	X	
- Reverse repos	10,344	-	-	X	X	X	9,987	-	-	X	X	X	
- Lease Loans	19	-	-	X	X	X	20	-	-	X	X	X	
- Other	5,647	-	-	X	X	X	7,470	-	-	X	X	X	
2. Debt securities	6,512	-	-	2,063	4,697	10	3,411	-	-	1,781	1,670	9	
2.1 Structured	-	-	-	-	-	-	-	-	-	-	-	-	
2.2 Other	6,512	-	-	2,063	4,697	10	3,411	-	-	1,781	1,670	9	
<b>Total</b>	<b>41,816</b>	<b>-</b>	<b>-</b>	<b>2,063</b>	<b>19,492</b>	<b>20,546</b>	<b>42,068</b>	<b>-</b>	<b>-</b>	<b>1,781</b>	<b>21,788</b>	<b>18,618</b>	
<b>Total Level 1, Level 2 and Level 3</b>							<b>42,101</b>				<b>42,187</b>		

Loans 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 see the paragraph "A.4 - Information on fair value" of the Company financial statements of UniCredit S.p.A., 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" of the Company financial statements of UniCredit S.p.A., Notes to the accounts Part E - Information on risks and 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 12.31.2020						AMOUNTS AS AT 12.31.2019					
	BOOK VALUE			FAIR VALUE			BOOK VALUE			FAIR VALUE		
	STAGE 1 AND STAGE 2	STAGE 3	OF WHICH: PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	LEVEL 1	LEVEL 2	LEVEL 3	STAGE 1 AND STAGE 2	STAGE 3	OF WHICH: PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	LEVEL 1	LEVEL 2	LEVEL 3
<b>1. Loans</b>	<b>204,612</b>	<b>3,646</b>	<b>1</b>	<b>-</b>	<b>91,154</b>	<b>116,021</b>	<b>224,921</b>	<b>4,687</b>	<b>70</b>	<b>-</b>	<b>84,644</b>	<b>146,626</b>
1.1 Current accounts	7,640	310	-	X	X	X	11,950	630	2	X	X	X
1.2 Reverse repos	30,469	-	-	X	X	X	54,363	-	-	X	X	X
1.3 Mortgages	100,922	2,217	1	X	X	X	93,750	2,743	2	X	X	X
1.4 Credit cards and personal loans, including wage assignment	10,404	192	-	X	X	X	11,170	206	-	X	X	X
1.5 Lease loans	57	-	-	X	X	X	76	-	-	X	X	X
1.6 Factoring	203	1	-	X	X	X	262	3	-	X	X	X
1.7 Other loans	54,917	926	-	X	X	X	53,350	1,105	66	X	X	X
<b>2. Debt securities</b>	<b>30,152</b>	<b>-</b>	<b>-</b>	<b>30,093</b>	<b>446</b>	<b>368</b>	<b>29,486</b>	<b>1</b>	<b>-</b>	<b>28,513</b>	<b>1,306</b>	<b>330</b>
2.1 Structured securities	35	-	-	-	-	35	19	-	-	13	-	7
2.2 Other debt securities	30,117	-	-	30,093	446	333	29,467	1	-	28,500	1,306	323
<b>Total</b>	<b>234,764</b>	<b>3,646</b>	<b>1</b>	<b>30,093</b>	<b>91,600</b>	<b>116,389</b>	<b>254,407</b>	<b>4,688</b>	<b>70</b>	<b>28,513</b>	<b>85,950</b>	<b>146,956</b>
<b>Total Level 1, Level 2 and Level 3</b>				<b>238,082</b>						<b>261,419</b>		

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 see the paragraph "A.4 - Information on fair value" of the Company financial statements of UniCredit S.p.A., Notes to the accounts Part A - Accounting policies.

It should be noted that the decreases in loans and advances to customers impaired (Stage 3) is mainly attributable to the disposal transactions performed during the period.

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 item "2.2 Other debt securities" include securities related to securitisation transactions shown in the following table.

## Exposures to securities relating to Securitisation transactions

(€ million)

TRANCHING	AMOUNTS AS AT 12.31.2020
Senior	1
Mezzanine	-
Junior	-
<b>Total</b>	<b>1</b>

## Parte 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 12.31.2020			AMOUNTS AS AT 12.31.2019		
	STAGE 1 OR STAGE 2	STAGE 3	OF WHICH: PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	STAGE 1 OR STAGE 2	STAGE 3	OF WHICH: PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS
<b>1. Debt securities</b>	<b>30,152</b>	<b>-</b>	<b>-</b>	<b>29,486</b>	<b>1</b>	<b>-</b>
a) Governments and other Public Sector Entities	27,786	-	-	26,663	-	-
b) Other financial companies	234	-	-	1,204	1	-
<i>of which: insurance companies</i>	-	-	-	51	-	-
c) Non-financial companies	2,132	-	-	1,619	-	-
<b>2. Loans</b>	<b>204,612</b>	<b>3,646</b>	<b>1</b>	<b>224,921</b>	<b>4,687</b>	<b>70</b>
a) Governments and other Public Sector Entities	3,493	183	-	3,450	5	-
b) Other financial companies	61,301	159	-	84,870	299	66
<i>of which: insurance companies</i>	862	-	-	204	-	-
c) Non-financial companies	79,174	2,192	1	73,697	3,172	4
d) Households	60,644	1,112	-	62,904	1,211	-
<b>Total</b>	<b>234,764</b>	<b>3,646</b>	<b>1</b>	<b>254,407</b>	<b>4,688</b>	<b>70</b>

## 4.4 Financial assets at amortised cost: gross value and total accumulated impairments

(€ million)

	GROSS VALUE				TOTAL ACCUMULATED IMPAIRMENTS			PARTIAL ACCUMULATED WRITE-OFFS <sup>(*)</sup>
	STAGE 1	OF WHICH: INSTRUMENTS WITH LOW CREDIT RISK EXEMPTION	STAGE 2	STAGE 3	STAGE 1	STAGE 2	STAGE 3	
1. Debt securities	36,376	36,376	318	-	14	16	-	-
2. Loans	213,077	-	28,986	11,461	687	1,460	7,815	1,600
<b>Total 12.31.2020</b>	<b>249,453</b>	<b>36,376</b>	<b>29,304</b>	<b>11,461</b>	<b>701</b>	<b>1,476</b>	<b>7,815</b>	<b>1,600</b>
<i>of which: purchased or originated credit-impaired financial assets</i>	X	X	-	7	X	-	6	18
<b>Total 12.31.2019</b>	<b>287,384</b>	<b>32,477</b>	<b>10,338</b>	<b>15,287</b>	<b>527</b>	<b>720</b>	<b>10,599</b>	<b>1,899</b>
<i>of which: purchased or originated credit-impaired financial assets</i>	X	X	-	80	X	-	10	23

Note:

(\*) Value shown for information purposes.

For additional information on this section refer to the paragraph "A. Credit quality" of the Company financial statements of UniCredit S.p.A., Note to the accounts Part E - Information on risks and 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		
	STAGE 1	OF WHICH: INSTRUMENTS WITH LOW CREDIT RISK EXEMPTION	STAGE 2	STAGE 3	STAGE 1	STAGE 2	STAGE 3
EBA-compliant moratoria loans and advances	6,121	-	8,967	216	28	411	113
Other loans and advances with Covid-19 related forbearance measures	-	-	23	10	-	3	4
Newly originated loans and advances	10,781	-	3,102	17	17	21	8
<b>Total 12.31.2020</b>	<b>16,902</b>	<b>-</b>	<b>12,092</b>	<b>243</b>	<b>45</b>	<b>435</b>	<b>125</b>

## 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 12.31.2020				AMOUNTS AS AT 12.31.2019			
	FAIR VALUE			NOTIONAL AMOUNT	FAIR VALUE			NOTIONAL AMOUNT
	LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3	
<b>A. Financial derivatives</b>	<b>114</b>	<b>6,018</b>	<b>-</b>	<b>228,032</b>	<b>146</b>	<b>5,077</b>	<b>-</b>	<b>248,521</b>
1) Fair value	114	5,245	-	215,881	146	4,849	-	237,751
2) Cash flows	-	773	-	12,151	-	228	-	10,770
3) Net investment in foreign subsidiaries	-	-	-	-	-	-	-	-
<b>B. Credit derivatives</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
<b>Total</b>	<b>114</b>	<b>6,018</b>	<b>-</b>	<b>228,032</b>	<b>146</b>	<b>5,077</b>	<b>-</b>	<b>248,521</b>
<b>Total Level 1, Level 2 and Level 3</b>				<b>6,132</b>				<b>5,223</b>

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 see the paragraph "A.4 - Information on fair value" of the Company financial statements of UniCredit S.p.A., Notes to the accounts Part A - Accounting policies.

#### 5.2 Hedging derivatives: composition for covered portfolios and by type of hedging

(€ million)

TRANSACTIONS/TYPE OF HEDGES	AMOUNTS AS AT 12.31.2020								CASH FLOW		
	FAIR VALUE										
	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	43	-	-	-	X	X	X	-	X	X	
2. Financial assets at amortised cost	15	X	-	-	X	X	X	-	X	X	
3. Portfolio	X	X	X	X	X	X	1,157	X	354	X	
4. Other transactions	-	-	-	-	-	-	X	-	X	-	
<b>Total assets</b>	<b>58</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,157</b>	<b>-</b>	<b>354</b>	<b>-</b>	
1. Financial liabilities	-	X	-	-	-	-	X	-	X	X	
2. Portfolio	X	X	X	X	X	X	4,144	X	419	X	
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,144</b>	<b>-</b>	<b>419</b>	<b>-</b>	
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	-	-	

## Parte 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

CHANGES TO HEDGED ASSETS/GROUP COMPONENTS	AMOUNTS AS AT	
	12.31.2020	12.31.2019
	(€ million)	
<b>1. Positive changes</b>	<b>3,458</b>	<b>3,288</b>
1.1 Of specific portfolios	-	-
a) Financial assets at amortised cost	-	-
b) Financial assets at fair value through other comprehensive income	-	-
1.2 Overall	3,458	3,288
<b>2. Negative changes</b>	<b>1,023</b>	<b>1,199</b>
2.1 Of specific portfolios	-	-
a) Financial assets at amortised cost	-	-
b) Financial assets at fair value through other comprehensive income	-	-
2.2 Overall	1,023	1,199
<b>Total</b>	<b>2,435</b>	<b>2,089</b>



## 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 <sup>(1)</sup>	EQUITY % <sup>(2)</sup>	VOTING RIGHTS %	
<b>A. Subsidiaries</b>					
1	Anthemis EVO LLP	London	London	99.99%	100.00%
2	AO UniCredit Bank	Moscow	Moscow	100.00%	
3	Box 2004 S.r.l. (in liquidation)	Rome	Rome	100.00%	
4	Cordusio SIM S.p.A.	Milan	Milan	97.12%	
5	Cordusio Società Fiduciaria per Azioni	Milan	Milan	100.00%	
6	Crivelli S.r.l.	Milan	Milan	100.00%	
7	Island Finance (ICR4) S.r.l. (in liquidation)	Rome	Rome	100.00%	
8	Nuova Compagnia di Partecipazioni S.p.A.	Rome	Rome	100.00%	
9	PAI (Bermuda) Limited	Hamilton	Hamilton	100.00%	
10	Pai Management LTD	Dublin	Dublin	100.00%	
11	PAI (New York) Limited	Dover	New York	100.00%	
12	Pirta Verwaltungs GMBH	Wien	Wien	100.00%	
13	Sanità - S.r.l. (in liquidation)	Rome	Rome	99.60%	
14	Società di Gestioni Esattoriali in Sicilia SO.G.E.SI. S.p.A. (in liquidation)	Palermo	Palermo	80.00%	
15	Sofigere Société par Actions Simplifiée	Paris	Paris	100.00%	
16	UniCredit Bank A.D. Banja Luka	Banja Luka	Banja Luka	99.43%	
17	UniCredit Bank AG	Munich	Munich	100.00%	
18	UniCredit Bank Austria AG	Wien	Wien	99.99%	
19	UniCredit Bank Czech Republic and Slovakia A.S.	Prague	Prague	100.00%	
20	UniCredit Bank Hungary ZRT	Budapest	Budapest	100.00%	
21	UniCredit Bank Ireland P.L.C.	Dublin	Dublin	100.00%	
22	UniCredit Bank S.A.	Bucharest	Bucharest	98.63%	
23	UniCredit Bank Serbia JSC	Belgrade	Belgrade	100.00%	
24	UniCredit Banka Slovenija D.D.	Ljubljana	Ljubljana	100.00%	
25	UniCredit BPC Mortgage S.r.l.	Verona	Verona	60.00%	
26	UniCredit Bulbank A.D.	Sofia	Sofia	99.45%	
27	UniCredit Consumer Financing IFN S.A.	Bucharest	Bucharest	49.90%	<sup>(A)</sup>
28	UniCredit Factoring S.p.A.	Milan	Milan	100.00%	
29	UniCredit Global Leasing Export GMBH	Wien	Wien	100.00%	
30	UniCredit International Bank (Luxembourg) S.A.	Luxembourg	Luxembourg	100.00%	
31	UniCredit Leasing S.p.A.	Milan	Milan	100.00%	
32	UniCredit Myagents S.r.l.	Bologna	Bologna	100.00%	
33	UniCredit OBG S.r.l.	Verona	Verona	60.00%	
34	UniCredit Services S.c.p.A.	Milan	Milan	100.00%	<sup>(B)</sup>
35	UniCredit Subito Casa S.p.A.	Milan	Milan	100.00%	
36	UniCredit Turn-Around Management CEE GMBH	Wien	Wien	100.00%	
37	Visconti S.r.l.	Milan	Milan	76.00%	
38	Zagrebacka Banka D.D.	Zagreb	Zagreb	84.48%	

## Parte B - Balance sheet - Assets

continued: 7.1 Equity: information on shareholder's equity

COMPANY NAME	MAIN OFFICE LEGAL	MAIN OFFICE OPERATIVE <sup>(*)</sup>	EQUITY % <sup>(**)</sup>	VOTING RIGHTS %
<b>C. Companies under significant influence</b>				
1 Asset Bancari Il	Milan	Milan	21.55% <sup>(C)</sup>	
2 Aviva S.p.A.	Milan	Milan	49.00%	
3 Camfin S.p.A.	Milan	Milan	12.70%	19.84%
4 CNP UniCredit Vita S.p.A.	Milan	Milan	38.80%	
5 Compagnia Aerea Italiana S.p.A.	Fiumicino (Rome)	Fiumicino (Rome)	36.59%	
6 Creditras Assicurazioni S.p.A.	Milan	Milan	50.00%	
7 Creditras Vita S.p.A.	Milan	Milan	50.00%	
8 Europrogetti & Finanza S.p.A. (in liquidation)	Rome	Rome	39.79%	
9 Focus Investments S.p.A.	Milan	Milan	8.33%	25.00%
10 Incontra Assicurazioni S.p.A.	Milan	Milan	49.00%	
11 Maccorp Italiana S.p.A.	Milan	Milan	28.01%	
12 UniQLegal S.t.a.p.A.	Milan	Milan	9.00%	
13 Yapi Ve Kredi Bankasi As	Istanbul	Istanbul	20.00%	

**Notes:**

(\*) Also meaning the administrative office.

(\*\*) The equity stake is held by the Parent Company and does not include any stake held by other Group companies.

(A) The remaining share of 50.10% is held indirectly by UniCredit Bank S.A.

(B) A fractional share is held by various Group companies.

(C) It is a real estate closed-end investment fund

Companies under significant influence include Yapi Ve Kredi Bankasi A.S. for an amount of €545 million following the sale of a stake equal to 11.93% of the shares held through the accelerated bookbuilding process completed in February 2020, which also brought to the realization of a realised gain for €110 million.

### 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: UniCredit Bank AG (-€3,972 million, of which -€2,838 million booked in the first half of 2020 essentially arising from the distribution by the subsidiary of an extraordinary dividend of €2,500 million), UniCredit Bank Austria Credistanstalt AG (-€404 million), UniCredit Leasing S.p.A. (-€483 million), UniCredit Bank Ireland Plc (-€36 million), UniCredit Turn Around Management Cee Gmbh (-€18 million), UniCredit Subito Casa S.p.A. (-€2 million), UniCredit International Luxembourg S.A. (-€2 million). Further, some write-ups have been recognised, including: Cordusio SIM S.p.A. (+€42 million), Pioneer Alternative Investments Management Ltd (+€31 million).

The item Equity investments is equal to €33,725 million of which €1,325 million related to investments in associates and €32,400 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".

## Part B - Balance sheet - Assets

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 2020 impairment losses for €4,839 million were recognised on investments in subsidiaries, to which are added for the sake of completeness, €25 million of additional net value adjustments on equity investments classified under Non-current assets and asset groups held for sale at 31 December 2020.

With reference to investments in associates impairment losses for €0.8 million were recognised.

### **Estimating cash flows to determine the value in use of investments in subsidiaries**

#### *Projections*

The set of projections employed for the impairment test as of 31 December 2020 was broadened to take into account the indications part of the Communication from the European Securities and Market Authority (ESMA) which requires issuers, as part of reporting activities and to take into account the significant volatility and uncertainty related to the Covid-19 pandemic, to consider alternative scenarios for the valuation of items whose sustainability depends on future forecasts. To this purpose two scenarios were prepared:

- “base” scenario based on the financial forecasts (Net Profit and RWA) underlying the update of the 2021 Budget, approved by the Board of Directors (BoD) in the 13 January 2021 meeting, and the projections for 2022 and 2023 presented to the BoD on the same date;
- “downturn” scenario less favourable than the “base” scenario, reflecting lowered 2021-2023 macroeconomic forecasts to take into account the higher risks part of the current uncertain context

For a description of the assumptions underlying the “base” and “downturn” scenarios refer to Part A - Accounting policies, Section 2 - General preparation criteria of the Notes to the consolidated accounts.

#### *Impairment test model*

The calculation of the value in use for impairment testing purposes was carried out using a Discounted Cash Flow model (DCF). 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 assets (RWA). 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 Discounted Cash Flow 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	"BASE" SCENARIO	"DOWNTURN" SCENARIO
<b>Explicit forecast (2021 - 2023)</b>	2021 Budget and 2022-2023 projections.	Financial forecast derived from the macroeconomic scenario underlying the “downturn” scenario.
<b>Intermediate (2024 - 2028)</b>	Cash-flow projections extrapolated by applying, from the explicit forecast period (2023), 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 RWA 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 the subsidiaries in Western Europe the growth rates for the intermediate period are defined considering a conservative cap.	Cash-flow projections derived by looking at the 2023 difference between the “base” and “downturn” scenarios and progressively reducing this difference through a linear convergence so that the Net Profit and RWA of the two scenarios coincide in 2028.
<b>"Terminal value"</b>	Derived through a nominal growth rate of 2% for all CGUs. The average growth rate of real GDP in the Eurozone from 1999 to 2019 was 1.4%. The nominal rate of 2%, corresponding to approximately 0% in real terms, was chosen for cautionary reasons.	Derived by applying a nominal growth rate of 2% and coinciding, by construction, with the “terminal value” found in the “base” scenario.

## Parte B - Balance sheet - Assets

### Discount rates of cash flows 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 is assessed with a through the cycle approach (i.e., six years average) as the sum of the following items:

- Risk Free Rate: equal to the yield of the benchmark government bond of the reference country (local currency approach, maturity: 10 years);
- Equity Risk Premium: calculated using the Capital Asset Pricing Model according to which the Equity Risk Premium can be derived as the product of the following items:
  - UniCredit Beta ( $\beta$ ): measures the sensitivity of UniCredit shares to variations in the reference market;
  - Market Risk Premium: estimated by Professor Damodaran as the difference between the return of US stock and bond markets since 1928 (geometric mean).

It is worth mentioning that the  $\beta$  used for subsidiaries whose business is in part ascribable to the CIB division has been increased (based on peers' analysis) to reflect the higher intrinsic risk of investment banking vis à vis standard commercial banking activity.

The discount rates used in the two scenarios are the same.

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.

### Results of the impairment test

The results of the two scenarios were weighted differently to reflect their different probability of taking place. In particular, the results from the "base" scenario, considered the most probable scenario, were weighted at 60% while the "downturn" scenario was weighted at 40%.

The investment in subsidiaries impairment test as of 31 December 2020 led, overall, to an impairment for €4,853 million. The table below shows the result of the test for the main subsidiaries involved with carrying value before the test above €1 billion.

(€ million)			
COMPANY NAME	CARRYING AMOUNT AS OF 31 DECEMBER 2019	IMPAIRMENT/ REVERSAL OF IMPAIRMENT FOLLOWING THE IMPAIRMENT TEST	CARRYING AMOUNT AFTER THE IMPAIRMENT TEST
UNICREDIT BANK AG	16,637	(3,972)	12,665
UNICREDIT BANK AUSTRIA AG	6,926	(404)	6,522
UNICREDIT BANK CZECH REPUBLIC AND SLOVAKIA	2,029		2,029
UNICREDIT BANK IRELAND PLC	2,011	(36)	1,975
AO UNICREDIT BANK	1,837		1,837
ZAGREBACKA BANKA D.D. ZAGREB	1,699		1,699
UNICREDIT BULBANK AD	1,291		1,291
UNICREDIT LEASING S.P.A. <sup>(1)</sup>	1,133	(483)	650

#### Nota

1. The carrying value reported for 31 December 2019 has been adjusted to take into account the capital increase carried out in December 2020.

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.

## Part B - Balance sheet - Assets

**Sensitivity analysis**

Following the employment of two scenarios for the impairment test of investments in subsidiaries as of 31 December 2020, an analysis on the sensitivity of the test result to changes in the weights of the two scenarios has been 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 AG	49
UNICREDIT BANK AUSTRIA AG	15
UNICREDIT BANK CZECH REPUBLIC AND SLOVAKIA	-
UNICREDIT BANK IRELAND PLC	-
AO UNICREDIT BANK	-
ZAGREBACKA BANKA D.D. ZAGREB	-
UNICREDIT BULBANK AD	-
UNICREDIT LEASING S.P.A.	2

**7.5 Equity investments: annual changes**

(€ million)		
	CHANGES IN	
	2020	2019
<b>A. Opening balance</b>	<b>37,873</b>	<b>42,873</b>
<b>B. Increases</b>	<b>1,233</b>	<b>3,148</b>
<i>of which: business combinations</i>	-	-
B.1 Purchases	1,043	273
B.2 Write-backs	79	1,064
B.3 Revaluation	-	-
B.4 Other changes	111	1,811
<b>C. Decreases</b>	<b>5,381</b>	<b>8,148</b>
<i>of which: business combinations</i>	-	797
C.1 Sales	444	1,800
C.2 Write-downs	4,919	4,203
C.3 Impairment	-	-
C.4 Other changes	18	2,145
<b>D. Closing balance</b>	<b>33,725</b>	<b>37,873</b>
<b>E. Total revaluation</b>	<b>-</b>	<b>-</b>
<b>F. Total write-downs</b>	<b>18,354</b>	<b>13,659</b>

The sub-items "B.1 Purchases" and "C.1 Sales" include the effects of the accelerated bookbuilding on Yapi Kredi Bank occurred during the year.

## Parte 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 "Part B - Consolidated balance sheet - Assets - Section 9 - Property, plant and equipment - item 90" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts, 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

ASSETS/VALUES	AMOUNTS AS AT	
	(€ million)	
	12.31.2020	12.31.2019
<b>1. Owned assets</b>	<b>302</b>	<b>320</b>
a) Land	-	-
b) Buildings	-	-
c) Office furniture and fitting	45	50
d) Electronic systems	171	175
e) Other	86	95
<b>2. Right of use of Leased Assets</b>	<b>1,089</b>	<b>1,236</b>
a) Land	-	-
b) Buildings	1,077	1,220
c) Office furniture and fitting	-	-
d) Electronic systems	-	-
e) Other	12	16
<b>Total</b>	<b>1,391</b>	<b>1,556</b>
<i>of which: obtained by the enforcement of collateral</i>	-	-

#### 8.2 Property, plant and equipment held for investment: breakdown of assets carried at cost

No data to be disclosed.

#### 8.3 Property, plant and equipment used in the business: breakdown of revalued assets

ASSETS/VALUES	AMOUNTS AS AT 12.31.2020			AMOUNTS AS AT 12.31.2019		
	(€ million)					
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
<b>1. Owned assets</b>	-	-	<b>2,288</b>	-	-	<b>2,380</b>
a) Land	-	-	841	-	-	856
b) Buildings	-	-	1,447	-	-	1,524
c) Office furniture and fitting	-	-	-	-	-	-
d) Electronic systems	-	-	-	-	-	-
e) Other	-	-	-	-	-	-
<b>2. Right of use of Leased Assets</b>	-	-	-	-	-	-
a) Land	-	-	-	-	-	-
b) Buildings	-	-	-	-	-	-
c) Office furniture and fitting	-	-	-	-	-	-
d) Electronic systems	-	-	-	-	-	-
e) Other	-	-	-	-	-	-
<b>Total</b>	-	-	<b>2,288</b>	-	-	<b>2,380</b>
<i>of which: obtained by the enforcement of collateral</i>	-	-	-	-	-	-
<b>Total Level 1, Level 2 and Level 3</b>			<b>2,288</b>			<b>2,380</b>

## Part B - Balance sheet - Assets

### 8.4 Property, plant and equipment held for investment: breakdown of assets designated at fair value

ASSETS/VALUES	AMOUNTS AS AT 12.31.2020			AMOUNTS AS AT 12.31.2019		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
<b>1. Owned assets</b>	-	-	<b>320</b>	-	-	<b>236</b>
a) Land	-	-	102	-	-	82
b) Buildings	-	-	218	-	-	154
<b>2. Right of use of Leased Assets</b>	-	-	-	-	-	-
a) Land	-	-	-	-	-	-
b) Buildings	-	-	-	-	-	-
<b>Total</b>	-	-	<b>320</b>	-	-	<b>236</b>
<i>of which: obtained by the enforcement of collateral</i>	-	-	-	-	-	-
<b>Total Level 1, Level 2 and Level 3</b>			<b>320</b>			<b>236</b>

### 8.5 Inventories of tangible assets regulated by IAS2: breakdown

The Company does not have tangible assets to be recorded according to IAS2.

### 8.6 Tangible assets used in the business: annual changes

ASSETS/VALUES	CHANGES IN 2020					
	LANDS	BUILDINGS	OFFICE FURNITURE AND FITTINGS	ELECTRONIC SYSTEMS	OTHER	TOTAL
<b>A. Gross opening balance</b>	<b>856</b>	<b>2,810</b>	<b>681</b>	<b>1,307</b>	<b>492</b>	<b>6,146</b>
A.1 Total net reduction in value	-	(66)	(631)	(1,132)	(381)	(2,210)
A.2 Net opening balance	856	2,744	50	175	111	3,936
<b>B. Increases</b>	<b>26</b>	<b>156</b>	<b>6</b>	<b>50</b>	<b>20</b>	<b>258</b>
B.1 Purchases	-	57	5	50	20	132
<i>of which: business combinations</i>	-	-	-	-	-	-
B.2 Capitalised expenditure on improvements	-	13	-	-	-	13
B.3 Write-backs	-	3	-	-	-	3
B.4 Increases in fair value	13	55	-	-	-	68
a) In equity	13	55	-	-	-	68
b) Through profit or loss	-	-	-	-	-	-
B.5 Positive exchange differences	-	-	-	-	-	-
B.6 Transfer from properties held for investment	12	28	X	X	X	40
B.7 Other changes	1	-	1	-	-	2
<b>C. Reductions</b>	<b>41</b>	<b>376</b>	<b>11</b>	<b>54</b>	<b>33</b>	<b>515</b>
C.1 Disposals	-	-	2	-	-	2
<i>of which: business combinations</i>	-	-	-	-	-	-
C.2 Depreciation	-	239	9	51	30	329
C.3 Impairment losses	-	30	-	3	(1)	32
a) In equity	-	-	-	-	-	-
b) Through profit or loss	-	30	-	3	(1)	32
C.4 Reduction of fair value	11	26	-	-	-	37
a) In equity	11	26	-	-	-	37
b) Through profit or loss	-	-	-	-	-	-
C.5 Negative exchange differences	-	-	-	-	-	-
C.6 Transfer to	30	80	-	-	-	110
a) Property, plant and equipment held for investment	30	80	X	X	X	110
b) Non-current assets and disposal groups classified as held for sale	-	-	-	-	-	-
C.7 Other changes	-	1	-	-	4	5
<b>D. Net final balance</b>	<b>841</b>	<b>2,524</b>	<b>45</b>	<b>171</b>	<b>98</b>	<b>3,679</b>
D.1 Total net reduction in value	-	(235)	(634)	(1,164)	(403)	(2,436)
D.2 Gross closing balance	841	2,759	679	1,335	501	6,115
<b>E. Carried at cost</b>	<b>839</b>	<b>1,418</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,257</b>

Item E. Carried at cost also include the carrying amount of right of use measured according to the cost model.

## Parte B - Balance sheet - Assets

### 8.7 Tangible assets held for investment: annual changes

	CHANGES IN 2020		
	LANDS	BUILDINGS	TOTAL
<b>A. Opening balances</b>	<b>82</b>	<b>154</b>	<b>236</b>
<b>B. Increases</b>	<b>48</b>	<b>125</b>	<b>173</b>
B.1 Purchases	11	22	33
<i>of which: business combinations</i>	-	-	-
B.2 Capitalised expenditure on improvements	-	9	9
B.3 Increases in fair value	5	11	16
B.4 Write-backs	-	-	-
B.5 Positive exchange differences	-	-	-
B.6 Transfer from properties used in the business	30	80	110
B.7 Other changes	2	3	5
<b>C. Reductions</b>	<b>28</b>	<b>61</b>	<b>89</b>
C.1 Disposals	-	-	-
<i>of which: business combinations</i>	-	-	-
C.2 Depreciation	-	-	-
C.3 Reductions in fair value	9	18	27
C.4 Impairment losses	-	-	-
C.5 Negative exchange differences	-	-	-
C.6 Transfer to	19	43	62
a) Properties used in the business	12	28	40
b) Non-current assets and disposal groups classified as held for sale	7	15	22
C.7 Other changes	-	-	-
<b>D. Closing balances</b>	<b>102</b>	<b>218</b>	<b>320</b>
<b>E. Measured at fair value</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 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

ASSETS/VALUES	AMOUNTS AS AT 12.31.2020		AMOUNTS AS AT 12.31.2019	
	FINITE LIFE	INDEFINITE LIFE	FINITE LIFE	INDEFINITE LIFE
<b>A.1 Goodwill</b>	<b>X</b>	<b>-</b>	<b>X</b>	<b>-</b>
<b>A.2 Other intangible assets</b>	<b>6</b>	<b>-</b>	<b>4</b>	<b>-</b>
A.2.1 Assets carried at cost	6	-	4	-
a) Intangible assets generated internally	-	-	-	-
b) Other assets	6	-	4	-
A.2.2 Assets measured at fair value	-	-	-	-
a) Intangible assets generated internally	-	-	-	-
b) Other assets	-	-	-	-
<b>Total</b>	<b>6</b>	<b>-</b>	<b>4</b>	<b>-</b>
<b>Total finite and indefinite life</b>	<b>6</b>		<b>4</b>	



## Part B - Balance sheet - Assets

## 9.2 Intangible assets: annual changes

(€ million)

	CHANGES IN 2020					TOTAL
	OTHER INTANGIBLE ASSETS				TOTAL	
	GENERATED INTERNALLY		OTHER			
GOODWILL	FINITE LIFE	INDEFINITE LIFE	FINITE LIFE	INDEFINITE LIFE		
<b>A. Gross opening balance</b>	7,710	-	-	245	-	7,955
A.1 Total net reduction in value	(7,710)	-	-	(241)	-	(7,951)
<b>A.2 Net opening balance</b>	-	-	-	4	-	4
<b>B. Increases</b>	-	-	-	4	-	4
B.1 Purchases	-	-	-	5	-	5
B.2 Increases in intangible assets generated internally	X	-	-	-	-	-
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	-	-	-	(1)	-	(1)
<i>of which: business combinations</i>	-	-	-	-	-	-
<b>C. Reduction</b>	-	-	-	2	-	2
C.1 Disposals	-	-	-	-	-	-
C.2 Write-downs	-	-	-	2	-	2
- Amortisation	X	-	-	2	-	2
- Write-downs	-	-	-	-	-	-
+ In equity	X	-	-	-	-	-
+ Through profit or loss	-	-	-	-	-	-
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	-	-	-	-	-	-
<i>of which: business combinations</i>	-	-	-	-	-	-
<b>D. Net closing balance</b>	-	-	-	6	-	6
D.1 Total net write-down	(7,710)	-	-	(244)	-	(7,954)
<b>E. Gross closing balance</b>	7,710	-	-	250	-	7,960
<b>F. Carried at cost</b>	-	-	-	-	-	-

## Parte 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	
	12.31.2020	12.31.2019
<b>Deferred tax assets arising from Italian law 214/2011</b>	<b>7,355</b>	<b>8,146</b>
<b>Deferred tax assets arising from tax losses<sup>(*)</sup></b>	<b>814</b>	<b>628</b>
<b>Deferred tax assets arising from temporary differences</b>	<b>1,500</b>	<b>1,480</b>
Financial assets and liabilities (different from loans and deposits)	24	27
Loans and deposits to/from banks and customers	700	801
Hedging and hedged item revaluation	63	41
Property, plant and equipment and intangible assets different from goodwill	109	111
Goodwill and equity investments	-	-
Current assets and liabilities held for sale	-	-
Other assets and Other liabilities	-	-
Provisions, pension funds and similar	604	500
Other	-	-
<b>Accounting offsetting</b>	<b>(489)</b>	<b>(444)</b>
<b>Total</b>	<b>9,180</b>	<b>9,810</b>

**Note:**

(\*) The item includes tax credit IRAP deriving from the conversion of the ACE benefit for €138 million; 2019 data (equal to €82 million) have been coherently restated.

#### 10.2 Deferred tax liabilities: breakdown

	(€ million)	
	AMOUNTS AS AT	
	12.31.2020	12.31.2019
<b>Deferred tax liabilities arising from temporary differences</b>	<b>489</b>	<b>444</b>
Financial assets and liabilities (different from loans and deposits)	179	117
Loans and deposits to/from banks and customers	-	-
Hedging and hedged item revaluation	12	26
Property, plant and equipment and intangible assets different from goodwill	294	297
Goodwill and equity investments	-	-
Assets and liabilities held for sale	-	-
Other assets and Other liabilities	3	3
Other	1	1
<b>Accounting offsetting</b>	<b>(489)</b>	<b>(444)</b>
<b>Total</b>	<b>-</b>	<b>-</b>

#### Deferred tax assets deriving from Law No.214/2011

The item includes:

- the amount of €3,072 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 €1,249 million related to deferred tax assets (for IRES and IRAP) arising from goodwill tax redemption;
- the amount of €3,034 million related to deferred tax assets (for IRES and IRAP) arising from impairment losses on receivables.

As at 31 December 2020, the total amount of deferred tax assets convertible into tax credits is equal to €7,355 million of which €6,440 million for IRES and €915 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 group tax 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.

## Part B - Balance sheet - Assets

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, it has been adopted a model incorporating a probabilistic component; in particular, in line with ESMA recommendation issued on 15 July 2019, the sustainability test for the determination of future taxable incomes envisages:

- a deterministic approach for the years for which official projections are available (i.e. the period 2021-2023); with this regard, the model has been updated with 2021 budget projection, approved by the Board of Directors (BoD) during the meeting held on 13 January 2021, and with 2022-2023 projections submitted to the BoD during the same session;
- a statistical approach for the years beyond official projections (2024-2030); this approach is based on the statistical generation of multiple scenarios that lead to generate projections of future taxable income in the test time horizon. As far as possible, objective criteria and realistic assumptions have been adopted to define the values of this projection, such as:
  - long-term annual growth rate set at 2%, which incorporates an assumption of growth at 0% in real terms, as 2% represents the target rate of price stability<sup>56</sup>;
  - nominal future growth rate 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;
  - a volatility parameter calculated on the historical series since 2007 of the pre-tax results of a significant sample of European banks (data from European Central Bank Statistical Datawarehouse).

Furthermore, in line with IAS12, as well as taking into consideration the ESMA document, a confidence interval has been selected which reflects a probability greater than 50% in relation to the expected tax incomes.

Given the current macroeconomic scenario characterised by a high level of uncertainty (for a detailed description of such items of uncertainty, refer to the analysis available in Part A - Accounting policies, A.1 General, Section 2 - General preparation criteria of the Notes to the consolidated accounts) ESMA in the publication dated 28 October 2020 recommends greater caution in the processing of the underlying estimates, requiring also to consider the adoption of multiple scenarios; in consideration of this, two scenarios were considered in projections used for DTA sustainability test as well as for goodwill impairment test:

- “base” coherent with 2021 budget, approved by the Board of Directors (BoD) during the meeting held on 13 January 2021, and with 2022-2023 projections submitted to the BoD during the same session;
- “downturn”, deteriorated compared to the base scenario, built with macroeconomic forecasts 2021-2023 revised downturn to factor in greater risks inherent in the current context of uncertainty; projections after 2023 envisage a progressive convergence to the base projections reached in 2028; subsequently, the downturn scenario is aligned with the base one.

For a description of main assumptions behind “base” and “downturn” scenarios, please refer to Part A - Accounting policies, A.1 General, Section 2 - General preparation criteria of the Notes to the consolidated accounts.

In addition, the volatility parameter behind the statistic model has been updated from 5.0 of 2019 to 8.1 of 2020; such an increase derives from the update up to the first half 2020 of the historical series of pre-tax results of European banks included in the statistic sample; in details, data referred to full year 2020 were included in the historical series by linearly annualizing first half 2020 results, thus embedding the recent higher variability of European banks economic results, affected by Covid-19 pandemic.

The final results of the test derive from the weighting of the results of both scenarios with a greater weight, equal to 60%, for the base scenario.

Consistently with the approach outlined, the sustainability test, performed on the Italian group tax perimeter applying the current ordinary tax rate of 24% and on UniCredit S.p.A. applying the additional tax rate of 3.5%, determined the sustainability of DTA TDCF as at 31 December 2020 for a total amount of €677 million, of which: (i) €11 million (of which €4 million related to 2020) recognised through Income statement and (ii) €666 million (of which €127 million booked in 2020) recognised through Net equity as they are attributable to transactions recognised through Net equity according to international accounting standards.

With reference to the test results derived from statistical approach, adopted, as previously stated, in the years of projections for which a plan is not available, a sensitivity analysis was run on volatility parameter and on confidence interval; the outcomes of such analysis are the following:

- 0.1 increase of volatility parameter would originate a lower amount of sustainable DTA TDCF equal to €34 million;
- 1% increase of confidence interval would result in €24 million lower amount of sustainable DTA TDCF.

Moreover, regarding the weight assigned to the different scenarios adopted (“base” and “downturn”), the test points out that a 5% increase in “base” scenario weight (meaning 65% weight for “base” and 35% “downturn”) would result in a €18 million increase of sustainable DTA TDCF; conversely, a 5% lower weight for “base” scenario (meaning 55% weight for “base” and 45% “downturn”) would determine a €18 million decrease of sustainable DTA TDCF.

<sup>56</sup> The primary objective of the ECB's monetary policy is to maintain price stability. The ECB aims at inflation rates of below, but close to, 2% over the medium term" (<https://www.ecb.europa.eu/mopo/html/index.en.html>).

## Parte B - Balance sheet - Assets

Further risk elements related to this approach 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. However, it is to be kept in mind the substantial invariance of the DTA TLCF for the purposes of the impact on Common Equity Tier 1 Capital, given their regulatory treatment.

The amount of deferred tax assets arising from tax losses not booked is equal to €3,392 million of which (i) €2,938 million (€2,834 million deriving from accounting items originated in the Income statement and €104 million from Net equity components) related to the 24% IRES ordinary tax rate and (ii) €454 million (€439 million deriving from accounting items originated in the Income statement and €15 million from Net equity components) related to the 3.5% IRES additional tax rate.

### Deferred tax assets from temporary differences

With particular reference to deferred tax assets due to temporary differences (€1,500 million booked before the offset against the corresponding deferred tax liabilities), the recoverable test caused the not sustainability for €170 million, of which: (i) €163 million recognised through Income statement and (ii) €7 million recognised through Net equity as originated from transactions accrued to Net equity due to IFRS principles. Since, from the sustainability test performed in 2019, were still remaining €159 million not sustainable temporary differences, the amount to be accounted after the test performed in 2020 is €11 million, of which: (i) €7 million through Income statement and (ii) €4 million through Net equity.

Deferred tax assets on Income statement have had during the year a decrease mainly due to: (i) a decrease of €770 million for IRES and (ii) an increase of €14 million for IRAP, due to the normal dynamic in offsetting against current taxes and to the results of sustainability test as above mentioned.

### 10.3 Deferred tax assets: annual changes (balancing P&L)

	CHANGES IN	
	2020	2019
<b>1. Opening balance</b>	<b>9,176</b>	<b>9,548</b>
<b>2. Increases</b>	<b>1,829</b>	<b>820</b>
2.1 Deferred tax assets arisen during the year	1,328	484
a) Relating to previous years	161	33
b) Due to change in accounting criteria	-	-
c) Write-backs	-	-
d) Other	1,167	451
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	501	336
<b>3. Decreases</b>	<b>2,601</b>	<b>1,192</b>
3.1 Deferred tax assets derecognised during the year	1,319	746
a) Reversals of temporary differences	-	-
b) Write-downs of non-recoverable items	713	344
c) Change in accounting criteria	-	-
d) Other	606	402
3.2 Reduction in tax rates	-	-
3.3 Other decreases	1,282	446
a) Conversion into tax credit under Italian Law 214/2011	793	-
b) Other	489	446
<b>4. Closing balance</b>	<b>8,404</b>	<b>9,176</b>

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

	CHANGES IN	
	2020	2019
	(€ million)	
<b>1. Opening balance</b>	<b>8,146</b>	<b>8,151</b>
<b>2. Increases</b>	<b>2</b>	<b>-</b>
<b>3. Decreases</b>	<b>793</b>	<b>5</b>
3.1 Reversals of temporary differences	-	-
3.2 Conversion into tax credits	793	-
a) Due to loss positions arisen from P&L	87	-
b) Due to tax losses	706	-
3.3 Other decreases	-	5
<b>4. Closing balance</b>	<b>7,355</b>	<b>8,146</b>

In accordance with the Circular No.262 of 22 December 2005 of Banca d'Italia (and subsequent amendments) 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&amp;L)

	CHANGES IN	
	2020	2019
	(€ million)	
<b>1. Opening balance</b>	<b>-</b>	<b>-</b>
<b>2. Increases</b>	<b>59</b>	<b>158</b>
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	58	156
<b>3. Decreases</b>	<b>59</b>	<b>158</b>
3.1 Deferred tax liabilities derecognised during the year	18	105
a) Reversals of temporary differences	-	-
b) Due to change in accounting criteria	-	-
c) Other	18	105
3.2 Reduction in tax rates	-	-
3.3 Other decreases	41	53
<b>4. Closing balance</b>	<b>-</b>	<b>-</b>

The items "2.3 Other increases" and "3.3 Other decreases" include the effect of netting DTA/DTL of previous and current year.

## Parte B - Balance sheet - Assets

### 10.5 Deferred tax assets: annual changes (balancing Net Equity)

	(€ million)	
	CHANGES IN	
	2020	2019
<b>1. Opening balance</b>	<b>634</b>	<b>357</b>
<b>2. Increases</b>	<b>155</b>	<b>507</b>
2.1 Deferred tax assets arisen during the year	44	46
a) Relating to previous years	-	4
b) Due to change in accounting criteria	-	-
c) Other	44	42
2.2 New taxes or increase in tax rates	-	-
2.3 Other increases	111	461
<b>3. Decreases</b>	<b>13</b>	<b>230</b>
3.1 Deferred tax assets derecognised during the year	8	226
a) Reversals of temporary differences	3	224
b) Write-downs of non-recoverable items	5	2
c) Due to change in accounting criteria	-	-
d) Other	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	5	4
<b>4. Closing balance</b>	<b>776</b>	<b>634</b>

### 10.6 Deferred tax liabilities: annual changes (balancing Net Equity)

	(€ million)	
	CHANGES IN	
	2020	2019
<b>1. Opening balance</b>	<b>-</b>	<b>-</b>
<b>2. Increases</b>	<b>462</b>	<b>420</b>
2.1 Deferred tax liabilities arisen during the year	70	324
a) Relating to previous years	-	-
b) Due to change in accounting criteria	-	251
c) Other	70	73
2.2 New taxes or increase in tax rates	-	-
2.3 Other increases	392	96
<b>3. Decreases</b>	<b>462</b>	<b>420</b>
3.1 Deferred tax liabilities derecognised during the year	14	28
a) Reversal of temporary differences	14	28
b) Due to change in accounting criteria	-	-
c) Other	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	448	392
<b>4. Closing balance</b>	<b>-</b>	<b>-</b>

The items "2.3 Other increases" and "3.3 Other decreases" include the effect of netting DTAs/DTLs of previous and current year.

## Part B - Balance sheet - Assets

### 10.7 Other information

#### Italian group tax

The Italian group tax 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 2020 the following legal entities adhered to the Italian group tax with the parent company UniCredit S.p.A.:

- UniCredit Factoring - Milan;
- UniCredit Leasing - Milan;
- Cordusio Fiduciaria - Milan;
- UniCredit Services (ex UniCredit Business Integrated Solutions) - Milan;
- Cordusio SIM - Milan;
- UniCredit Bank AG - Milan Branch;
- UniCredit Leased Asset Management S.p.A.

The number of legal entities participating to the Italian group tax increased compared to year 2019 due to the entry of UniCredit Leased Asset Management S.p.A.

#### Deferred tax assets due to tax losses carried forward

Deferred tax assets on tax loss, equal to €1,401 million for taxes could have been registered in 2020, in addition to the residual tax losses carried forward for the period 2016-2019 for a total amount of €4,069 million of which €3,284 million as deferred tax assets in Income statement and €785 million as deferred tax assets in Net equity. Following the sustainability test, also considering that the Tax Group shows a tax credit, an amount of deferred tax assets limited to €677 million (of which €11 million in Income statement and €666 million in Net Assets) can be registered.

The amount of deferred tax assets arising from tax losses not booked is equal to €3,392 million of which (i) €2,938 million (€2,834 million deriving from accounting items originated in the Income statement and €104 million from Net equity components) related to the 24% IRES ordinary tax rate and (ii) €454million (€439 million deriving from accounting items originated in the Income statement and €15 million from Net equity components) related to the 3.5% IRES additional tax rate.

In respect of foreign branches, relevant tax losses not utilised are equal to €7,570 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 permanent establishment of Wien and of each single branch for taxes due in the relevant country of establishment.

## Parte 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

	AMOUNTS AS AT	
	12.31.2020	12.31.2019
	(€ million)	
<b>A. Assets held for sale</b>		
A.1 Financial assets	203	263
A.2 Equity investments	35	862
A.3 Property, plant and equipment	17	17
<i>of which: obtained by the enforcement of collateral</i>	-	-
A.4 Intangible assets	-	-
A.5 Other non-current assets	-	-
<b>Total (A)</b>	<b>255</b>	<b>1,142</b>
<i>of which: carried at cost</i>	238	1,125
<i>of which: designated at fair value - level 1</i>	-	-
<i>of which: designated at fair value - level 2</i>	17	17
<i>of which: designated at fair value - level 3</i>	-	-
<b>B. Discontinued operations</b>		
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	-	-
<i>of which: obtained by the enforcement of collateral</i>	-	-
B.6 Intangible assets	-	-
B.7 Other assets	-	-
<b>Total (B)</b>	-	-
<i>of which: carried at cost</i>	-	-
<i>of which: designated at fair value - level 1</i>	-	-
<i>of which: designated at fair value - level 2</i>	-	-
<i>of which: designated at fair value - level 3</i>	-	-
<b>C. Liabilities associated with assets classified as held for sale</b>		
C.1 Deposits	-	-
C.2 Securities	-	-
C.3 Other liabilities	-	-
<b>Total (C)</b>	-	-
<i>of which: carried at cost</i>	-	-
<i>of which: designated at fair value - level 1</i>	-	-
<i>of which: designated at fair value - level 2</i>	-	-
<i>of which: designated at fair value - level 3</i>	-	-
<b>D. Liabilities associated with discontinued operations</b>		
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	-	-
<b>Total (D)</b>	-	-
<i>of which: carried at cost</i>	-	-
<i>of which: designated at fair value - level 1</i>	-	-
<i>of which: designated at fair value - level 2</i>	-	-
<i>of which: designated at fair value - level 3</i>	-	-



## Part B - Balance sheet - Assets

Sub-item "A.2 Equity investments" is composed by stake into Sia UniCredit Leasing and Risanamento S.p.A. As at December 2019 also stake into Koc Finansal Hizmetler Istanbul AS was included, then sold during 2020 in the context of the accelerated bookbuilding on Yapi Kredi Bank.

## Section 12 - Other assets - Item 120

## 12.1 Other assets: breakdown

ITEMS/VALUES	AMOUNTS AS AT	
	12.31.2020	12.31.2019
Margin with derivatives clearers (non-interest bearing)	-	-
Gold, silver and precious metals	-	-
Accrued income and prepaid expenses other than capitalised income	232	234
Positive value of management agreements (so-called servicing assets)	-	-
Cash and other valuables held by cashier	127	187
- Current account cheques being settled, drawn on third parties	127	187
- Current account cheques payable by group banks, cleared and in the process of being debited	-	-
- 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	227	156
Items deemed definitive but not-attributable to other items	1,107	1,301
- Securities and coupons to be settled	50	34
- Other transactions	1,057	1,267
Adjustments for unpaid bills and notes	4	6
Tax items other than those included in item 110	1,297	1,411
Commercial credits pursuant to IFRS15	-	-
Other items	681	611
<b>Total</b>	<b>3,675</b>	<b>3,906</b>

It should be noted that, as at 31 December 2020, among the "Other items" are recognised, at their fair value of €73 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.

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.

## Parte B - Balance sheet - Assets

### Periodic change of accrued income/expenses and prepaid expenses/income

	(€ million)	
	AMOUNTS AS AT	12.31.2020
	ACCURRED INCOME AND PREPAID EXPENSES	ACCURRED INCOME AND DEFERRED EXPENSES
<b>Opening balance</b>	<b>234</b>	<b>155</b>
<b>Increases</b>	<b>16</b>	<b>10</b>
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	16	10
<b>Decreases</b>	<b>18</b>	<b>22</b>
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	18	22
<b>Closing balance</b>	<b>232</b>	<b>143</b>

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 12.31.2020				AMOUNTS AS AT 12.31.2019			
	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	51,567	X	X	X	33,890	X	X	X
2. Deposits from banks	37,719	X	X	X	23,688	X	X	X
2.1 Current accounts and demand deposits	2,455	X	X	X	2,746	X	X	X
2.2 Time deposits	5,598	X	X	X	4,203	X	X	X
2.3 Loans	29,646	X	X	X	16,723	X	X	X
2.3.1 Repos	26,648	X	X	X	12,882	X	X	X
2.3.2 Other	2,998	X	X	X	3,841	X	X	X
2.4 Liabilities relating to commitments to repurchase treasury shares	-	X	X	X	-	X	X	X
2.5 Lease deposits	7	X	X	X	7	X	X	X
2.6 Other deposits	13	X	X	X	9	X	X	X
<b>Total</b>	<b>89,286</b>	<b>-</b>	<b>26,654</b>	<b>62,637</b>	<b>57,578</b>	<b>-</b>	<b>15,387</b>	<b>42,173</b>
<b>Total Level 1, Level 2 and Level 3</b>			<b>89,291</b>				<b>57,560</b>	

"Deposits from central banks" include TLTRO III facilities for €51 billion. TLTRO II existing as at December 2019 for €33 billion have been entirely reimbursed.

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 see the paragraph "A.4 - Information on fair value" of the Company financial statements of UniCredit S.p.A., 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 12.31.2020				AMOUNTS AS AT 12.31.2019			
	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	188,449	X	X	X	165,706	X	X	X
2. Time deposits	842	X	X	X	1,024	X	X	X
3. Loans	26,743	X	X	X	44,826	X	X	X
3.1 Repos	25,859	X	X	X	43,959	X	X	X
3.2 Other	884	X	X	X	867	X	X	X
4. Liabilities relating to commitments to repurchase treasury shares	-	X	X	X	-	X	X	X
5. Lease deposits	1,204	X	X	X	1,343	X	X	X
6. Other deposits	3,683	X	X	X	4,140	X	X	X
<b>Total</b>	<b>220,921</b>	<b>-</b>	<b>26,162</b>	<b>194,652</b>	<b>217,039</b>	<b>-</b>	<b>44,520</b>	<b>172,530</b>
<b>Total Level 1, Level 2 and Level 3</b>			<b>220,814</b>				<b>217,050</b>	

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 see the paragraph "A.4 - Information on fair value" of the Company financial statements of UniCredit S.p.A., Notes to the accounts Part A - Accounting policies.

## Part B - Balance sheet - Liabilities

## 1.3 Financial liabilities at amortised cost: breakdown by product of debt securities in issue

(€ million)

TYPE OF SECURITIES/VALUES	AMOUNTS AS AT 12.31.2020				AMOUNTS AS AT 12.31.2019			
	BOOK VALUE	FAIR VALUE			BOOK VALUE	FAIR VALUE		
		LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3
<b>A. Debt securities</b>								
1. Bonds	48,521	31,162	19,861	-	51,065	30,222	23,346	-
1.1 Structured	279	-	279	-	422	-	423	-
1.2 Other	48,242	31,162	19,582	-	50,643	30,222	22,923	-
2. Other securities	10,498	-	92	10,414	3,444	-	143	3,309
2.1 Structured	63	-	71	-	101	-	108	-
2.2 Other	10,435	-	21	10,414	3,343	-	35	3,309
<b>Total</b>	<b>59,019</b>	<b>31,162</b>	<b>19,953</b>	<b>10,414</b>	<b>54,509</b>	<b>30,222</b>	<b>23,489</b>	<b>3,309</b>
<b>Total Level 1, Level 2 and Level 3</b>			<b>61,529</b>				<b>57,020</b>	

Sub-items "1.1 structured" of bonds and "2.1. Structured" of other securities totally amount to €342 million and represent 0.58% 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 increase due to joint effect of maturities and new issuances and as a consequence of buy-backs realised in the period.

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 see the paragraph "A.4 - Information on fair value" of the Company financial statements of UniCredit S.p.A., Notes to the accounts Part A - Accounting policies.

## 1.4 Detail of subordinated debts/bonds

The subordinated debt recognised in item "Deposits from banks" amounts to nil, the one in item "Deposits from customers" amounts to nil, the one in item "Debt securities in issue" amounts to €9,765 million.

## 1.5 Detail of structured debts

Structured deposits from banks or customers do not exist.

## 1.6 Amounts payable under finance leases

(€ million)

TIME BUCKET	12.31.2020		12.31.2019	
	CASH OUTFLOWS		CASH OUTFLOWS	
	FINANCE LEASES	OPERATING LEASES	FINANCE LEASES	OPERATING LEASES
Up to 1 year	-	207	-	225
1 year to 2 years	-	202	-	216
2 year to 3 years	-	186	-	204
3 year to 4 years	-	176	-	184
4 year to 5 years	-	164	-	173
Over 5 years	-	398	(1)	477
<b>Total Lease Payments to be made</b>	<b>-</b>	<b>1,333</b>	<b>(1)</b>	<b>1,479</b>
<b>RECONCILIATION WITH DEPOSITS</b>				
Unearned finance expenses (-) (Discounting effect)	-	123	-	128
<b>Lease deposits</b>	<b>-</b>	<b>1,210</b>	<b>(1)</b>	<b>1,351</b>

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 12.31.2020					AMOUNTS AS AT 12.31.2019				
	NOMINAL VALUE	FAIR VALUE			FAIR VALUE*	NOMINAL VALUE	FAIR VALUE			FAIR VALUE*
		LEVEL 1	LEVEL 2	LEVEL 3			LEVEL 1	LEVEL 2	LEVEL 3	
<b>A. Cash liabilities</b>										
1. Deposits from banks	-	207	-	-	207	-	242	-	-	242
2. Deposits from customers	-	2,496	-	-	2,496	-	7,174	-	-	7,174
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
<b>Total (A)</b>	-	<b>2,703</b>	-	-	<b>2,703</b>	-	<b>7,416</b>	-	-	<b>7,416</b>
<b>B. Derivatives instruments</b>										
1. Financial derivatives	X	1	6,905	62	X	X	6	5,916	65	X
1.1 Trading derivatives	X	1	6,436	11	X	X	6	5,478	9	X
1.2 Linked to fair value option	X	-	345	30	X	X	-	300	17	X
1.3 Other	X	-	124	21	X	X	-	138	39	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
<b>Total (B)</b>	<b>X</b>	<b>1</b>	<b>6,905</b>	<b>62</b>	<b>X</b>	<b>X</b>	<b>6</b>	<b>5,916</b>	<b>65</b>	<b>X</b>
<b>Total (A+B)</b>	<b>X</b>	<b>2,704</b>	<b>6,905</b>	<b>62</b>	<b>X</b>	<b>X</b>	<b>7,422</b>	<b>5,916</b>	<b>65</b>	<b>X</b>
<b>Total Level 1, Level 2 and Level 3</b>				<b>9,671</b>					<b>13,403</b>	

**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 see the paragraph "A.4 - Information on fair value" of the Company financial statements of UniCredit S.p.A., Notes to the accounts Part A - Accounting policies.

"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.

#### 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 12.31.2020					AMOUNTS AS AT 12.31.2019				
	NOMINAL VALUE	FAIR VALUE			FAIR VALUE*	NOMINAL VALUE	FAIR VALUE			FAIR VALUE*
		LEVEL 1	LEVEL 2	LEVEL 3			LEVEL 1	LEVEL 2	LEVEL 3	
<b>1. Deposits from banks</b>	-	-	-	-	-	-	-	-	-	-
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
<b>2. Deposits from customers</b>	-	-	-	-	-	-	-	-	-	-
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
<b>3. Debt securities</b>	<b>4,750</b>	-	<b>4,490</b>	<b>373</b>	<b>4,656</b>	<b>3,636</b>	-	<b>3,607</b>	<b>133</b>	<b>3,634</b>
3.1 Structured	4,750	-	4,490	373	X	3,636	-	3,607	133	X
3.2 Other	-	-	-	-	X	-	-	-	-	X
<b>Total</b>	<b>4,750</b>	-	<b>4,490</b>	<b>373</b>	<b>4,656</b>	<b>3,636</b>	-	<b>3,607</b>	<b>133</b>	<b>3,634</b>
<b>Total Level 1, Level 2 and Level 3</b>				<b>4,863</b>					<b>3,740</b>	

## 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 see the paragraph "A.4 - Information on fair value" of the Company financial statements of UniCredit S.p.A., 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 12.31.2020				AMOUNTS AS AT 12.31.2019			
	NOTIONAL AMOUNT	FAIR VALUE			NOTIONAL AMOUNT	FAIR VALUE		
		LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3
<b>A. Financial derivatives</b>	<b>238,496</b>	<b>126</b>	<b>5,905</b>	<b>-</b>	<b>235,827</b>	<b>166</b>	<b>4,716</b>	<b>-</b>
1) Fair value	223,043	126	4,844	-	225,991	166	4,498	-
2) Cash flows	15,453	-	1,061	-	9,836	-	218	-
3) Net investment in foreign subsidiaries	-	-	-	-	-	-	-	-
<b>B. Credit derivatives</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
<b>Total</b>	<b>238,496</b>	<b>126</b>	<b>5,905</b>	<b>-</b>	<b>235,827</b>	<b>166</b>	<b>4,716</b>	<b>-</b>
<b>Total Level 1, Level 2 and Level 3</b>			<b>6,031</b>				<b>4,882</b>	

#### 4.2 Hedging derivatives: breakdown by hedged portfolios and type of hedging

(€ million)

TRANSACTIONS/HEDGE TYPES	AMOUNTS AS AT 12.31.2020										
	FAIR VALUE							CASH FLOW			FOREIGN INVESTMENTS
	MICRO-HEDGE							MACRO-HEDGE	MICRO-HEDGE	MACRO-HEDGE	
	DEBT SECURITIES AND INTEREST RATES RISK	EQUITY INSTRUMENTS AND EQUITY INDICES RISK	CURRENCY AND GOLD	CREDIT RISK	COMMODITIES	OTHER					
1. Financial assets at fair value through other comprehensive income	1,047	-	6	-	X	X	X	-	X	X	
2. Financial assets at amortised cost	214	X	-	-	X	X	X	-	X	X	
3. Portfolio	X	X	X	X	X	X	3,440	X	252	X	
4. Other transactions	-	-	-	-	-	-	X	-	X	-	
<b>Total assets</b>	<b>1,261</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,440</b>	<b>-</b>	<b>252</b>	<b>-</b>	
1. Financial liabilities	-	X	-	-	-	-	X	-	X	X	
2. Portfolio	X	X	X	X	X	X	263	X	809	X	
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>263</b>	<b>-</b>	<b>809</b>	<b>-</b>	
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	-	-	

### 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	
	12.31.2020	12.31.2019
1. Positive changes to financial liabilities	3,637	3,012
2. Negative changes to financial liabilities	(205)	(286)
<b>Total</b>	<b>3,432</b>	<b>2,726</b>

### Section 6 - Tax liabilities - Item 60

See the paragraph "Section 10 - Tax assets and tax 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 - Asset.

## Part B - Balance sheet - Liabilities

### Section 7 - Liabilities associated with assets classified as held for sale - Item 70

See 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)" of the Company financial statements of UniCredit S.p.A., Notes to the accounts Part B - Balance sheet - Asset.

### Section 8 - Other liabilities - Item 80

#### 8.1 Other liabilities: breakdown

ITEMS/VALUES	AMOUNTS AS AT	
	12.31.2020	12.31.2019
Liabilities in respect of financial guarantees issued	-	-
Accrued expenses and deferred income other than those to be capitalised for the financial liabilities concerned	143	155
Negative value of management agreements (so-called servicing assets)	-	-
Payment agreements based on the value of own capital instruments classified as deposits pursuant to IFRS2	-	-
Other liabilities due to employees	1,917	956
Other liabilities due to other staff	23	43
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	23	36
Available amounts to be paid to others	-	-
Items in processing	168	362
Entries relating to securities transactions	99	122
Definitive items but not attributable to other lines	2,464	2,476
- Accounts payable - suppliers	496	617
- Provisions for tax withholding on accrued interest, bond coupon payments or dividends	2	2
- Other entries	1,966	1,857
Liabilities for miscellaneous entries related to tax collection service	-	-
Adjustments for unpaid portfolio entries	1,032	971
Tax items different from those included in item 60	718	914
Other entries	144	120
<b>Total</b>	<b>6,731</b>	<b>6,155</b>

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 the paragraph "Section 12 - Other assets - Item 120" of the Company financial statements of UniCredit S.p.A., 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". 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 external actuary using "projected unit credit" method (see the paragraph "Part A.2 - Main items of the accounts" of the Company financial statements of UniCredit S.p.A., Notes to the accounts Part A - Accounting policies).

## 9.1 Provisions for employee severance pay: annual changes

	CHANGES IN	
	2020	2019
	(€ million)	
<b>A. Opening balance</b>	<b>623</b>	<b>629</b>
<b>B. Increases</b>	<b>20</b>	<b>77</b>
B.1 Provisions for the year	5	10
B.2 Other increases	15	67
<i>of which: business combinations</i>	-	20
<b>C. Reductions</b>	<b>86</b>	<b>83</b>
C.1 Severance payments	85	72
C.2 Other decreases	1	11
<i>of which: business combinations</i>	-	-
<b>D. Closing Balance</b>	<b>557</b>	<b>623</b>

## 9.2 Other information

	CHANGES IN	
	2020	2019
	(€ million)	
<b>Cost Recognised in P&amp;L:</b>	<b>5</b>	<b>10</b>
- Current Service Cost	-	-
- Interest Cost on the DBO	5	10
- Settlement (gains)/losses	-	-
- Past Service Cost	-	-
<b>Remeasurement Effects (Gains) Losses Recognised in OCI</b>	<b>15</b>	<b>32</b>
<b>Annual weighted average assumptions</b>		
- Discount rate	0.45%	0.75%
- Price inflation	0.80%	0.95%

The financial duration of the commitments is 9 years; the balance of the negative Revaluation reserves net of tax changed from -€118 million at 31 December 2019 to -€129 million at 31 December 2020.

A change of -25 basis points in the discount rate would result in an increase in liabilities of €13 million (+2.28%); an equivalent increase in the rate, on the other hand, would result in a reduction in liabilities of €12 million (-2.22%). A change of -25 basis points in the inflation rate would result in a reduction in liabilities of €8 million (-1.37%); an equivalent increase in the rate, on the other hand, would result in an increase in liabilities of €8 million (+1.39%).

## 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	
	12.31.2020	12.31.2019
1. Provisions for credit risk on commitments and financial guarantees given	442	415
2. Provisions for other commitments and other guarantees given	-	-
3. Pensions and other post-retirement benefit obligations	98	95
4. Other provisions for risks and charges	1,525	1,789
4.1 Legal and tax disputes	425	516
4.2 Staff expenses	275	426
4.3 Other	825	847
<b>Total</b>	<b>2,065</b>	<b>2,299</b>

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 €371 million (€465 million at 31 December 2019). More details are included in the paragraph "Part E - Information on risks and risks management policies" of the Company financial statements of UniCredit S.p.A., Notes to the accounts.

## 10.2 Provisions for risks and charges: annual changes

(€ million)

	CHANGES IN 2020			TOTAL
	PROVISIONS FOR OTHER OFF-BALANCE SHEET COMMITMENTS AND OTHER GUARANTEES GIVEN	PENSION AND POST-RETIREMENT BENEFIT OBLIGATIONS	OTHER PROVISIONS FOR RISKS AND CHARGES	
<b>A. Opening balance</b>	-	95	1,789	<b>1,884</b>
<b>B. Increases</b>	-	14	1,525	<b>1,539</b>
B.1 Provisions for the year	-	1	1,474	1,475
B.2 Changes due to the passing time	-	1	5	6
B.3 Differences due to discount-rate changes	-	-	1	1
B.4 Other changes	-	12	45	57
<i>of which: business combinations</i>	-	-	-	-
<b>C. Decreases</b>	-	11	1,789	<b>1,800</b>
C.1 Use during the year	-	-	318	318
C.2 Differences due to discount-rate changes	-	-	1	1
C.3 Other changes	-	11	1,470	1,481
<i>of which: business combinations</i>	-	-	-	-
<b>D. Closing balance</b>	-	98	1,525	<b>1,623</b>

More details on provisions for commitments and guarantees given are presented in to 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" of the Company financial statements of UniCredit S.p.A., Notes to the accounts Part B - Balance sheet - Liabilities, Section 10 - Provision for risks and charges - Item 100.

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" of the Company financial statements of UniCredit S.p.A., 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 12.31.2020			TOTAL
	PROVISIONS FOR CREDIT RISK ON COMMITMENTS AND FINANCIAL GUARANTEES GIVEN			
	STAGE 1	STAGE 2	STAGE 3	
Loan commitments given	23	36	1	60
Financial guarantees given	33	19	330	382
<b>Total</b>	<b>56</b>	<b>55</b>	<b>331</b>	<b>442</b>

## Part B - Balance sheet - Liabilities

### 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

In respect of Pensions and other post-retirement benefit obligations, 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.

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. The balance sheet obligation is the result of the deficit/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 and persisting interest rates decreasing trend, UCG refined its Discount Rate setting methodology by referencing AA rated corporate bonds basket. In addition, a Nelson Siegel methodology has been applied 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 -€104 million at 31 December 2019 to -€106 million at 31 December 2020.

#### 2. Changes of net defined benefit liability/asset and any reimbursement rights

##### 2.1 Breakdown of defined benefit net obligation

	(€ million)	
	12.31.2020	12.31.2019
Current value of the defined benefit obligation	320	340
Current value of the plan assets	(222)	(245)
<b>Deficit/(Surplus)</b>	<b>98</b>	<b>95</b>
Irrecoverable surplus (effect of asset ceiling)	-	-
<b>Net defined benefit liability/(asset) as of the period end date</b>	<b>98</b>	<b>95</b>

##### 2.2 Changes in defined benefit obligations

	(€ million)	
	12.31.2020	12.31.2019
Initial defined benefit obligation	339	344
Current service cost	1	1
Settlement (gain)/loss	-	-
Past service cost	-	-
Interest expense on the defined benefit obligation	3	5
Write-downs for actuarial (gains)/losses on defined benefit plans	7	17
Employees' contributions for defined benefit plans	-	-
Disbursements from plan assets	(28)	-
Disbursements directly paid by the fund	-	(30)
Settlements	-	-
Other increases (decreases)	(2)	2
<b>Net defined benefit liability/(asset) as of the period end date</b>	<b>320</b>	<b>339</b>

## Part B - Balance sheet - Liabilities

### 2.3 Changes to plan assets

	(€ million)	
	12.31.2020	12.31.2019
Initial fair value of plan assets	245	254
Interest income on plan assets	2	4
Administrative expenses paid from plan assets	-	-
Write-downs on the fair value of plan assets for actuarial gains (losses) on the discount rate	2	13
Employer contributions	3	3
Disbursements from plan assets	(28)	-
Settlements	-	-
Other increases (decreases)	(2)	(29)
<b>Final fair value of plan assets</b>	<b>222</b>	<b>245</b>

### 3. Main plan asset classes

	(€ million)	
	12.31.2020	12.31.2019
1. Shares	14	17
2. Bonds	101	118
3. Units in investment funds	8	25
4. Real estate properties	2	2
5. Derivative instruments	-	-
6. Other assets	97	83
<b>Total</b>	<b>222</b>	<b>245</b>

### 4. Significant actuarial assumptions used to determine the current value of defined benefit obligation

	12.31.2020	12.31.2019
	%	%
Discount rate	0.55	0.89
Expected return on plan assets	0.55	0.89
Expected compensation increase rate	1.58	1.53
Future increases relating to pension treatments	0.49	0.97
Expected inflation rate	1.09	1.23

### 5. Impact of changes in financial/demographic assumptions on DBOs and financial duration

	(€ million)	
	12.31.2020	
- Impact of changes in financial/demographic assumptions on DBOs		
<b>A. Discount rate</b>		
A1. -25 basis points	8	2.49%
A2. +25 basis points	(8)	-2.38%
<b>B. Future increase rate relating to pension treatments</b>		
B1. -25 basis points	(4)	-1.35%
B2. +25 basis points	4	1.39%
<b>C. Mortality</b>		
C.1 Life expectancy + 1 year	18	5.68%
- Financial duration (years)	9.7	

## Part B - Balance sheet - Liabilities

## 10.6 Provisions for risks and charges - other provisions

	AMOUNTS AS AT	
	12.31.2020	12.31.2019
<b>4.3 Other provisions for risks and charges - other</b>		
Real estate risks/charges	-	-
Restructuring costs	-	-
Allowances payable to agents	5	4
Disputes regarding financial instruments and derivatives	6	7
Costs for liabilities arising from equity investment disposals	208	218
Other	606	618
<b>Total</b>	<b>825</b>	<b>847</b>

(€ million)

Other Provisions include:

- the ones posted in order to cope with the probable risks of loss related to the repurchases 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" of the Company financial statements of UniCredit S.p.A., 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 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 in this section.

## Section 12 - Shareholders' equity - Item 110, 130, 140, 150, 160, 170 and 180

Further information about shareholders' equity are disclosed in the paragraph "Part F - Shareholders' equity" of the Company financial statements of UniCredit S.p.A., Notes to the accounts.

## 12.1 "Share capital" and "treasury shares": breakdown

	AMOUNTS AS AT 12.31.2020		AMOUNTS AS AT 12.31.2019	
	ISSUED SHARES	UNDERWRITTEN SHARES	ISSUED SHARES	UNDERWRITTEN SHARES
<b>A. Share capital</b>				
A.1 Ordinary shares	21,060	-	20,995	-
A.2 Savings shares	-	-	-	-
<b>Total A</b>	<b>21,060</b>	<b>-</b>	<b>20,995</b>	<b>-</b>
<b>B. Treasury shares</b>				
B.1 Ordinary shares	(2)	-	(2)	-
B.2 Savings shares	-	-	-	-
<b>Total B</b>	<b>(2)</b>	<b>-</b>	<b>(2)</b>	<b>-</b>

(€ million)

Share capital, which at 31 December 2019 was represented by No.2,233,376,842 ordinary shares, in 2020 changed due to a free share capital increase by €65 million resolved on 5 February 2020 by UniCredit's Board of Directors by issuing No.3,884,961 ordinary shares to be granted to the employees of UniCredit S.p.A. and of Group banks and companies.

As a result of the above at 31 December 2020 the share capital of UniCredit S.p.A. amounts to €21,060 million represented by No.2,237,261,803 ordinary shares with no nominal value.

The number of treasury shares outstanding was No.4,760 ordinary shares, unchanged with respect to 2019.

## Part B - Balance sheet - Liabilities

## 12.2 Share capital - Number of shares: annual changes

ITEMS/TYPES	CHANGES IN 2020	
	ORDINARY	SAVINGS
<b>A. Issued shares as at the beginning of the year</b>	<b>2,233,376,842</b>	-
- Fully paid	2,233,376,842	-
- Not fully paid	-	-
A.1 Treasury shares (-)	(4,760)	-
A.2 Shares outstanding: opening balance	2,233,372,082	-
<b>B. Increases</b>	<b>3,884,961</b>	-
B.1 New issues	3,884,961	-
- Against payment	-	-
- Business combinations	-	-
- Bonds converted	-	-
- Warrants exercised	-	-
- Other	-	-
- Free	3,884,961	-
- To employees	3,884,961	-
- To directors	-	-
- Other	-	-
B.2 Sales of treasury shares	-	-
B.3 Other changes	-	-
<b>C. Decreases</b>	-	-
C.1 Cancellation	-	-
C.2 Purchase of treasury shares	-	-
C.3 Business transferred	-	-
C.4 Other changes	-	-
<i>of which: business combinations</i>	-	-
<b>D. Shares outstanding: closing balance</b>	<b>2,237,257,043</b>	-
D.1 Treasury shares (+)	4,760	-
D.2 Shares outstanding as at the end of the year	2,237,261,803	-
- Fully paid	2,237,261,803	-
- Not fully paid	-	-

## 12.3 Capital: other information

Pursuant to the resolution passed by the Extraordinary Shareholders' Meeting on 15 December 2011 shares have no face value. Outstanding ordinary shares relating to the usufruct contract signed with Mediobanca S.p.A. on UniCredit shares supporting the issuance of convertible securities denominated "Cashes" amount to No.9,675,640 (issued in the context of the January 2009 capital increase) provides for Euribor-linked discretionary payments contingent on the payment of dividends on ordinary shares. The voting right cannot be exercised on these shares.

## 12.4 Reserves from profits: other information

	AMOUNTS AS AT	
	12.31.2020	12.31.2019
Legal reserve	1,518	1,518
Statutory reserve	7,380	7,504
Other reserves	766	(1,914)
<b>Total</b>	<b>9,664</b>	<b>7,108</b>

The legal reserve in overall includes, in addition to the amount of €1,518 million, also the amount of €2,683 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 and 14 April 2016.

## Part B - Balance sheet - Liabilities

**12.5 Equity instruments: composition and annual changes**

The item is entirely composed by Additional Tier 1 bond issuances placed between 2014 and 2020 net of the related issue costs (a total of seven issues, the last one placed in 2020 for a nominal amount of €1,250 million).

**12.6 Other Information**

## Valuation reserves: breakdown

(€ million)

ITEM/TYPES	AMOUNTS AS AT	
	12.31.2020	12.31.2019
1. Equity instruments designated at fair value through other comprehensive income	(350)	(242)
2. Financial assets (other than equity instruments) at fair value through other comprehensive income	433	250
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)	(144)	(71)
5. Hedging instruments (non-designated elements)	-	-
6. Property, plant and equipment	518	511
7. Intangible assets	-	-
8. Hedges of foreign investments	-	-
9. Cash-flow hedges	(103)	(31)
10. Exchange differences	-	-
11. Non-current assets classified as held for sale	-	-
12. Actuarial gains (losses) on defined-benefit plans	(236)	(222)
13. Part of valuation reserves of investments valued at net equity	-	-
14. Special revaluation laws	277	277
<b>Total</b>	<b>395</b>	<b>472</b>

## Part B - Balance sheet - Liabilities

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 fiscal years.

### Breakdown of Shareholders' Equity (with indication of availability and distribution)

ITEMS	AMOUNT	PERMITTED USES <sup>(*)</sup>	AVAILABLE PORTION	SUMMARY OF USE IN THE THREE PREVIOUS FISCAL YEARS	
				TO COVER LOSSES	OTHER REASONS
<b>Share capital</b>	<b>21,060</b>	-	-		
<b>Share premium</b>	<b>9,386</b>	A, B, C	<b>9,386</b>	<b>555</b>	<b>3,458</b> <sup>(1)</sup>
<b>Reserves:</b>	<b>14,545</b>				
Legal reserve	4,201	B <sup>(2)</sup>	4,201	-	-
Reserve for treasury shares or interests	2	-	-	-	-
Statutory reserves	7,380	A, B, C	7,380	-	580 <sup>(3)</sup>
Reserves arising out of transfer of assets	420	A, B, C <sup>(4)</sup>	420	-	-
Reserves related to the medium-term incentive programme for Group staff	21	- <sup>(5)</sup>	-	-	179 <sup>(14)</sup>
Reserve related to equity-settled plans	834	A, B, C <sup>(6)</sup>	556	-	-
Reserve related to business combinations (IFRS3)	2,093	A, B, C <sup>(7)</sup>	2,093	-	-
Reserve related to business combinations within the Group	223	A, B <sup>(8)</sup>	223	-	-
Reserve pursuant to Art.6, paragraph 2 Legislative Decree 38/2005	277	B <sup>(9)</sup>	277	-	-
Reserve pursuant to Art.1, C.984 Legislative Decree 145/2018	144	B <sup>(10)</sup>	144	-	-
Other reserves	73	A, B, C	73	-	-
Negative components of shareholders' equity	(1,123)	- <sup>(11)</sup>	(1,123)	-	-
<b>Revaluation reserves:</b>	<b>395</b>				
Monetary equalisation reserve under L.576/75	4	A, B, C <sup>(12)</sup>	4	-	-
Monetary revaluation reserve under L.72/83	85	A, B, C <sup>(12)</sup>	85	-	-
Asset revaluation reserve under L.408/90	29	A, B, C <sup>(12)</sup>	29	-	-
Property revaluation reserve under L.413/91	159	A, B, C <sup>(12)</sup>	159	-	-
Financial assets and liabilities at fair value through other comprehensive income	(61)	- <sup>(13)</sup>	-	-	-
Reserve for property plant and equipment	518	- <sup>(13)</sup>	-	-	-
Cash-flow hedges reserve	(103)	- <sup>(13)</sup>	-	-	-
Reserve for actuarial gains (losses) on employee defined - benefit plans	(236)	- <sup>(13)</sup>	-	-	-
<b>Total</b>	<b>45,386</b>		<b>23,907</b>	<b>555</b>	<b>4,217</b>
<b>Portion not allowed in distribution</b>			<b>4,731</b>		
<b>Remaining portion available for distribution<sup>(**)</sup></b>			<b>19,176</b>		

- Notes:**
- (\*) A: for capital increase; B: to cover losses; C: distribution to shareholders.
- (\*\*) Share premium reserve is considered distributable as the legal reserve is at the level of one-fifth of the share capital, as per article 2430 of the Italian Civil Code; the distributable overall amount is net of negative items.
- (1) Reserve used for coverage negative reserves (€3,451million); for cash settlement adjustment on conversion of saving shares (€7 million).
- (2) Reserve available to cover losses only after the utilisation of other reserves, except for the reserves pursuant to article 6, paragraph 2, of Legislative Decree 38/2005; the reserve includes €2,683 million from Share premium reserve as approved by the Ordinary Shareholders' Meetings of 11 May 2013, 13 May 2014 and 14 April 2016.
- (3) Reserve used to cover negative reserves (€249 million); for allocation to the specific reserve pursuant to Art.1, p. 984 L.D.145/2018 (€144 million) and for allocation to the reserve pursuant to Art.6, p.2 L.D. 38/2005 (€187 million).
- (4) The reserve includes €215 million distributable according to the procedure established article 2445 of the Italian Civil Code; 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 as long as the related plans are vested.
- (7) The Reserve from business combination (IFRS3) is fully available to cover losses, for capital increase and distribution to shareholders due to the write-downs of UniCredit Bank AG and UniCredit Bank Austria AG investments that generated it, covered without using the reserve in question.
- (8) The reserve can be considered available for €114 million for the portion of losses deriving from write-downs of the relevant investment.
- (9) Reserve from profit non distributable; includes retained earnings connected with the application of the fair value model on investment properties (€75 million); if the reserve is used to cover losses, profits cannot be distributed until this reserve has been replenished by allocating profits from future years.
- This Reserve is used to cover losses, profits cannot be distributed until this Reserve has been replenished by allocating profits from future years.
- (10) Reserve in suspension of tax established with withdrawal of the statutory reserve; in case of distribution it must be restored.
- (11) Negative components affect the availability and distributability of positive reserves of the shareholders' equity. The item includes the negative impact from IFRS9 first time adoption (€2,759 million).
- (12) If case of use to cover losses, profits may not be distributed until the reserve is restored to its full amount or is reduced by the corresponding amount by resolution of the extraordinary Shareholders' Meeting Resolution, without application of the provisions of the second and third paragraphs of article 2445 of the Italian Civil Code. If the reserve is not recognised under share capital, it may only be reduced by resolution adopted in application of the provisions of the second and third paragraphs of article 2445 of the Italian Civil Code.
- (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.



## Part B - Balance sheet - Liabilities

In detail the composition of negative components of shareholders' equity:

ITEMS	(€ million) 12.31.2020
Reserve for repayment of AT1 coupons and Cashes fees	(449)
Reserve for the unsustainable deferred tax assets relating to tax losses carried forward linked to equity items	(121)
Reserve for capital increase costs	(300)
Financial instruments at fair value through other comprehensive income	(169)
Reserve relating to business combination within the Group and other negative reserves	(84)
<b>Total</b>	<b>(1,123)</b>

The reserves relating to "business combinations within the Group" includes the negative differences arising from the merger of Buddy Servizi Molecolari S.p.A. (€7 million), Pioneer Global Asset Management (PGAM) S.p.A. (€30 million) and demerger of UniCredit Services S.C.p.A. of the activities related to Italian operations and real estate and logistics businesses (€40 million, so-called "Reus" demerger).

## Part B - Balance sheet - Liabilities

## Other information

## 1. Commitments and financial guarantees given (different from those designated at fair value)

	AMOUNTS AS AT 12.31.2020				AMOUNTS AS AT
	NOTIONAL AMOUNTS OF COMMITMENTS AND FINANCIAL GUARANTEES GIVEN				12.31.2019
	STAGE 1	STAGE 2	STAGE 3	TOTAL	TOTAL
<b>1. Loan commitments given</b>	<b>23,683</b>	<b>1,781</b>	<b>368</b>	<b>25,832</b>	<b>23,101</b>
a) Central Banks	18	-	-	18	24
b) Governments and other Public Sector	3,280	290	133	3,703	3,212
c) Banks	919	248	-	1,167	1,008
d) Other financial companies	3,510	312	8	3,830	3,644
e) Non-financial companies	15,783	925	226	16,934	14,995
f) Households	173	6	1	180	218
<b>2. Financial guarantees given</b>	<b>30,419</b>	<b>2,941</b>	<b>961</b>	<b>34,321</b>	<b>38,881</b>
a) Central Banks	55	-	-	55	64
b) Governments and other Public Sector	462	1	-	463	686
c) Banks	4,928	423	-	5,351	6,908
d) Other financial companies	3,372	216	34	3,622	3,248
e) Non-financial companies	21,419	2,277	925	24,621	27,732
f) Households	183	24	2	209	243

## 2. Others commitments and others guarantees given

	AMOUNTS AS AT	
	12.31.2020	12.31.2019
	NOTIONAL AMOUNTS	NOTIONAL AMOUNTS
<b>1. Others guarantees given</b>	-	-
<i>of which: non-performing loans</i>	-	-
a) Central Banks	-	-
b) Governments and other Public Sector Entities	-	-
c) Banks	-	-
d) Other financial companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
<b>2. Others commitments</b>	<b>111,405</b>	<b>105,237</b>
<i>of which: non-performing loans</i>	<i>1,272</i>	<i>1,564</i>
a) Central Banks	921	747
b) Governments and other Public Sector Entities	891	1,091
c) Banks	20,093	21,642
d) Other financial companies	25,305	20,205
e) Non-financial companies	58,980	56,981
f) Households	5,215	4,571

Table "1. Commitments and financial guarantees given" 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. Note that starting from 31 December 2018, 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

PORTFOLIOS	AMOUNTS AS AT	
	12.31.2020	12.31.2019
1. Financial assets at fair value through profit or loss	1,771	769
2. Financial assets at fair value through other comprehensive income	14,739	14,903
3. Financial assets at amortised cost	80,720	67,750
4. Property, plant and equipment	-	-
<i>of which: inventories of property, plant and equipment</i>	-	-

Deposits from banks include €51,066 million relating to Banca d'Italia's refinancing operations collateralised by credit value amounting to €21,154 million and securities nominal value amounting to €33,674 million. Of these, since the securities not recognised on balance-sheet represent repurchased or retained UniCredit S.p.A.'s financial liabilities, they amount to nominal €25,650 million.

### 4. Asset management and trading on behalf of others

TYPE OF SERVICES	AMOUNTS AS AT	
	12.31.2020	12.31.2019
<b>1. Execution of orders on behalf of customers</b>		
a) Purchases	-	-
1. Settled	-	-
2. Unsettled	-	-
b) Sales	-	-
1. Settled	-	-
2. Unsettled	-	-
<b>2. Individual portfolio management</b>	4,026	4,385
<b>3. Custody and administration of securities</b>		
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	86,084	112,608
1. Securities issued by companies included in consolidation	5,600	5,973
2. Other securities	80,484	106,635
c) Third party securities deposited with third parties	85,468	112,006
d) Property securities deposited with third parties	104,550	99,462
<b>4. Other transactions</b>	<b>6,877</b>	<b>7,342</b>

### 5. Financial assets subject to accounting offsetting or under master netting agreements and similar agreements

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)	CASH COLLATERAL RECEIVED (E)	NET AMOUNT 12.31.2020 (F=C-D-E)	NET AMOUNT 12.31.2019
1. Derivatives	12,130	-	12,130	10,509	597	1,024	874
2. Reverse repos	39,551	-	39,551	16,145	3	23,403	18,813
3. Securities lending	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-
<b>Total 12.31.2020</b>	<b>51,681</b>	<b>-</b>	<b>51,681</b>	<b>26,654</b>	<b>600</b>	<b>24,427</b>	<b>X</b>
<b>Total 12.31.2019</b>	<b>74,641</b>	<b>-</b>	<b>74,641</b>	<b>54,702</b>	<b>252</b>	<b>X</b>	<b>19,687</b>

## 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		NET AMOUNT 12.31.2020 (F=C-D-E)	NET AMOUNT 12.31.2019
				FINANCIAL INSTRUMENTS (D)	CASH COLLATERAL RECEIVED (E)		
1. Derivatives	12,762	-	12,762	10,515	2,064	183	125
2. Reverse repos	51,528	-	51,528	16,145	149	35,234	10,089
3. Securities lending	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-
<b>Total 12.31.2020</b>	<b>64,290</b>	<b>-</b>	<b>64,290</b>	<b>26,660</b>	<b>2,213</b>	<b>35,417</b>	<b>X</b>
<b>Total 12.31.2019</b>	<b>66,025</b>	<b>-</b>	<b>66,025</b>	<b>54,707</b>	<b>1,104</b>	<b>X</b>	<b>10,214</b>

## 7. Security borrowing transactions

(€ million)

TYPE OF LENDER	AMOUNTS AS AT 12.31.2020			
	AMOUNTS OF THE SECURITIES BORROWED/TRANSACTION PURPOSES			
	GIVEN AS COLLATERAL IN OWN FUNDING TRANSACTIONS	SOLD	SOLD IN REPO TRANSACTIONS	OTHER PURPOSES
A. Banks	1,693	-	-	-
B. Financial companies	-	-	-	-
C. Insurance companies	-	-	-	-
D. Non-financial companies	-	-	-	-
E. Others	-	-	-	-
<b>Total</b>	<b>1,693</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Part C - Income statement

## Section 1 - Interests - Items 10 and 20

## 1.1 Interest income and similar revenues: breakdown

ITEMS/TYPES	YEAR 2020				YEAR 2019 TOTAL
	DEBT SECURITIES	LOANS	OTHER TRANSACTIONS	TOTAL	
<b>1. Financial assets at fair value through profit or loss</b>	<b>26</b>	<b>2</b>	<b>-</b>	<b>28</b>	<b>90</b>
1.1 Financial assets held for trading	-	-	-	-	33
1.2 Financial assets designated at fair value	1	-	-	1	-
1.3 Other financial assets mandatorily at fair value	25	2	-	27	57
<b>2. Financial assets at fair value through other comprehensive income</b>	<b>338</b>	<b>-</b>	<b>X</b>	<b>338</b>	<b>602</b>
<b>3. Financial assets at amortised cost</b>	<b>394</b>	<b>3,721</b>	<b>X</b>	<b>4,115</b>	<b>4,718</b>
3.1 Loans and advances to banks	52	136	X	188	282
3.2 Loans and advances to customers	342	3,585	X	3,927	4,436
<b>4. Hedging derivatives</b>	<b>X</b>	<b>X</b>	<b>(417)</b>	<b>(417)</b>	<b>(615)</b>
<b>5. Other assets</b>	<b>X</b>	<b>X</b>	<b>15</b>	<b>15</b>	<b>12</b>
<b>6. Financial liabilities</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>506</b>	<b>313</b>
<b>Total</b>	<b>758</b>	<b>3,723</b>	<b>(402)</b>	<b>4,585</b>	<b>5,120</b>
<i>of which: interest income on impaired financial assets</i>	-	210	-	210	347
<i>of which: interest income on financial lease</i>	-	-	-	-	-

The interests on financial liabilities, contributing to net interest margin, include €291 million arising from TLTRO II and TLTRO III facilities, for the calculation of which refers to the Notes to the consolidated accounts Part A - Accounting policies, Section 5 - Other Matters of the Consolidated financial statements of UniCredit group.

## 1.2 Interest income and similar revenues: other information

## 1.2.1 Interest income from financial assets denominated in currency

ITEMS	YEAR 2020		YEAR 2019
a) Assets denominated in currency		340	889

## Part C - Income statement

## 1.3 Interest expenses and similar charges: breakdown

ITEMS/TYPES	YEAR 2020				(€ million)
	DEBTS	SECURITIES	OTHER TRANSACTIONS	TOTAL	YEAR 2019 TOTAL
<b>1. Financial liabilities at amortised cost</b>	<b>(213)</b>	<b>(1,608)</b>	<b>X</b>	<b>(1,821)</b>	<b>(2,018)</b>
1.1 Deposits from central banks	(4)	X	X	(4)	(4)
1.2 Deposits from banks	(54)	X	X	(54)	(223)
1.3 Deposits from customers	(155)	X	X	(155)	(177)
1.4 Debt securities in issue	X	(1,608)	X	(1,608)	(1,614)
<b>2. Financial liabilities held for trading</b>	<b>-</b>	<b>(20)</b>	<b>(45)</b>	<b>(65)</b>	<b>(46)</b>
<b>3. Financial liabilities designated at fair value</b>	<b>-</b>	<b>(4)</b>	<b>-</b>	<b>(4)</b>	<b>(4)</b>
<b>4. Other liabilities and funds</b>	<b>X</b>	<b>X</b>	<b>-</b>	<b>-</b>	<b>(1)</b>
<b>5. Hedging derivatives</b>	<b>X</b>	<b>X</b>	<b>1,033</b>	<b>1,033</b>	<b>984</b>
<b>6. Financial assets</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>(296)</b>	<b>(216)</b>
<b>Total</b>	<b>(213)</b>	<b>(1,632)</b>	<b>988</b>	<b>(1,153)</b>	<b>(1,301)</b>
<i>of which: interest expenses on lease deposits</i>	<i>(14)</i>	<i>X</i>	<i>X</i>	<i>(14)</i>	<i>(17)</i>

## 1.4 Interest expenses and similar charges: other information

## 1.4.1 Interest expenses on liabilities denominated in currency

ITEMS	(€ million)	
	YEAR 2020	YEAR 2019
a) Liabilities denominated in currency	(581)	(983)

## 1.5 Differentials relating to hedging operations

ITEMS	(€ million)	
	YEAR 2020	YEAR 2019
A. Positive differentials relating to hedging operations	2,464	2,290
B. Negative differentials relating to hedging operations	(1,848)	(1,921)
<b>C. Net differential (A-B)</b>	<b>616</b>	<b>369</b>

## Part C - Income statement

### Section 2 - Fees and commissions - Items 40 and 50

#### 2.1 Fees and commissions income: breakdown

TYPE OF SERVICES/VALUES	(€ million)	
	YEAR 2020	YEAR 2019
a) Guarantees given	251	263
b) Credit derivatives	-	-
c) Management, brokerage and consultancy services	1,891	2,057
1. Securities trading	-	-
2. Currencies trading	99	111
3. Individual portfolio management	55	57
4. Custody and administration of securities	8	8
5. Custodian bank	-	-
6. Placement of securities	892	1,022
7. Reception and transmission of orders	168	74
8. Advisory services	6	12
8.1 Relating to investments	4	5
8.2 Relating to financial structure	2	7
9. Distribution of third parties services	663	773
9.1 Portfolios management	-	1
9.1.1 Individual	-	1
9.1.2 Collective	-	-
9.2 Insurance products	661	769
9.3 Other products	2	3
d) Collection and payment services	694	787
e) Securitisation servicing	47	51
f) Factoring	-	-
g) Tax collection services	-	-
h) Management of multilateral trading facilities	-	-
i) Management of current accounts	878	869
j) Other services	292	308
k) Security lending	21	22
<b>Total</b>	<b>4,074</b>	<b>4,357</b>

#### 2.2 Fees and commissions income: distribution channels of products and services

CHANNELS/VALUES	(€ million)	
	YEAR 2020	YEAR 2019
<b>A) Through bank branches</b>	<b>1,610</b>	<b>1,852</b>
1. Portfolio management	55	57
2. Placement of securities	892	1,022
3. Others' products and services	663	773
<b>B) Off-site offer</b>	<b>-</b>	<b>-</b>
1. Portfolio management	-	-
2. Placement of securities	-	-
3. Others' products and services	-	-
<b>C) Other distribution channels</b>	<b>-</b>	<b>-</b>
1. Portfolio management	-	-
2. Placement of securities	-	-
3. Others' products and services	-	-

## Part C - Income statement

## 2.3 Fees and commissions expenses: breakdown

SERVICES/VALUES	(€ million)	
	YEAR 2020	YEAR 2019
a) Guarantees received	(81)	(108)
b) Credit derivatives	(4)	(6)
c) Management, brokerage and consultancy services	(60)	(65)
1. Financial instruments trading	(8)	(8)
2. Currencies trading	(1)	-
3. Portfolios management	(8)	(10)
3.1 Own portfolios	-	-
3.2 Third party portfolios	(8)	(10)
4. Custody and administration of securities	(33)	(30)
5. Placement of financial instruments	(4)	(10)
6. Off-site distribution of financial instruments, products and services	(6)	(7)
d) Collection and payment services	(286)	(330)
e) Other services	(106)	(45)
f) Security lending	-	(1)
<b>Total</b>	<b>(537)</b>	<b>(555)</b>

## Section 3 - Dividend income and similar revenue - Item 70

## 3.1 Dividend income and similar revenues: breakdown

ITEMS/REVENUES	YEAR 2020		YEAR 2019	
	DIVIDENDS	SIMILAR REVENUES	DIVIDENDS	SIMILAR REVENUES
A. Financial assets held for trading	-	-	-	-
B. Other financial assets mandatorily at fair value	17	7	37	25
C. Financial assets at fair value through other comprehensive income	24	-	10	-
D. Equity investments	3,645	-	1,834	-
<b>Total</b>	<b>3,686</b>	<b>7</b>	<b>1,881</b>	<b>25</b>
<b>Total dividends and similar revenues</b>	<b>3,693</b>		<b>1,906</b>	

The item "B. Other financial assets mandatorily at fair value" includes mainly the dividends relating to the shareholding in La Villata S.p.A. Immobiliare di Investimento e Sviluppo for €15 million.

The item "C. Financial assets at fair value through other comprehensive income" includes mainly the dividends received relating to the shareholding in Pillarstone Italy Holding S.p.A. (€13 million) and Banca d'Italia (€10 million).



## Part C - Income statement

Provided below is the breakdown of dividends on equity investments collected during 2020 and 2019.

## Breakdown of dividends by investments

	(€ million)	
	YEAR 2020	YEAR 2019
UniCredit Bank AG	3,288	520
AO UniCredit Bank	90	111
UniCredit Bank Serbia JSC	60	16
UniCredit Factoring S.p.A.	58	21
UniCredit Bank Hungary ZRT	49	84
UniCredit Bank Austria AG	44	201
UniCredit Bank Ireland P.I.c.	32	42
UniCredit International Bank Luxembourg S.A.	9	-
CreditRas Vita S.p.A.	8	-
Incontra Assicurazioni S.p.A.	5	1
UniCredit My Agents S.r.l.	1	-
Bavaria Servicos De Representao Commercial LTD	1	-
UniCredit Bank Czech Republic and Slovakia A.S.	-	237
UniCredit Bulbank AD	-	218
Zagrebacka Banca DD	-	211
UniCredit Bank SA	-	75
FincoBank S.p.A.	-	65
Camfin S.p.A.	-	16
SIA UniCredit Leasing	-	9
UniCredit Banka Slovenija D.D.	-	4
UniCredit Bank A.D. Banja Luka	-	3
<b>Total</b>	<b>3,645</b>	<b>1,834</b>

The dividend distributed by UniCredit Bank AG for a total amount of €3,288 million also includes an extraordinary dividend amount of €2,500 million. It should be noted that, as further detailed in Part B Section 7 - Equity investments to which reference should be made for more details, the equity investment in UniCredit Bank AG, as at 31 December 2020, was subjected to an impairment test, which resulted in a write-down of €3,972 million.

## 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 2020				NET PROFIT [(A+B)-(C+D)]
	CAPITAL GAINS (A)	REALISED PROFITS (B)	CAPITAL LOSSES (C)	REALISED LOSSES (D)	
<b>1. Financial assets held for trading</b>	<b>12</b>	<b>312</b>	<b>(6)</b>	<b>(235)</b>	<b>83</b>
1.1 Debt securities	12	312	(6)	(235)	83
1.2 Equity instruments	-	-	-	-	-
1.3 Units in investment funds	-	-	-	-	-
1.4 Loans	-	-	-	-	-
1.5 Other	-	-	-	-	-
<b>2. Financial liabilities held for trading</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
2.1 Debt securities	-	-	-	-	-
2.2 Deposits	-	-	-	-	-
2.3 Other	-	-	-	-	-
<b>3. Financial assets and liabilities: exchange differences</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>132</b>
<b>4. Derivatives</b>	<b>622</b>	<b>2,579</b>	<b>(677)</b>	<b>(2,513)</b>	<b>(48)</b>
4.1 Financial derivatives	622	2,579	(677)	(2,513)	(48)
- On debt securities and interest rates	578	1,681	(560)	(1,630)	69
- On equity securities and share indices	19	35	(92)	(23)	(61)
- On currencies and gold	X	X	X	X	(59)
- Other	25	863	(25)	(860)	3
4.2 Credit derivatives	-	-	-	-	-
<i>of which: economic hedges linked to the fair value option</i>	X	X	X	X	-
<b>Total</b>	<b>634</b>	<b>2,891</b>	<b>(683)</b>	<b>(2,748)</b>	<b>167</b>

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 2020	YEAR 2019
<b>A. Gains on</b>		
A.1 Fair value hedging instruments	823	1,162
A.2 Hedged financial assets (in fair value hedge relationship)	785	755
A.3 Hedged financial liabilities (in fair value hedge relationship)	81	69
A.4 Cash-flow hedging derivatives	2	2
A.5 Assets and liabilities denominated in currency	-	-
<b>Total gains on hedging activities (A)</b>	<b>1,691</b>	<b>1,988</b>
<b>B. Losses on</b>		
B.1 Fair value hedging instruments	(886)	(783)
B.2 Hedged financial assets (in fair value hedge relationship)	-	(161)
B.3 Hedged financial liabilities (in fair value hedge relationship)	(801)	(1,043)
B.4 Cash-flow hedging derivatives	-	(4)
B.5 Assets and liabilities denominated in currency	-	-
<b>Total losses on hedging activities (B)</b>	<b>(1,687)</b>	<b>(1,991)</b>
<b>C. Net hedging result (A-B)</b>	<b>4</b>	<b>(3)</b>
<i>of which: net gains (losses) of hedge accounting on net positions</i>	-	-

The net hedging result also reflected €4 million resulting from "model" adjustments needed to reflect into derivatives valuations the presence of guarantees and credit risk of counterparties.

## Part C - Income statement

## Section 6 - Gains (Losses) on disposals/repurchases - Item 100

## 6.1 Gains (Losses) on disposal/repurchase: breakdown

(€ million)

ITEMS/INCOME ITEMS	YEAR 2020			YEAR 2019		
	GAINS	LOSSES	NET PROFIT	GAINS	LOSSES	NET PROFIT
<b>A. Financial assets</b>						
1. Financial assets at amortised cost	241	(117)	124	233	(157)	76
1.1 Loans and advances to banks	2	-	2	-	(11)	(11)
1.2 Loans and advances to customers	239	(117)	122	233	(146)	87
2. Financial assets at fair value through other comprehensive income	86	(63)	23	389	(332)	57
2.1 Debt securities	86	(63)	23	389	(332)	57
2.2 Loans	-	-	-	-	-	-
<b>Total assets (A)</b>	<b>327</b>	<b>(180)</b>	<b>147</b>	<b>622</b>	<b>(489)</b>	<b>133</b>
<b>B. Financial liabilities at amortised cost</b>						
1. Deposits from banks	-	-	-	-	-	-
2. Deposits from customers	-	-	-	-	-	-
3. Debt securities in issue	20	(10)	10	4	(15)	(11)
<b>Total liabilities (B)</b>	<b>20</b>	<b>(10)</b>	<b>10</b>	<b>4</b>	<b>(15)</b>	<b>(11)</b>
<b>Total financial assets/liabilities</b>			<b>157</b>			<b>122</b>

Net results on financial assets at amortised cost mainly arise from sale of bonds and, for a lower amount, of non-performing loans to customers.

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.

## 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 2020				NET PROFIT [(A+B)-(C+D)]
	CAPITAL GAINS (A)	REALISED PROFITS (B)	CAPITAL LOSSES (C)	REALISED LOSSES (D)	
<b>1. Financial assets</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>
1.1 Debt securities	1	-	-	-	1
1.2 Loans	-	-	-	-	-
<b>2. Financial liabilities</b>	<b>171</b>	<b>113</b>	<b>(117)</b>	<b>(81)</b>	<b>86</b>
2.1 Debt securities	171	113	(117)	(81)	86
2.2 Deposits from banks	-	-	-	-	-
2.3 Deposits from customers	-	-	-	-	-
<b>3. Financial assets and liabilities in foreign currency: exchange differences</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>-</b>
<b>Total</b>	<b>172</b>	<b>113</b>	<b>(117)</b>	<b>(81)</b>	<b>87</b>

Financial liabilities represented by debt securities show the economic result of "certificates" (structured debt securities) issued by UniCredit S.p.A. to which some financial derivatives entered into for economic hedge purposes are linked and whose economic results are included into table reported in the paragraph "4.1 Net gain (losses) on trading: breakdown" of the Company financial statements of UniCredit S.p.A., Notes to the accounts Part C - Income statement, Section 4 - Gain (Losses) on financial assets and liabilities held for trading - Item 80.

## Part C - Income statement

### 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

TRANSACTIONS/INCOME ITEMS	YEAR 2020				NET PROFIT [(A+B)-(C+D)]
	CAPITAL GAINS (A)	REALISED PROFITS (B)	CAPITAL LOSSES (C)	REALISED LOSSES (D)	
<b>1. Financial assets</b>	<b>133</b>	<b>50</b>	<b>(130)</b>	<b>(3)</b>	<b>50</b>
1.1 Debt securities	101	3	(20)	(3)	81
1.2 Equity securities	-	46	(69)	-	(23)
1.3 Units in investment funds	23	1	(35)	-	(11)
1.4 Loans	9	-	(6)	-	3
<b>2. Financial assets: exchange differences</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>-</b>
<b>Total</b>	<b>133</b>	<b>50</b>	<b>(130)</b>	<b>(3)</b>	<b>50</b>

Debt securities into financial assets also include evaluation effects of Additional Tier 1 instruments subscribed by the Bank, including, for €97 million, the ones issued by the subsidiary UniCredit Bank AG and subscribed in the fourth quarter of 2020 for a nominal amount of €1,700 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 mandatorily at fair value: breakdown by product" of the Company financial statements of UniCredit S.p.A., 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, for which refer to specific comment below table reported in the paragraph "2.5 Financial assets mandatorily at fair value: breakdown by product" of the Company financial statements of UniCredit S.p.A., Notes to the accounts Part B - Balance sheet - Assets, Section 2 - Financial assets at fair value through profit or loss - Item 20.

## 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

TRANSACTIONS/INCOME ITEMS	YEAR 2020						YEAR 2019 TOTAL
	WRITE-DOWNS			WRITE-BACKS		TOTAL	
	STAGE 1 AND STAGE 2	STAGE 3		STAGE 1 AND STAGE 2	STAGE 3		
<b>A. Loans and advances to banks</b>	<b>(6)</b>	<b>-</b>	<b>(2)</b>	<b>21</b>	<b>2</b>	<b>15</b>	<b>(7)</b>
- Loans	(4)	-	(2)	21	2	17	(6)
- Debt securities	(2)	-	-	-	-	(2)	(1)
<i>of which: acquired or originated impaired loans</i>	-	-	-	-	-	-	-
<b>B. Loans and advances to customers</b>	<b>(1,519)</b>	<b>(172)</b>	<b>(2,790)</b>	<b>466</b>	<b>1,267</b>	<b>(2,748)</b>	<b>(2,733)</b>
- Loans	(1,506)	(172)	(2,790)	461	1,267	(2,740)	(2,740)
- Debt securities	(13)	-	-	5	-	(8)	7
<i>of which: acquired or originated impaired loans</i>	-	(40)	(1)	2	44	5	(32)
<b>Total</b>	<b>(1,525)</b>	<b>(172)</b>	<b>(2,792)</b>	<b>487</b>	<b>1,269</b>	<b>(2,733)</b>	<b>(2,740)</b>

### 8.1a Net impairment losses for credit risk relating to financial assets at amortised cost subject to Covid-19 measures: breakdown

TRANSACTIONS/INCOME ITEMS	YEAR 2020				TOTAL
	NET IMPAIRMENT LOSSES			TOTAL	
	STAGE 1 AND STAGE 2	STAGE 3			
EBA-compliant moratoria loans and advances	(291)	-	(81)	(372)	
Other loans and advances with Covid-19 related forbearance measures	(2)	-	(3)	(5)	
Newly originated loans and advances	(34)	-	(7)	(41)	
<b>Total 12.31.2020</b>	<b>(327)</b>	<b>-</b>	<b>(91)</b>	<b>(418)</b>	

## Part C - Income statement

## 8.2 Net change for credit risk relating to financial assets at fair value through other comprehensive income: breakdown

TRANSACTIONS/INCOME ITEMS	YEAR 2020					TOTAL	YEAR 2019 TOTAL
	WRITE-DOWNS			WRITE-BACKS			
	STAGE 1 AND STAGE 2	STAGE 3		STAGE 1 AND STAGE 2	STAGE 3		
		WRITE-OFF	OTHER				
<b>A. Debt securities</b>	(13)	-	-	2	-	(11)	(16)
<b>B. Loans</b>	-	-	-	-	-	-	-
- Loans and advances to customers	-	-	-	-	-	-	-
- Loans and advances to banks	-	-	-	-	-	-	-
<i>of which: acquired or originated impaired financial assets</i>	-	-	-	-	-	-	-
<b>Total</b>	<b>(13)</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>(11)</b>	<b>(16)</b>

The impacts related to performing exposures (Stage 1 and 2) include:

- €-274 million due to the qualitative assessment of the increase in credit risk;
- €-504 million relating the update of the macro-economic scenario during 2020 (of which -€486 million recognised in first quarter 2020);
- -€366 million for the related valuation effects to the new definition of default, according to the methods explained in the Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidation.

The Net impairment losses related to non-performing exposures (Stage 3) include -€473 million concerning the selling scenario update mainly to loans to customers.

For additional information on this section refer to the paragraph "A. Credit quality" of the Company financial statements of UniCredit S.p.A., Notes to the accounts Part E - Information on risks and hedging policies, Quantitative information.

## Section 9 - Gains/Losses from contractual changes with no cancellations - Item 140

## 9.1 Gains (Losses) from contractual changes: breakdown

	YEAR 2020			YEAR 2019 TOTAL
	GAINS	LOSSES	TOTAL	
<b>A. Financial assets at amortised costs</b>				
A.1 Debt securities	-	-	-	-
A.2 Loans to banks	-	-	-	-
A.3 Loans to customers	1	(8)	(7)	(21)
<b>Total (A)</b>	<b>1</b>	<b>(8)</b>	<b>(7)</b>	<b>(21)</b>
<b>B. Financial assets at fair value through other comprehensive income</b>				
B.1 Debt securities	-	-	-	-
B.2 Loans to banks	-	-	-	-
B.3 Loans to customers	-	-	-	-
<b>Total (B)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total (A+B)</b>	<b>1</b>	<b>(8)</b>	<b>(7)</b>	<b>(21)</b>

## Part C - Income statement

## Section 10 - Administrative expenses - Item 160

## 10.1 Staff expenses: breakdown

	(€ million)	
TYPE OF EXPENSES/VALUES	YEAR 2020	YEAR 2019
<b>1) Employees</b>	<b>(3,917)</b>	<b>(2,720)</b>
a) Wages and salaries	(1,846)	(1,874)
b) Social charges	(491)	(495)
c) Severance pay	(29)	(27)
d) Social security costs	-	-
e) Allocation to employee severance pay provision	(7)	(10)
f) Provision for retirements and similar provisions	(2)	(2)
- Defined contribution	-	-
- Defined benefit	(2)	(2)
g) Payments to external pension funds	(159)	(156)
- Defined contribution	(159)	(156)
- Defined benefit	-	-
h) Costs arising from share-based payments	(26)	(31)
i) Other employee benefits	(1,357)	(125)
<b>2) Other non-retired staff</b>	<b>(2)</b>	<b>(1)</b>
<b>3) Directors and Statutory Auditors</b>	<b>(5)</b>	<b>(5)</b>
<b>4) Early retirement costs</b>	<b>-</b>	<b>-</b>
<b>5) Recoveries of payments for seconded employees to other companies</b>	<b>67</b>	<b>69</b>
<b>6) Refund of expenses for seconded employees to the company</b>	<b>(80)</b>	<b>(103)</b>
<b>Total</b>	<b>(3,937)</b>	<b>(2,760)</b>

## 10.2 Average number of employees by category

	YEAR 2020	YEAR 2019
<b>Employees</b>	<b>31,646</b>	<b>31,546</b>
a) Senior managers	632	638
b) Managers	16,789	16,717
c) Remaining employees staff	14,225	14,191
<b>Other non-retired staff</b>	<b>815</b>	<b>826</b>
<b>Total</b>	<b>32,461</b>	<b>32,372</b>

Despite the timely number of employees shows a decrease in the period compared to the previous year (from 35,707 at 31 December 2019 to 33,842 at 31 December 2020) the average number of employees shows a moderate growth. The latter trend is mainly attributable to the decrease of the heads concentrated in the last months of the year 2020 as a result of the exits for Restructuring Plan as well as the dynamics of the seconded employees.

## Part C - Income statement

## 10.3 Defined benefit company retirement funds: costs and revenues

	(€ million)	
	YEAR 2020	YEAR 2019
Current service cost	(1)	(1)
Settlement gains (losses)	-	-
Past service cost	-	-
Interest cost on the DBO	(3)	(5)
Interest income on plan assets	2	4
Other costs/revenues	-	-
Administrative expenses paid through plan assets	-	-
<b>Total recognised in profit or loss</b>	<b>(2)</b>	<b>(2)</b>

## 10.4 Other employee benefits

	(€ million)	
	YEAR 2020	YEAR 2019
- Seniority premiums	-	-
- Leaving incentives	(1,243)	(3)
- Other	(114)	(122)
<b>Total</b>	<b>(1,357)</b>	<b>(125)</b>

The net balance in the sub-item Leaving Incentives both for 2020 and for 2019 is mainly determined by the effects envisaged by the Strategic Plan Team 23.

It shall be noted that the Strategic Plan Team 23, announced to the market on 3 December 2019, foresees the reduction of about 8.000 Full Time Equivalents (FTEs) at Group level in the plan horizon. As at 31 December 2019 in Italy the restructuring plan was not announced to the affected parties neither its implementation was started. Therefore, no valid expectation about the fulfilment of a constructive obligation was raised.

During the first quarter 2020, the "Lettera di avvio procedura" (Letter for starting the procedure) was sent to Trade Unions in Italy, specifically on 10 February 2020, thus officially starting negotiations.

Subsequently, several dedicated meetings were held in February and March; as final and decisive action, a specific communication to the Trade Unions announcing the main features of the restructuring plan was issued on 31 March 2020. On these basis, the associated staff expenses were recognised as conditions required by IAS37 were met. Starting from this date the accession process to the plan by the identified employees was started.

It should be noted that these expenses are initially recognised as provisions for risks and charges and are then reclassified to "Other Liabilities" when a specific debt toward the employees arises.

## Part C - Income statement

## 10.5 Other administrative expenses: breakdown

TYPE OF EXPENSES/SECTORS	(€ million)	
	YEAR 2020	YEAR 2019
<b>1) Indirect taxes and duties</b>	<b>(412)</b>	<b>(428)</b>
1a. Settled	(412)	(428)
1b. Unsettled	-	-
<b>2) Contributions to Resolution Funds and Deposit Guarantee Schemes (DGS)</b>	<b>(346)</b>	<b>(277)</b>
<b>3) Guarantee fee for DTA conversion</b>	<b>(107)</b>	<b>(109)</b>
<b>4) Miscellaneous costs and expenses</b>	<b>(1,566)</b>	<b>(1,789)</b>
a) Advertising marketing and communication	(58)	(47)
b) Expenses relating to credit risk	(104)	(214)
c) Indirect expenses relating to personnel	(28)	(47)
d) Information & Communication Technology expenses	(829)	(892)
Lease of ICT equipment and software	(13)	(11)
Software expenses: lease and maintenance	(9)	(8)
ICT communication systems	(5)	(6)
Services ICT in outsourcing	(777)	(841)
Financial information providers	(25)	(26)
e) Consulting and professional services	(82)	(86)
Consulting	(69)	(71)
Legal expenses	(13)	(15)
f) Real estate expenses	(174)	(198)
Premises rentals	(31)	(37)
Utilities	(68)	(60)
Other real estate expenses	(75)	(101)
g) Operating costs	(291)	(305)
Surveillance and security services	(89)	(57)
Money counting services and transport	-	-
Printing and stationery	(6)	(6)
Postage and transport of documents	(18)	(23)
Administrative and logistic services	(104)	(154)
Insurance	(33)	(30)
Association dues and fees and contributions to the administrative expenses deposit guarantee funds	(22)	(23)
Other administrative expenses - other	(19)	(12)
<b>Total (1+2+3+4)</b>	<b>(2,431)</b>	<b>(2,603)</b>

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**

Refer 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.



## Part C - Income statement

### DTA guarantee fees

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 2020 financial year has been paid on 26 June 2020 by UniCredit (as required by law) for a total amount €111.7 million, of which €107.1 million related to UniCredit itself, €4.3 million to UniCredit Leasing and €0.30 million to UniCredit Factoring

## 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

	YEAR 2020			(€ million)
	PROVISIONS	SURPLUS REALLOCATIONS	TOTAL	
Loan commitments	(47)	25	(22)	
Financial guarantees given	(179)	174	(5)	

### 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

ASSETS/INCOME ITEMS	YEAR 2020			YEAR 2019
	PROVISIONS	SURPLUS REALLOCATIONS	TOTAL	TOTAL
<b>1. Other provisions</b>				
1.1 Legal disputes	(116)	41	(75)	(32)
1.2 Staff costs	-	-	-	-
1.3 Other	(119)	64	(55)	(333)
<b>Total</b>	<b>(235)</b>	<b>105</b>	<b>(130)</b>	<b>(365)</b>

Provisions for legal disputes are posted to cover potential liabilities that may result from pending lawsuits. More details are included into the paragraph "Part E - Information on risks and hedging policies" of the Company financial statements of UniCredit S.p.A., Notes to the accounts.

## 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 2020			NET PROFIT (A+B-C)
	DEPRECIATION (A)	IMPAIRMENT LOSSES (B)	WRITE-BACKS (C)	
<b>A. Property, plant and equipment</b>				
<b>A.1 Used in the business</b>	<b>(329)</b>	<b>(36)</b>	<b>11</b>	<b>(354)</b>
- Owned	(150)	(3)	-	(153)
- Right of use of Leased Assets	(179)	(33)	11	(201)
<b>A.2 Held for investment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
- Owned	-	-	-	-
- Right of use of Leased Assets	-	-	-	-
<b>A.3 Inventories</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total A</b>	<b>(329)</b>	<b>(36)</b>	<b>11</b>	<b>(354)</b>
<b>B. Non-current assets and groups of assets held for sale</b>	<b>X</b>	<b>-</b>	<b>-</b>	<b>-</b>
- Used in the business	X	-	-	-
- Held for investments	X	-	-	-
- Inventories	X	-	-	-
<b>Total (A+B)</b>	<b>(329)</b>	<b>(36)</b>	<b>11</b>	<b>(354)</b>

## 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 2020			NET PROFIT (A+B-C)
	AMORTISATION (A)	IMPAIRMENT LOSSES (B)	WRITE-BACKS (C)	
<b>A. Intangible assets</b>				
<b>A.1 Owned</b>	<b>(2)</b>	<b>-</b>	<b>-</b>	<b>(2)</b>
- Generated internally by the company	-	-	-	-
- Other	(2)	-	-	(2)
<b>A.2 Right of use of Leased Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>B. Non-current assets and disposal group classified as held for sale</b>	<b>X</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>(2)</b>	<b>-</b>	<b>-</b>	<b>(2)</b>

## Part C - Income statement

## Section 14 - Other operating expenses/income - Item 200

## 14.1 Other operating expenses: breakdown

(€ million)		
TYPE OF EXPENSE/VALUES	YEAR 2020	YEAR 2019
Costs for operating leases	-	-
Non-deductible tax and other fiscal charges	-	-
Write-downs on leasehold improvements	(32)	(25)
Costs relating to the specific service of financial leasing	-	-
Other	(335)	(363)
<b>Total other operating expenses</b>	<b>(367)</b>	<b>(388)</b>

The sub-item "Other" includes costs for €49 million with subsidiary UniCredit Bank Austria deriving from the reorganization of Wien Permanent Establishment.

## 14.2 Other operating income: breakdown

(€ million)		
TYPE OF REVENUE/VALUES	YEAR 2020	YEAR 2019
<b>A) Recovery of costs</b>	<b>442</b>	<b>480</b>
<b>B) Other revenues</b>	<b>135</b>	<b>200</b>
Revenues from administrative services	45	41
Revenues from operating leases	17	26
Recovery of miscellaneous costs paid in previous years	2	5
Revenues on financial leases activities	-	-
Other	71	128
<b>Total other operating income (A+B)</b>	<b>577</b>	<b>680</b>

The sub-item "Others" includes income deriving from the contract of "Collateral" related to the sale of FineckBank S.p.A. occurred in 2019 for €10 million.

## Part C - Income statement

## Section 15 - Gains (Losses) of equity investments - Item 220

## 15.1 Profit (Loss) of equity investments: breakdown

INCOME ITEMS/VALUES	(€ million)	
	YEAR 2020	YEAR 2019
<b>A. Income</b>	<b>202</b>	<b>2,871</b>
1. Revaluations	-	-
2. Gains on disposal	123	1,807
3. Writebacks	79	1,064
4. Other gains	-	-
<b>B. Expenses</b>	<b>(4,944)</b>	<b>(4,268)</b>
1. Writedowns	-	-
2. Impairment losses	(4,944)	(4,268)
3. Losses on disposal	-	-
4. Other expenses	-	-
<b>Net profit</b>	<b>(4,742)</b>	<b>(1,397)</b>

Gains on disposal include the results from the sale of Koc Finansal Hizmetler Istanbul for €13 million and Yapi Ve Kredi Bankasi A.S. for €110 million.

Impairment losses in subsidiaries include UniCredit Bank AG (-€3,972 million), UniCredit Bank Austria Credistanstalt AG (-€404 million), UniCredit Leasing S.p.A. (-€483 million), UniCredit Bank Ireland Plc (-€36 million), UniCredit Turn Around Management Cee Gmbh (-€18 million), UniCredit Subito Casa S.p.A. (-€2 million), UniCredit International Luxembourg S.A. (-€2 million), Capital Dev S.p.A. (-€25 million).

Writebacks in subsidiaries include Cordusio SIM S.p.A. (+€42 million), Pioneer Alternative Investments Management Ltd (+€31 million).

## 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

ASSETS/INCOME ITEMS	(€ million)				
	YEAR 2020				
	REVALUATIONS (A)	WRITEDOWNS (B)	EXCHANGE DIFFERENCES		NET PROFIT (A-B+C-D)
			POSITIVE (C)	NEGATIVE (D)	
<b>A. Property, plant and equipment</b>	<b>20</b>	<b>(27)</b>	-	-	<b>(7)</b>
<b>A.1 Used in the business</b>	-	-	-	-	-
- Owned	-	-	-	-	-
- Right of use of Leased Assets	-	-	-	-	-
<b>A.2 Held for investment</b>	<b>20</b>	<b>(27)</b>	-	-	<b>(7)</b>
- Owned	20	(27)	-	-	(7)
- Right of use of Leased Assets	-	-	-	-	-
<b>A.3 Inventories</b>	-	-	-	-	-
<b>B. Intangible assets</b>	-	-	-	-	-
<b>B.1 Owned</b>	-	-	-	-	-
- Generated internally by the company	-	-	-	-	-
- Other	-	-	-	-	-
<b>B.2 Right of use of Leased Assets</b>	-	-	-	-	-
<b>Total (A+B)</b>	<b>20</b>	<b>(27)</b>	-	-	<b>(7)</b>

## Part C - Income statement

### 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 2020	YEAR 2019
<b>A. Property</b>		
- Gains on disposal	1	-
- Losses on disposal	(1)	-
<b>B. Other assets</b>		
- Gains on disposal	5	1
- Losses on disposal	-	(1)
<b>Net profit</b>	<b>5</b>	<b>-</b>

### 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 tax-ability 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 statements 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) established in countries with a nominal or effective tax rate which is significantly below the Italian corresponding one. The applicable tax rate is 27.5%.

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). Law of 23 December 2014 No.190 (2015 Stability Law) establishes, starting from 2015, that personnel costs for employees with permanent employment contracts are fully deductible from IRAP in addition to the deductions already established by the so-called "cuneo fiscale". Furthermore, in 2016 the full deductibility of the loan loss provisions in the year of accrual in the financial statements was introduced following the entry into force of Art.16 of Law Decree 27 June 2015 No.83.

## Part C - Income statement

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).

During the year 2020, many provisions were introduced to face the economic difficulties caused by the Covid-19 pandemic. Such provisions, however, mainly concerned non-banking or smaller companies; the only relevant provision of interest to UniCredit was contained in Legislative Decree 17 March 2020 No.18, and the subsequent amendment contained in Law 13 October 2020 No.126, which allows the transformation of tax losses carried forward into tax credits against the disposal to companies outside the Group occurred within 31 December 2020 of "non-performing" loans.

The rules identifies as "non performing" the loans for which, at the time of the disposal, the non-repayment has continued for more than 90 days with respect to the expiry date, and states a maximum benefit available in terms of taxable base equal to €400 million (equivalent to 20% of a maximum total of €2,000 million in terms of nominal amount of loans transferred) and, consequently, equal to €110 million in terms of taxes at a rate of 27.5%. Notwithstanding the rules states strict requirements of applicability, UniCredit S.p.A. was able to benefit for the entire amount. As the transformation rule is applicable to tax losses carried forward notwithstanding a DTA could not have been registered due to failure to meet the sustainability test, a benefit in the Income statement for the whole amount of €110 million can be accounted.

Taxes on income for 2020 reports a positive amount of €309 million, showing an increase in comparison with the negative amount of €299 million in 2019.

Current IRES, with an accounting loss recorded, shows a tax loss of €5,093 million, mainly due to non-taxable positive items (dividends) and non-tax-relevant items deriving from valuation or realisation events on participations.

Deferred tax assets on tax loss, equal to €1,401 million for taxes could have been registered in 2020, in addition to the residual tax losses carried forward for the period 2016-2019 for a total amount of €4,069 million of which €3,284 million as deferred tax assets in Income statement and €785 million as deferred tax assets in Net equity. Following the sustainability test, also considering that the Tax Group shows a tax credit, an amount of deferred tax assets limited to €677 million (of which €11 million in Income statement and €666 million in Net Assets) can be registered.

The amount of deferred tax assets arising from tax losses not booked is equal to €3,392 million of which (i) €2,938 million (€2,834 million deriving from accounting items originated in the income statement and €104 million from shareholders' equity components) related to the 24% IRES ordinary tax rate and (ii) €454 million (€439 million deriving from accounting items originated in the income statement and €15 million from shareholders' equity components) related to the 3.5% IRES additional tax rate.

Current IRAP tax accrual shows a negative tax base, partly caused by the reversal of deferred tax assets transformable into tax credits for which a tax credit is generated, as per art.1 par. 56-bis of Law Decree 29 December 2010, No.225 and subsequent amendments, for €33 million, which will be recognised in the tax return for 2020. The tax due is equal to zero and a tax loss that can be carried forward is not generated as it is not provided for by the provisions governing IRAP.

The "ACE" ("Aiuto alla crescita economica") benefit for 2020 is currently estimated in €23 million, fairly in line with the one of the previous year. Following the interviews that took place with "Agenzia delle Entrate", in particular for what concerns the anti-avoidance rules on the increase of intra-Group loans, a further benefit of €46 million for the 2018 tax year and of €33 million for the 2019 tax year were obtained. An analogous tax ruling for an amount still to be defined will be presented in 2021 to "Agenzia delle Entrate" also for the year 2020.

During the year 2020, owing to the negative taxable basis for IRES and the availability of tax losses carried forward determining an indefinite postponement of the monetization 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 of the amount of ACE benefit for 2018 for €46 million recognised in outcome of the tax ruling above mentioned and the ACE 2019 not yet used for €58 million was carried out, as already done for the unused ACE benefit pertaining to the financial years 2016, 2017 and 2018, before tax ruling, so generating an extraordinary revenue in Income statement for a total amount of €124 million, considering that the same amount was impaired being not sustainable. The residual credit still to be used for IRAP purposes amounts to €138 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.

The 2019 financial year closed with a loss in the Income statement of €555 million; therefore, there were the conditions for carrying out a new transformation of deferred tax assets (DTAs) into tax credits pursuant to art.2, par.55 of the Law Decree of 29 December 2010 No.225, converted into Law No.10/2011.

## Part C - Income statement

The amount of the conversion carried out is equal to €87 million.

Instead the 2020 financial year closed with a loss in Income statement of €2,732 million; therefore, the conditions to proceed with a new transformation of deferred tax assets into tax credits pursuant to the aforementioned regulation are verified. In 2021, following the approval of the financial statements for the year 2020 by the Shareholders' Meeting of UniCredit S.p.A., deferred tax assets, for IRES and IRAP, amounting to €385 million will be converted into tax credits.

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 2020 financial year has been paid on 26 June 2020 by UniCredit (as required by law) for a total amount €111.7 million, of which €107.1 million related to UniCredit itself, €4.3 million to UniCredit Leasing and €0.30 million to UniCredit Factoring.

### 19.1 Tax expense (income) relating to profit or loss from continuing operations: breakdown

		(€ million)	
INCOME ITEMS/SECTORS		YEAR 2020	YEAR 2019
1.	Current taxes (-)	67	(150)
2.	Change of current taxes of previous years (+/-)	105	10
3.	Reduction of current taxes for the year (+)	111	-
3.bis	Reduction of current taxes for the year due tax credit under Law 214/2011 (+)	793	-
4.	Change of deferred tax assets (+/-)	(784)	(262)
5.	Change of deferred tax liabilities (+/-)	17	103
6.	<b>Tax expenses for the year (-) (-1+/-2+3+3bis+/-4+/-5)</b>	<b>309</b>	<b>(299)</b>

## Part C - Income statement

## 19.2 Reconciliation of theoretical tax charge to actual tax charge

	(€ million)	
	YEAR 2020	YEAR 2019
<b>Profit (Loss) before tax from continuing operations (income statement item)</b>	<b>(3,041)</b>	<b>(256)</b>
Theoretical tax rate	27.5%	27.5%
<b>Theoretical computed taxes on income</b>	<b>836</b>	<b>70</b>
1. Different tax rates	-	-
2. Non-taxable income - permanent differences	1,042	1,288
3. Non-deductible expenses - permanent differences	(1,277)	(1,363)
4. Different fiscal laws/IRAP	(11)	(144)
a) IRAP (italian companies)	-	(125)
b) Other taxes (foreign companies)	(11)	(19)
5. Previous years and changes in tax rates	271	55
a) Effects on current taxes	294	32
- Tax loss carryforward/unused Tax credit	110	-
- Other effects of previous periods	184	32
b) Effects on deferred taxes	(23)	23
- Changes in tax rates	-	-
- New taxes incurred (+) previous taxes revocation (-)	-	-
- True-ups/adjustments of the calculated deferred taxes	(23)	23
6. Valuation adjustments and non-recognition of deferred taxes	(552)	(182)
a) Deferred tax assets write-down	(631)	(260)
b) Deferred tax assets recognition	73	368
c) Deferred tax assets non-recognition	-	-
d) Deferred tax assets non-recognition according to IAS12.39 and 12.44	-	-
e) Other	6	(290)
7. Amortisation of goodwill	-	-
8. Non-taxable foreign income	-	-
9. Other differences	-	(23)
<b>Recognised taxes on income</b>	<b>309</b>	<b>(299)</b>

## Section 20 - Profit (Loss) after tax from discontinued operations - Item 290

No data to be disclosed in this section.



## Part C - Income statement

## Section 21 - Other information

**Disclosure regarding the transparency of public funding required by article 1, paragraph 125 of the law 124/2017**

Pursuant to article 1, paragraph 125 of law 124/2017, during 2019 UniCredit S.p.A. collected the following public contributions granted by Italian entities:

**Reduction of the extraordinary contribution pursuant to art.1, paragraph 235 of Law 232 of 11 December 2016 charged to the management of welfare interventions and pension support**

(€ million)		
LENDING ENTITY	LEGAL ENTITY BENEFICIARY	PUBLIC CONTRIBUTION AMOUNT
Istituto Nazionale della Previdenza Sociale	UNICREDIT S.P.A.	13.54
<b>Total</b>		<b>13.54</b>

**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.	16.16
<b>Total</b>		<b>16.16</b>

**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.	0.59
<b>Total</b>		<b>0.59</b>

**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.	8.83
<b>Total</b>		<b>8.83</b>

**Work-life balance - Decree 12/09/2017 and Inps circular 91 of 3/8/2018**

(€ million)		
LENDING ENTITY	LEGAL ENTITY BENEFICIARY	PUBLIC CONTRIBUTION AMOUNT
Istituto Nazionale della Previdenza Sociale	UNICREDIT S.P.A.	0.00
<b>Total</b>		<b>0.00</b>

**Result awards decontribution for year 2018 - 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.	0.00
<b>Total</b>		<b>0.00</b>

**Result awards decontribution for year 2019 - 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.	2.95
<b>Total</b>		<b>2.95</b>

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 2020	YEAR 2019
Net profit (Loss) (€ million) <sup>(*)</sup>	(2,854)	(679)
Average number of outstanding shares	2,226,668,543	2,222,881,054
Average number of potential dilutive shares	12,861,551	13,958,453
Average number of diluted shares	2,239,530,094	2,236,839,506
<b>Earnings per share (€)</b>	<b>(1.282)</b>	<b>(0.306)</b>
<b>Diluted earnings per share (€)</b>	<b>(1.274)</b>	<b>(0.304)</b>

**Note:**  
 (\*) €122 million has been added to 2020 net loss of €2,732 million due to disbursements charged to equity made in connection with the usufruct contract signed with Mediobanca S.p.A. on UniCredit shares supporting the issuance of convertible securities denominated "Cashes" (€124 million was deducted from 2020 net profit).

Net of the average number of treasury shares and of further No.9,675,641 shares held under a contract of usufruct.

## Part D - Other comprehensive income

## Analytical statement of other comprehensive income

ITEMS	YEAR	
	2020	2019
<b>10. Profit (Loss) of the year</b>	<b>(2,731,812,286)</b>	<b>(555,260,165)</b>
<b>Other comprehensive income not reclassified to profit or loss</b>		
20. Equity instruments designated at fair value through other comprehensive income:	(113,710,793)	8,855,148
a) fair value changes	(92,552,518)	(18,082,171)
b) transfers to other shareholders' equity items	(21,158,275)	26,937,319
30. Financial liabilities designated at fair value through profit or loss (own creditworthiness changes):	(100,511,628)	(163,382,045)
a) fair value changes	(159,350,549)	(270,899,924)
b) transfers to other shareholders' equity items	58,838,921	107,517,879
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	11,148,717	761,769,689
60. Intangible assets	-	-
70. Defined benefit plans	(18,777,823)	(37,803,625)
80. Non-current assets and disposal groups classified as held for sale	(256,874)	-
90. Part of valuation reserves from investments valued at equity method	-	-
100. Tax expenses (income) relating to items not reclassified to profit or loss	34,739,773	(196,535,784)
<b>Other comprehensive income reclassified to profit or loss</b>		
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:	(107,491,719)	52,152,902
a) fair value changes	(107,491,719)	52,152,902
b) reclassification to profit or loss	-	-
c) other changes	-	-
<i>of which: net position</i>	-	-
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:	251,770,865	781,867,923
a) fair value changes	276,887,976	720,993,035
b) reclassification to profit or loss:	(19,987,458)	61,314,628
- impairment losses	10,129,007	-
- gains/losses on disposals	(30,116,465)	61,314,628
c) other changes	(5,129,653)	(439,740)
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	(33,811,310)	(232,205,978)
<b>190. Total other comprehensive income</b>	<b>(76,900,792)</b>	<b>974,718,230</b>
<b>200. Other comprehensive income (Item 10+190)</b>	<b>(2,808,713,078)</b>	<b>419,458,065</b>

## Part E - Information on risks and 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 hedging policies, which is herewith quoted entirely.

### Section 1 - Credit risk

#### Qualitative information

##### 1. General aspects

In UniCredit the current oversight model on credit risk envisages the centralisation of the steering and coordination responsibilities within the Parent Company functions, as described in the paragraph "1.General aspects" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Qualitative information which is herewith quoted entirely.

With specific reference to the Italian perimeter of UniCredit S.p.A., the coordination and management of credit risk are under the responsibility of the "CLO Italy" function, reporting to the "Group Lending Office, and who is accountable for the:

- coordination and management of credit underwriting activities for UniCredit S.p.A. customers, as well as the overseeing of the post-decision phases of the credit process;
- coordination and management of restructuring and workout files of Italian perimeter of UniCredit S.p.A. including the Debt to Equity and Debt to Asset transactions and the related equity participations/assets;
- coordination of the credit activities of UniCredit S.p.A. Italian legal entities.

Within the scope of the Italian business, the lending, monitoring and loan recovery activities are managed through specific processes and IT procedures, which are constantly improved to maximise their efficiency and effectiveness. In addition, the overall monitoring process, its performance metrics and the whole impaired loans management has further improved also leveraging on progressive enhancement of the specialised credit structures, already in place, that are responsible for the overall management of the unlikely to pay exposures or bad loans.

In order to continue providing an adequate support to the economy within the context of Covid-19 pandemic, UniCredit S.p.A. positively sees all the initiatives aimed at supporting the real economy that have been put in place by the government and has complemented them with additional measures, including moratoria, to support customers over this period and to reduce as much as possible the negative effects of this crisis, continuously updating the range of financing products, enhancing the use of instruments such as Sace and the Central Guarantee Fund.

Furthermore, specific attention was focused on households that intend to purchase a home, thanks to a simple though diversified products offer which aims at fulfilling customers' current and future needs.

UniCredit S.p.A. moreover continued to support customers in areas affected by calamitous events, such as floods and earthquakes, by means of both governmental and self-developed initiatives.

##### 2. Credit risk management policies

###### 2.1 Organisational aspects

In credit risk management, the organisational structure as at 31 December 2020, 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 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, instead, to the UniCredit S.p.A. perimeter, the organisational units under "CLO Italy" and responsible for the "operational" activities (e.g. credit underwriting, performance monitoring, etc.) are:

- the "Credit Underwriting" structure whose responsibilities include the following activities:
  - coordinating the activities of 8 Regional Industry Team;
  - RIT decision-making activities;
  - managing the lending to UniCredit S.p.A. customers;
  - coordinating and managing the lending to UniCredit S.p.A. customers in relation to Consumer and Mortgage non banking products and post-sales phases;
  - preliminary and administrative activities for transactions to be submitted to the Italian Transactional Credit Committee (ITCC).
- The structure consists of the following units:
  - "Credit Committee Secretariat";
  - "Central Credit Risk Underwriting Italy";
  - "Individuals Credit Underwriting Italy";
  - "Territorial Credit Risk Underwriting Italy" composed by 7 territorial Credit Hubs;

## Part E - Information on risks and 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;
  - 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 units:
  - “Credit Monitoring Operations & Support”;
  - “Central Credit Monitoring”;
  - “7 Territorial Monitoring Hubs”;
  - “Individuals Credit Monitoring & Retail classification”.
- the “Italy Npe Operational Management” 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 units:
  - Non Core Risk Analysis & Operations;
  - Non Core Restructuring Italy;
  - Non Core Special Credit;
  - Restructuring Italy;
  - Risk Analysis & Operations;
  - Special Credit.
- the “Loan Administration” structure which, inter alia, is responsible for the following activities:
  - monitoring administrative activities after the loan has been granted/disbursed;
  - managing subsidised loans;
  - lending and administrative activities relating to mutual guarantee institutions;
  - coordination and management of activities after disbursement of Mortgages by ensuring the quality and integrity of information assets and risk minimization; The structure consists of the following units:
    - 5 territorial Hub of the “Loan Administration”;
    - Subsidised Loan;
    - Mortgages Evaluation;
    - Loan Administration Operation & Support.

In addition, with respect to credit risk, specific committees have been set up:

- the “Italian Transactional Credit Committee”, which has decision-making functions within its delegated powers and/or consulting functions for files to be approved by upper Bodies, is responsible, with regard to UniCredit S.p.A. counterparts, (excluding FIBS counterparts) for credit proposals (including “restructuring”, “INC” and “workout” positions), the classification status of positions, strategies and corrective actions to be taken for “watchlist” positions, Debt to Equity transactions and/or actions/rights-execution related to equity participations resulting from Debt to Equity transaction, Debt to Assets transactions and/or actions/rights-execution related to asset resulting from Debt to Asset transactions, issuing Non-Binding Credit Opinions concerning the proposals of the Italian Legal Entities of UniCredit group and proposals of distressed loan disposal;
- the “Italian Non Core Portfolio Credit Committee”, which has the responsibility, within its sub-delegated powers, to evaluate and approve the underwriting and the review of the credit lines; to evaluate and approve the loans provisions, asset value adjustments and releases of capital and/or capitalised interests related to the non performing non-core portfolio of competence.

### 2.2 Credit risk management, measurement and control

Reference is made to the paragraph “2.2 Credit risk management, measurement and control” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part E - Information on risks and 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 Measurement methods for expected losses

#### *Risk management practises*

Reference is made to the paragraph “Risk management practises” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Qualitative information, 2. Credit risk management policies, 2.3 Measurement method for expected losses which, for what relates specifically to UniCredit S.p.A., is herewith quoted entirely.

Particularly, for what concerns taking into account possible selling scenarios in the valuation of impaired exposures (Stage 3), refer also to paragraph “Aspects relating to the valuation of credit exposures as at 31 December 2020” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part E - Information on risks and hedging policies, Section 1 - Risks of the accounting consolidated perimeter, Quantitative information.

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### *Changes due to Covid-19 - Assessment of the Significant Increase of the Credit Risk (SICR)*

Reference is made to the paragraph "Changes due to Covid-19 - Assessment of the Significant Increase of the Credit Risk (SICR)" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Qualitative information, 2. Credit risk management policies, 2.3 Measurement method for expected losses which, for what relates specifically to UniCredit S.p.A., is herewith quoted entirely.

### *New Definition of Default*

Reference is made to the paragraph "New Definition of Default" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Qualitative information, 2. Credit risk management policies, 2.3 Measurement method for expected losses which, for what relates specifically to UniCredit S.p.A., 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 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.

## **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 group-wide guidelines 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. With regard to this definition (which includes the concept of "default" ruled by Art.178 EU Regulation No.575/2013 and the "impaired" definition reported in accounting standard IFRS9) at operative level UniCredit group has pursued a substantial alignment between the three definitions. Furthermore, in accordance with the provisions of Banca d'Italia Circular 272/2008, 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 EU Regulation No.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 unlikelihood, 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.

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.

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 2020, highlighting:

- write-off for €1,443 million (174% of the total planned in Team 23 for 2020 year);
- recoveries for €1,731 million (250% of the total planned in Team 23 for 2020 year);
- disposals for €3,678 million (121% of the total planned in Team 23 for 2020 year).

The decrease amount of the stock of impaired loans to Bank customers was therefore in line with the reduction targets set in the Team 20 plan for the year 2020, achieving an improvement in asset quality. This result was possible thanks also to an acceleration of the reduction times of the "Non Core" portfolio. Therefore, the UniCredit group can confirm the complete closure of its Non Core legacy by 2021, as foreseen in the new plan "Team 23" thanks also to the activation of a coordinated set of levers aimed at reducing the stock.

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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 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 €1,971 million as at 31 December 2020, of which partial write-offs amount to €1,600 million and total write-offs amount to €371 million. The amount of write-offs (both partial and total) related to the 2020 financial year is €579 million. 2020 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

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 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 - 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 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.

## Part E - Information on risks and 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.

##### 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	624	2,770	252	3,504	273,076	280,226
2. Financial assets at fair value through other comprehensive income	-	-	-	-	32,454	32,454
3. Financial assets designated at fair value	-	-	-	-	109	109
4. Other financial assets mandatorily at fair value	-	58	-	-	2,233	2,291
5. Financial instruments classified as held for sale	5	198	-	-	-	203
<b>Total 12.31.2020</b>	<b>629</b>	<b>3,026</b>	<b>252</b>	<b>3,504</b>	<b>307,872</b>	<b>315,283</b>
<b>Total 12.31.2019</b>	<b>980</b>	<b>3,725</b>	<b>311</b>	<b>6,524</b>	<b>320,338</b>	<b>331,878</b>

###### 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	11,461	7,815	3,646	1,600	278,757	2,177	276,580	280,226
2. Financial assets at fair value through other comprehensive income	1	1	-	-	32,493	39	32,454	32,454
3. Financial assets designated at fair value	-	-	-	-	X	X	109	109
4. Other financial assets mandatorily at fair value	162	104	58	-	X	X	2,233	2,291
5. Financial instruments classified as held for sale	704	501	203	127	-	-	-	203
<b>Total 12.31.2020</b>	<b>12,328</b>	<b>8,421</b>	<b>3,907</b>	<b>1,727</b>	<b>311,250</b>	<b>2,216</b>	<b>311,376</b>	<b>315,283</b>
<b>Total 12.31.2019</b>	<b>16,051</b>	<b>11,035</b>	<b>5,016</b>	<b>1,945</b>	<b>327,609</b>	<b>1,277</b>	<b>326,862</b>	<b>331,878</b>

Note:  
(\*) Value shown for information purposes.

The reduction in impaired credit exposures is mainly due to the actions aimed at achieving the "rundown" of the "Non Core" portfolio, to be completed by 2021, as defined in the 2016-2019 Strategic Plan (Transform 2019), confirmed and strengthened with the 2020-2023 Strategic Plan (Team 23).



## Part E - Information on risks and hedging policies

### Aspects relating to the valuation of credit exposures as at 31 December 2020

At 31 December 2020, also taking into account the effects of the Covid-19 pandemic, the evaluation included some additional aspects compared with previous years. In this regard, it is worth to note the valuations performed in order to:

- assess the increase in credit risk connected with the pandemic contest;
- include the effects connected with the new definition of default, according to the procedures referred to in the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidation, 2.1 Credit risk, Qualitative information.

Moreover, also considering Covid-19 pandemic contest, it is necessary to highlight the valuations linked to the updating of the macro-economic scenario and, with reference to impaired exposures (Stage 3), to the adoption of possible sales scenarios, whether the NPE strategy envisages recovery also through their sale on the market. In this regard, in December 2020, the plan for the disposal of impaired loans was also revised, also including credit exposures belonging to the "Core" portfolio.

For more details, including possible selling scenarios in the valuation of impaired exposures (Stage 3), refer to paragraph "Aspects relating to the valuation of credit exposures as at 31 December 2020" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part E - Information on risks and hedging policies, Section 1 - Risks of the accounting consolidated perimeter, Quantitative information which, for what relates specifically to UniCredit S.p.A., is herewith quoted entirely.

(€ million)

PORTFOLIOS/QUALITY	ASSETS OF EVIDENT LOW CREDIT QUALITY		OTHER ASSETS
	CUMULATED LOSSES	NET EXPOSURE	NET EXPOSURE
1. Financial assets held for trading	44	64	11,174
2. Hedging derivatives	-	-	6,132
<b>Total 12.31.2020</b>	<b>44</b>	<b>64</b>	<b>17,306</b>
<b>Total 12.31.2019</b>	<b>10</b>	<b>17</b>	<b>17,884</b>

### A.1.3 Breakdown of financial assets by past-due buckets (carrying value)

(€ million)

PORTFOLIOS/RISK STAGES	STAGE 1			STAGE 2			STAGE 3		
	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	2,075	56	33	716	355	269	1,869	76	1,701
2. Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-
3. Financial instruments classified as held for sale	-	-	-	-	-	-	118	-	85
<b>Total 12.31.2020</b>	<b>2,075</b>	<b>56</b>	<b>33</b>	<b>716</b>	<b>355</b>	<b>269</b>	<b>1,987</b>	<b>76</b>	<b>1,786</b>
<b>Total 12.31.2019</b>	<b>4,920</b>	<b>139</b>	<b>82</b>	<b>583</b>	<b>404</b>	<b>390</b>	<b>2,220</b>	<b>166</b>	<b>2,565</b>

## Part E - Information on risks and hedging policies

## 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					FINANCIAL ASSETS CLASSIFIED IN STAGE 2				
	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
<b>Opening balance (gross amount)</b>	527	29	-	-	557	720	-	-	-	720
Increases in acquired or originated financial assets	115	-	-	-	115	108	-	-	-	108
Reversals different from write-offs	(100)	(1)	-	-	(101)	(81)	-	-	-	(81)
Net losses/recoveries on credit impairment	162	11	-	-	173	734	-	-	-	734
Contractual changes without cancellation	-	-	-	-	-	1	-	-	-	1
Changes in estimation methodology	-	-	-	-	-	-	-	-	-	-
Write-off	(1)	-	-	-	(1)	(5)	-	-	-	(5)
Other changes	(2)	-	-	-	(3)	(1)	-	-	-	(2)
<b>Closing balance (gross amount)</b>	<b>701</b>	<b>39</b>	<b>-</b>	<b>-</b>	<b>740</b>	<b>1,476</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,475</b>
Recoveries from financial assets subject to write-off	-	-	-	-	-	-	-	-	-	-
Write-off are not recognised directly in profit or loss	(29)	-	-	-	(29)	(1)	-	-	-	(1)

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 PROVISIONS ON LOANS COMMITMENTS AND FINANCIAL GUARANTEES GIVEN			TOTAL
	ASSETS BELONGING TO THIRD STAGE					OF WHICH: ACQUIRED OR ORIGINATED IMPAIRED FINANCIAL ASSETS	STAGE 1	STAGE 2	STAGE 3		
	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						
<b>Opening balance (gross amount)</b>	10,599	-	329	8,008	2,920	10	52	23	340	12,619	
Increases in acquired or originated financial assets	253	-	2	222	33	-	18	27	22	545	
Reversals different from write-offs	(683)	-	(2,375)	(2,565)	(493)	(3)	-	-	-	(3,240)	
Net losses/recoveries on credit impairment	1,307	-	83	752	639	(44)	(15)	5	(31)	2,256	
Contractual changes without cancellation	5	-	-	5	1	-	-	-	-	6	
Changes in estimation methodology	-	-	-	-	-	-	-	-	-	-	
Write-off	(1,226)	-	(40)	(1,114)	(151)	-	-	-	-	(1,272)	
Other changes	(2,440)	1	2,502	491	(429)	43	1	-	(1)	60	
<b>Closing balance (gross amount)</b>	<b>7,815</b>	<b>1</b>	<b>501</b>	<b>5,799</b>	<b>2,520</b>	<b>6</b>	<b>56</b>	<b>55</b>	<b>330</b>	<b>10,974</b>	
Recoveries from financial assets subject to write-off	23	-	-	8	16	-	-	-	-	23	
Write-off are not recognised directly in profit or loss	(138)	-	(32)	(121)	(49)	(40)	-	-	-	(200)	

## Part E - Information on risks and 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	23,948	2,493	1,350	170	963	69
2. Financial assets at fair value through other comprehensive income	-	-	-	-	-	-
3. Financial instruments classified as held for sale	-	-	2	-	11	-
4. Loan commitments and financial guarantees given	3,612	735	84	18	206	3
<b>Total 12.31.2020</b>	<b>27,560</b>	<b>3,228</b>	<b>1,436</b>	<b>188</b>	<b>1,180</b>	<b>72</b>
<b>Total 12.31.2019</b>	<b>7,304</b>	<b>4,529</b>	<b>1,025</b>	<b>175</b>	<b>962</b>	<b>264</b>

## A.1.5a Other loans and advances subject to Covid-19 measures: transfers between impairment stages (gross value)

(€ 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
<b>A. Financial assets at amortised cost</b>	<b>10,452</b>	<b>368</b>	<b>90</b>	<b>14</b>	<b>72</b>	<b>2</b>
A.1. EBA-compliant moratoria loans and advances	7,673	293	88	13	63	2
A.2. Other loans and advances with Covid-19 related forbearance measures	14	-	1	-	7	-
A.3. Newly originated loans and advances	2,765	75	1	1	2	-
<b>B. Financial assets at fair value through other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
B.1. EBA-compliant moratoria loans and advances	-	-	-	-	-	-
B.2. Other loans and advances with Covid-19 related forbearance measures	-	-	-	-	-	-
B.3. Newly originated loans and advances	-	-	-	-	-	-
<b>Total 12.31.2020</b>	<b>10,452</b>	<b>368</b>	<b>90</b>	<b>14</b>	<b>72</b>	<b>2</b>

## Part E - Information on risks and hedging policies

## A.1.6 On- and off-balance sheet credit exposures with banks: gross and net values

(€ million)

EXPOSURE TYPES/VALUES	AMOUNTS AS AT		12.31.2020		
	GROSS EXPOSURE		OVERALL WRITE-DOWNS AND PROVISIONS	NET EXPOSURE	OVERALL PARTIAL WRITE-OFFS(*)
	NON-PERFORMING	PERFORMING			
<b>A. On-balance sheet credit exposures</b>					
a) Bad exposures	-	X	-	-	-
<i>of which: forbome exposures</i>	-	X	-	-	-
b) Unlikely to pay	6	X	6	-	-
<i>of which: forbome exposures</i>	2	X	2	-	-
c) Non-performing past due	-	X	-	-	-
<i>of which: forbome exposures</i>	-	X	-	-	-
d) Performing past due	X	-	-	-	-
<i>of which: forbome exposures</i>	X	-	-	-	-
e) Other performing exposures	X	45,675	10	45,665	-
<i>of which: forbome exposures</i>	X	-	-	-	-
<b>Total (A)</b>	<b>6</b>	<b>45,675</b>	<b>16</b>	<b>45,665</b>	<b>-</b>
<b>B. Off-balance sheet credit exposures</b>					
a) Non-performing	10	X	-	10	-
b) Performing	X	39,743	3	39,740	-
<b>Total (B)</b>	<b>10</b>	<b>39,743</b>	<b>3</b>	<b>39,750</b>	<b>-</b>
<b>Total (A+B)</b>	<b>16</b>	<b>85,418</b>	<b>19</b>	<b>85,415</b>	<b>-</b>

Note:

(\*) Value shown for information purposes.

## A.1.7 On- and off-balance sheet credit exposures with customers: gross and net values

(€ million)

EXPOSURE TYPES/VALUES	AMOUNTS AS AT		12.31.2020		
	GROSS EXPOSURE		OVERALL WRITE-DOWNS AND PROVISIONS	NET EXPOSURE	OVERALL PARTIAL WRITE-OFFS(*)
	NON-PERFORMING	PERFORMING			
<b>A. On-balance sheet credit exposures</b>					
a) Bad exposures	4,432	X	3,802	630	1,676
<i>of which: forbome exposures</i>	948	X	787	161	364
b) Unlikely to pay	7,490	X	4,463	3,027	51
<i>of which: forbome exposures</i>	4,933	X	2,889	2,044	5
c) Non-performing past due	402	X	150	252	-
<i>of which: forbome exposures</i>	12	X	4	8	-
d) Performing past due	X	3,850	346	3,504	-
<i>of which: forbome exposures</i>	X	622	130	492	-
e) Other performing exposures	X	268,487	1,861	266,626	-
<i>of which: forbome exposures</i>	X	2,216	225	1,991	-
<b>Total (A)</b>	<b>12,324</b>	<b>272,337</b>	<b>10,622</b>	<b>274,039</b>	<b>1,727</b>
<b>B. Off-balance sheet credit exposures</b>					
a) Non-performing	2,594	X	331	2,263	-
b) Performing	X	146,691	108	146,583	-
<b>Total (B)</b>	<b>2,594</b>	<b>146,691</b>	<b>439</b>	<b>148,846</b>	<b>-</b>
<b>Total (A+B)</b>	<b>14,918</b>	<b>419,028</b>	<b>11,061</b>	<b>422,885</b>	<b>1,727</b>

Note:

(\*) Value shown for information purposes.

## Part E - Information on risks and hedging policies

## A.1.7a Other loans and advances subject to Covid-19 measures: gross and net value

EXPOSURE TYPES/VALUES	AMOUNTS AS AT 12.31.2020		
	GROSS EXPOSURE	OVERALL WRITE-DOWNS AND PROVISIONS	NET EXPOSURE
<b>A. Bad loans</b>	-	-	-
EBA-compliant moratoria loans and advances	-	-	-
Other loans and advances with Covid-19 related forbearance measures	-	-	-
Newly originated loans and advances	-	-	-
<b>B. Unlikely to pay loans</b>	<b>235</b>	<b>123</b>	<b>112</b>
EBA-compliant moratoria loans and advances	209	111	98
Other loans and advances with Covid-19 related forbearance measures	10	4	6
Newly originated loans and advances	16	8	8
<b>C. Non-performing past due loans</b>	<b>7</b>	<b>2</b>	<b>5</b>
EBA-compliant moratoria loans and advances	6	2	4
Other loans and advances with Covid-19 related forbearance measures	-	-	-
Newly originated loans and advances	1	-	1
<b>D. Performing past due loans</b>	<b>203</b>	<b>21</b>	<b>182</b>
EBA-compliant moratoria loans and advances	138	19	119
Other loans and advances with Covid-19 related forbearance measures	3	1	2
Newly originated loans and advances	62	1	61
<b>E. Other performing exposures loans</b>	<b>28,797</b>	<b>460</b>	<b>28,337</b>
EBA-compliant moratoria loans and advances	14,956	420	14,536
Other loans and advances with Covid-19 related forbearance measures	20	3	17
Newly originated loans and advances	13,821	37	13,784

For further details refer to the table "A.1.5a Other loans and advances subject to Covid-19 measures: gross and net value" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part E - Information on risks and 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

SOURCES/CATEGORIES	CHANGES IN 2020		
	BAD EXPOSURES	UNLIKELY TO PAY	NON-PERFORMING PAST DUE
<b>A. Opening balance (gross amount)</b>	-	4	-
<i>of which sold non-cancelled exposures</i>	-	-	-
<b>B. Increases</b>	-	17	-
B.1 Transfers from performing loans	-	15	-
B.2 Transfers from acquired or originated impaired financial assets	-	-	-
<i>of which: business combinations</i>	-	-	-
B.3 Transfers from other categories of non-performing exposures	-	-	-
B.4 Contractual changes with no cancellations	-	-	-
B.5 Other increases	-	2	-
<i>of which: business combinations - mergers</i>	-	-	-
<b>C. Reductions</b>	-	15	-
C.1 Transfers to performing loans	-	-	-
C.2 Write-offs	-	-	-
C.3 Collections	-	15	-
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	-	-	-
<i>of which: business combinations</i>	-	-	-
<b>D. Closing balance (gross amount)</b>	-	6	-
<i>of which sold non-cancelled exposures</i>	-	-	-

## Part E - Information on risks and hedging policies

**A.1.8bis Regulatory consolidation - On-balance sheet exposures with banks: changes by credit quality in gross forbore exposures**

SOURCES/QUALITY	CHANGES IN 2020	
	FORBORNE EXPOSURES: NON PERFORMING	FORBORNE EXPOSURES: PERFORMING
	(€ million)	
<b>A. Opening balance (gross amount)</b>	-	-
<i>of which sold non-cancelled exposures</i>	-	-
<b>B. Increases</b>	<b>3</b>	-
B.1 Transfers from performing non-forborne exposures	-	-
B.2 Transfers from performing forbore exposures	-	X
B.3 Transfers from non-performing forbore exposures	X	-
<i>of which: business combinations</i>	X	-
B.4 Other increases	3	-
<i>of which: business combinations - mergers</i>	-	-
<b>C. Reductions</b>	<b>1</b>	-
C.1 Transfers to performing non-forborne exposures	X	-
C.2 Transfers to performing forbore exposures	-	X
C.3 Transfers to non-performing forbore exposures	X	-
C.4 Write-offs	-	-
C.5 Collections	1	-
C.6 Sale proceeds	-	-
C.7 Losses from disposal	-	-
C.8 Other reductions	-	-
<i>of which: business combinations</i>	-	-
<b>D. Closing balance (gross amount)</b>	<b>2</b>	-
<i>of which sold non-cancelled exposures</i>	-	-

**A.1.9 On-balance sheet credit exposures with customers: changes in gross non-performing exposures**

SOURCES/CATEGORIES	CHANGES IN 2020		
	BAD EXPOSURES	UNLIKELY TO PAY	NON-PERFORMING PAST DUE
	(€ million)		
<b>A. Opening balance (gross amount)</b>	<b>6,452</b>	<b>9,129</b>	<b>466</b>
<i>of which sold non-cancelled exposures</i>	386	848	7
<b>B. Increases</b>	<b>1,574</b>	<b>3,065</b>	<b>388</b>
B.1 Transfer from performing loans	126	1,979	341
B.2 Transfer from acquired or originated impaired financial assets	-	-	-
<i>of which: business combinations</i>	-	-	-
B.3 Transfer from other non-performing exposures	1,083	143	3
B.4 Contractual changes with no cancellations	-	-	-
B.5 Other increases	365	943	44
<i>of which: business combinations - mergers</i>	-	-	-
<b>C. Decreases</b>	<b>3,594</b>	<b>4,704</b>	<b>452</b>
C.1 Transfers to performing loans	2	341	43
C.2 Write-offs	861	582	-
C.3 Collections	398	1,219	114
C.4 Sale proceeds	236	442	-
C.5 Losses on disposals	37	56	-
C.6 Transfers to other non-performing exposures	15	919	295
C.7 Contractual changes with no cancellations	-	6	-
C.8 Other decreases	2,045	1,139	-
<i>of which: business combinations</i>	-	-	-
<b>D. Closing balance (gross amount)</b>	<b>4,432</b>	<b>7,490</b>	<b>402</b>
<i>of which sold non-cancelled exposures</i>	479	1,351	7

## Part E - Information on risks and hedging policies

## A.1.9bis On-balance sheet exposures with customers: changes by credit quality in gross forborne exposures

(€ million)

SOURCES/QUALITY	CHANGES IN 2020	
	FORBORNE EXPOSURES: NON-PERFORMING	FORBORNE EXPOSURES: PERFORMING
<b>A. Opening balance (gross amount)</b>	<b>6,755</b>	<b>2,659</b>
<i>of which sold non-cancelled exposures</i>	800	68
<b>B. Increases</b>	<b>2,915</b>	<b>2,286</b>
B.1 Transfers from performing non-forborne exposures	33	1,764
B.2 Transfers from performing forborne exposures	786	X
B.3 Transfers from non-performing forborne exposures	X	278
<i>of which: business combinations</i>	X	-
B.4 Other increases	2,096	244
<i>of which: business combinations - mergers</i>	-	-
<b>C. Reductions</b>	<b>3,777</b>	<b>2,107</b>
C.1 Transfers to performing non-forborne exposures	X	448
C.2 Transfers to performing forborne exposures	278	X
C.3 Transfers to non-performing forborne exposures	X	786
C.4 Write-offs	766	-
C.5 Collections	1,034	769
C.6 Sale proceeds	259	-
C.7 Losses from disposal	26	-
C.8 Other reductions	1,414	104
<i>of which: business combinations</i>	-	-
<b>D. Closing balance (gross amount)</b>	<b>5,893</b>	<b>2,838</b>
<i>of which sold non-cancelled exposures</i>	1,466	67

## Part E - Information on risks and hedging policies

## A.1.10 On-balance sheet non-performing credit exposures with banks: changes in overall write-downs

(€ million)

SOURCES/CATEGORIES	CHANGES IN 2020					
	NON-PERFORMING LOANS		UNLIKELY TO PAY		NON-PERFORMING PAST DUE	
	TOTAL	OF WHICH FORBORNE EXPOSURES	TOTAL	OF WHICH FORBORNE EXPOSURES	TOTAL	OF WHICH FORBORNE EXPOSURES
<b>A. Opening balance (gross amount)</b>	-	-	4	-	-	-
<i>of which sold non-cancelled exposures</i>	-	-	-	-	-	-
<b>B. Increases</b>	-	-	4	2	-	-
B.1 Write-downs of acquired or originated impaired financial assets	-	X	2	X	-	X
<i>of which: business combinations</i>	-	-	-	-	-	-
B.2 Other write-downs	-	-	-	2	-	-
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	-	-	2	-	-	-
<i>of which: business combinations - mergers</i>	-	-	-	-	-	-
<b>C. Reductions</b>	-	-	2	-	-	-
C.1 Write-backs from valuation	-	-	-	-	-	-
C.2 Write-backs from collections	-	-	2	-	-	-
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	-	-	-	-	-	-
<i>of which: business combinations</i>	-	-	-	-	-	-
<b>D. Closing balance (gross amount)</b>	-	-	6	2	-	-
<i>of which sold non-cancelled exposures</i>	-	-	-	-	-	-



## Part E - Information on risks and hedging policies

## A.1.11 On-balance sheet non-performing credit exposures with customers: changes in overall write-downs

(€ million)

SOURCES/CATEGORIES	CHANGES IN 2020					
	NON-PERFORMING LOANS		UNLIKELY TO PAY		NON-PERFORMING PAST DUE	
	TOTAL	OF WHICH FORBORNE EXPOSURES	TOTAL	OF WHICH FORBORNE EXPOSURES	TOTAL	OF WHICH FORBORNE EXPOSURES
<b>A. Opening balance (gross amount)</b>	<b>5,472</b>	<b>984</b>	<b>5,404</b>	<b>3,398</b>	<b>155</b>	<b>5</b>
<i>of which sold non-cancelled exposures</i>	285	134	398	340	2	-
<b>B. Increases</b>	<b>1,809</b>	<b>744</b>	<b>2,364</b>	<b>1,767</b>	<b>134</b>	<b>5</b>
B.1 Write-downs of acquired or originated impaired financial assets	63	X	186	X	5	X
<i>of which: business combinations</i>	-	-	-	-	-	-
B.2 Other write-downs	1,017	398	1,603	1,426	92	2
B.3 Losses on disposal	37	3	56	23	-	-
B.4 Transfers from other categories of non-performing exposures	625	336	43	5	2	-
B.5 Contractual changes with no cancellations	-	X	6	X	-	X
B.6 Other increases	67	7	470	313	35	3
<i>of which: business combinations - mergers</i>	-	-	-	-	-	-
<b>C. Reductions</b>	<b>3,479</b>	<b>941</b>	<b>3,305</b>	<b>2,276</b>	<b>139</b>	<b>6</b>
C.1 Write-backs from valuation	348	144	708	484	-	-
C.2 Write-backs from collections	122	15	60	42	34	1
C.3 Gains from disposals	29	4	82	50	-	-
C.4 Write-offs	861	371	582	395	-	-
C.5 Transfers to other categories of non-performing exposures	4	1	576	335	90	5
C.6 Contractual changes with no cancellations	-	X	-	X	-	X
C.7 Other decreases	2,115	406	1,297	970	15	-
<i>of which: business combinations</i>	-	-	-	-	-	-
<b>D. Closing balance (gross amount)</b>	<b>3,802</b>	<b>787</b>	<b>4,463</b>	<b>2,889</b>	<b>150</b>	<b>4</b>
<i>of which sold non-cancelled exposures</i>	381	201	733	678	2	-

## Part E - Information on risks and 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 12.31.2020						NO RATING	TOTAL
	EXTERNAL RATING CLASSES							
	CLASS 1	CLASS 2	CLASS 3	CLASS 4	CLASS 5	CLASS 6		
<b>A. Financial assets at amortised cost</b>								
- Stage 1	5,072	10,891	49,108	3,794	2,858	18	177,712	249,453
- Stage 2	-	206	114	265	271	7	28,441	29,304
- Stage 3	-	-	1	-	244	-	11,216	11,461
<b>B. Financial assets at fair value through other comprehensive income</b>								
- Stage 1	4,430	6,621	19,999	-	-	-	1,443	32,493
- Stage 2	-	-	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-	1	1
<b>C. Financial instruments classified as held for sale</b>								
- Stage 1	-	-	-	-	-	-	-	-
- Stage 2	-	-	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-	704	704
<b>Total (A+B+C)</b>	<b>9,502</b>	<b>17,718</b>	<b>69,222</b>	<b>4,059</b>	<b>3,373</b>	<b>25</b>	<b>219,517</b>	<b>323,416</b>
<i>of which: acquired or originated impaired financial assets</i>	-	-	-	-	-	-	71	71
<b>D. Loan commitments and financial guarantees given</b>								
- Stage 1	467	2,904	13,881	5,616	1,391	2	29,841	54,102
- Stage 2	5	671	393	99	75	1	3,478	4,722
- Stage 3	-	-	-	-	448	-	881	1,329
<b>Total (D)</b>	<b>472</b>	<b>3,575</b>	<b>14,274</b>	<b>5,715</b>	<b>1,914</b>	<b>3</b>	<b>34,200</b>	<b>60,153</b>
<b>Total (A+B+C+D)</b>	<b>9,974</b>	<b>21,293</b>	<b>83,496</b>	<b>9,774</b>	<b>5,287</b>	<b>28</b>	<b>253,717</b>	<b>383,569</b>

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 Sovereigns, 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 of Part E - Notes to the consolidated accounts of UniCredit group - Information on risks and hedging policies - Section 2 - Risks of the prudential consolidated perimeter - 2.1 Credit risk - Quantitative information - A. Credit quality - 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) which is herewith quoted entirely.

The 30% 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 about 66% 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 hedging policies

## A.2.2 Breakdown of financial assets, loan commitments and financial guarantees given by internal rating classes (gross amounts)

(€ million)

EXPOSURES	AMOUNT AS AT 12.31.2020									NO RATING	TOTAL
	INTERNAL RATING CLASSES										
	1	2	3	4	5	6	7	8	9		
<b>A. Financial assets at amortised cost</b>											
- Stage 1	158	1,115	27,238	149,704	13,955	9,254	3,545	822	199	43,463	249,453
- Stage 2	54	1	530	10,431	3,426	5,021	4,059	2,408	2,272	1,102	29,304
- Stage 3	-	-	-	-	-	-	-	-	-	11,461	11,461
<b>B. Financial assets at fair value through other comprehensive income</b>											
- Stage 1	2,430	1,447	7,692	19,920	-	-	-	-	-	1,004	32,493
- Stage 2	-	-	-	-	-	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-	-	-	-	1	1
<b>C. Financial instruments classified as held for sale</b>											
- Stage 1	-	-	-	-	-	-	-	-	-	-	-
- Stage 2	-	-	-	-	-	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-	-	-	-	704	704
<b>Total (A+B+C)</b>	<b>2,642</b>	<b>2,563</b>	<b>35,460</b>	<b>180,055</b>	<b>17,381</b>	<b>14,275</b>	<b>7,604</b>	<b>3,230</b>	<b>2,471</b>	<b>57,735</b>	<b>323,416</b>
<i>of which: acquired or originated impaired financial assets</i>	-	-	-	-	-	-	-	-	-	71	71
<b>D. Loan commitments and financial guarantees given</b>											
- Stage 1	1	1,292	12,545	24,154	3,018	2,494	1,864	560	40	8,134	54,102
- Stage 2	2	1	761	1,094	488	604	704	525	94	449	4,722
- Stage 3	-	-	-	-	-	-	-	-	-	1,329	1,329
<b>Total (D)</b>	<b>3</b>	<b>1,293</b>	<b>13,306</b>	<b>25,248</b>	<b>3,506</b>	<b>3,098</b>	<b>2,568</b>	<b>1,085</b>	<b>134</b>	<b>9,912</b>	<b>60,153</b>
<b>Total (A+B+C+D)</b>	<b>2,645</b>	<b>3,856</b>	<b>48,766</b>	<b>205,303</b>	<b>20,887</b>	<b>17,373</b>	<b>10,172</b>	<b>4,315</b>	<b>2,605</b>	<b>67,647</b>	<b>383,569</b>

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 and sovereigns).

The various rating scales of these models are mapped into a single Group master-scale of 9 classes (illustrated above) based on Probability of Default (PD).

## Part E - Information on risks and 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 12.31.2020					
	GROSS EXPOSURE	NET EXPOSURE	COLLATERALS (1)			
			PROPERTY - MORTGAGES	PROPERTY - LEASE LOANS	SECURITIES	OTHER COLLATERALS
<b>1. Secured on-balance sheet credit exposures</b>						
1.1 Totally secured	10,363	10,363	-	-	10,321	-
<i>of which non-performing</i>	-	-	-	-	-	-
1.2 Partially secured	-	-	-	-	-	-
<i>of which non-performing</i>	-	-	-	-	-	-
<b>2. Secured off-balance sheet credit exposures</b>						
2.1 Totally secured	1,010	1,010	-	-	958	12
<i>of which non-performing</i>	-	-	-	-	-	-
2.2 Partially secured	21	21	-	-	3	1
<i>of which non-performing</i>	-	-	-	-	-	-

continued: A.3.1 Secured on-balance and off-balance sheet credit exposures with banks

(€ million)

	AMOUNT AS AT 12.31.2020										
	GUARANTEES (2)										
	CLN	CREDIT DERIVATIVES				SIGNATURE LOANS (LOANS GUARANTEES)					TOTAL (1)+(2)
		OTHER CREDIT DERIVATIVES				GOVERNMENTS AND OTHER PUBLIC SECTOR ENTITIES	BANKS	OTHER PUBLIC ENTITIES	OTHER ENTITIES		
GOVERNMENT AND CENTRAL BANKS	BANKS	OTHER PUBLIC ENTITIES	OTHER ENTITIES								
<b>1. Secured on-balance sheet credit exposures</b>											
1.1 Totally secured	-	-	-	-	-	-	-	-	-	10,321	
<i>of which non-performing</i>	-	-	-	-	-	-	-	-	-	-	
1.2 Partially secured	-	-	-	-	-	-	-	-	-	-	
<i>of which non-performing</i>	-	-	-	-	-	-	-	-	-	-	
<b>2. Secured off-balance sheet credit exposures</b>											
2.1 Totally secured	-	-	-	-	-	39	-	-	-	1,009	
<i>of which non-performing</i>	-	-	-	-	-	-	-	-	-	-	
2.2 Partially secured	-	-	-	-	-	13	-	-	-	17	
<i>of which non-performing</i>	-	-	-	-	-	-	-	-	-	-	

## Part E - Information on risks and hedging policies

## A.3.2 Secured on-balance and off-balance sheet credit exposures with customers

(€ million)

	AMOUNT AS AT 12.31.2020					
	GROSS EXPOSURE	NET EXPOSURE	COLLATERALS (1)			
			PROPERTY - MORTGAGES	PROPERTY - LEASE LOANS	SECURITIES	OTHER COLLATERALS
<b>1. Secured on-balance sheet credit exposures</b>						
1.1 Totally secured	123,059	116,604	58,818	-	32,037	3,173
<i>of which non-performing</i>	7,989	2,768	1,893	-	5	39
1.2 Partially secured	17,106	16,452	137	-	564	485
<i>of which non-performing</i>	757	252	43	-	20	5
<b>2. Secured off-balance sheet credit exposures</b>						
2.1 Totally secured	38,763	38,635	1,781	-	17,602	256
<i>of which non-performing</i>	564	475	129	-	2	14
2.2 Partially secured	6,042	6,008	7	-	117	99
<i>of which non-performing</i>	222	197	-	-	-	3

continued: A.3.2 Secured on-balance and off-balance sheet credit exposures with customers

(€ million)

	AMOUNT AS AT 12.31.2020									
	GUARANTEES (2)									
	CREDIT DERIVATIVES					SIGNATURE LOANS (LOANS GUARANTEES)				
	CLN	OTHER CREDIT DERIVATIVES				GOVERNMENTS AND OTHER PUBLIC SECTOR ENTITIES	BANKS	OTHER PUBLIC ENTITIES	OTHER ENTITIES	TOTAL (1)+(2)
GOVERNMENT AND CENTRAL BANKS		BANKS	OTHER PUBLIC ENTITIES	OTHER ENTITIES						
<b>1. Secured on-balance sheet credit exposures</b>										
1.1 Totally secured	-	-	-	-	8,268	72	1,377	12,141		115,886
<i>of which non-performing</i>	-	-	-	-	235	-	30	363		2,565
1.2 Partially secured	-	-	-	-	6,606	40	54	2,980		10,866
<i>of which non-performing</i>	-	-	-	-	15	-	8	32		123
<b>2. Secured off-balance sheet credit exposures</b>										
2.1 Totally secured	-	-	-	-	2,135	632	1,326	14,797		38,529
<i>of which non-performing</i>	-	-	-	-	76	23	25	186		455
2.2 Partially secured	-	-	-	-	668	268	271	1,994		3,424
<i>of which non-performing</i>	-	-	-	-	65	17	-	45		130

## 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
<b>A. Property, plant and equipment</b>	-	-	-	-	-
A.1 Used in business	-	-	-	-	-
A.2 Held for investment	-	-	-	-	-
A.3 Inventories	-	-	-	-	-
<b>B. Equity instruments and debt securities</b>	177	128	43	85	46
<b>C. Other assets</b>	-	-	-	-	-
<b>D. Non-current assets and disposal groups classified as held for sale</b>	-	-	-	-	-
D.1 Property, plant and equipment	-	-	-	-	-
D.2 Other assets	-	-	-	-	-
<b>Total 12.31.2020</b>	<b>177</b>	<b>128</b>	<b>43</b>	<b>85</b>	<b>46</b>
<b>Total 12.31.2019</b>	-	-	-	-	-

## Part E - Information on risks and 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
<b>A. On-balance sheet credit exposures</b>										
A.1 Bad exposures	-	27	13	283	-	-	420	2,497	197	995
<i>of which: forbome exposures</i>	-	-	6	101	-	-	94	473	61	213
A.2 Unlikely to pay	182	7	260	252	-	-	1,896	3,440	689	764
<i>of which: forbome exposures</i>	3	2	193	123	-	-	1,398	2,300	450	464
A.3 Non-performing past-due	-	1	1	-	-	-	23	14	228	135
<i>of which: forbome exposures</i>	-	-	-	-	-	-	1	1	7	3
A.4 Performing exposures	64,281	79	63,098	153	908	-	82,107	779	60,644	1,196
<i>of which: forbome exposures</i>	12	-	148	4	-	-	1,152	108	1,171	243
<b>Total (A)</b>	<b>64,463</b>	<b>114</b>	<b>63,372</b>	<b>688</b>	<b>908</b>	<b>-</b>	<b>84,446</b>	<b>6,730</b>	<b>61,758</b>	<b>3,090</b>
<b>B. Off-balance sheet credit exposures</b>										
B.1 Non-performing exposures	134	-	48	19	-	-	2,045	311	37	1
B.2 Performing exposures	5,766	4	33,709	26	1,003	-	99,844	75	5,563	4
<b>Total (B)</b>	<b>5,900</b>	<b>4</b>	<b>33,757</b>	<b>45</b>	<b>1,003</b>	<b>-</b>	<b>101,889</b>	<b>386</b>	<b>5,600</b>	<b>5</b>
<b>Total (A+B)</b>										
<b>12.31.2020</b>	<b>70,363</b>	<b>118</b>	<b>97,129</b>	<b>733</b>	<b>1,911</b>	<b>-</b>	<b>186,335</b>	<b>7,116</b>	<b>67,358</b>	<b>3,095</b>
<b>Total (A+B)</b>										
<b>12.31.2019</b>	<b>68,738</b>	<b>102</b>	<b>115,480</b>	<b>688</b>	<b>1,308</b>	<b>-</b>	<b>180,300</b>	<b>9,597</b>	<b>69,144</b>	<b>2,306</b>

#### 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
<b>A. On-balance sheet credit exposures</b>										
A.1 Bad exposures	628	3,746	2	56	-	-	-	-	-	-
A.2 Unlikely to pay	2,396	4,019	414	426	36	14	2	4	179	-
A.3 Non-performing past-due	251	149	-	1	-	-	1	-	-	-
A.4 Performing exposures	238,110	2,072	20,680	109	3,431	7	6,984	19	925	-
<b>Total (A)</b>	<b>241,385</b>	<b>9,986</b>	<b>21,096</b>	<b>592</b>	<b>3,467</b>	<b>21</b>	<b>6,987</b>	<b>23</b>	<b>1,104</b>	<b>-</b>
<b>B. Off-balance sheet credit exposures</b>										
B.1 Non-performing exposures	1,991	330	99	1	39	-	-	-	133	-
B.2 Performing exposures	130,273	87	8,824	8	4,303	4	1,285	9	199	-
<b>Total (B)</b>	<b>132,264</b>	<b>417</b>	<b>8,923</b>	<b>9</b>	<b>4,342</b>	<b>4</b>	<b>1,285</b>	<b>9</b>	<b>332</b>	<b>-</b>
<b>Total (A+B)</b>										
<b>12.31.2020</b>	<b>373,649</b>	<b>10,403</b>	<b>30,019</b>	<b>601</b>	<b>7,809</b>	<b>25</b>	<b>8,272</b>	<b>32</b>	<b>1,436</b>	<b>-</b>
<b>Total (A+B)</b>										
<b>12.31.2019</b>	<b>388,698</b>	<b>12,151</b>	<b>29,577</b>	<b>500</b>	<b>8,517</b>	<b>30</b>	<b>5,767</b>	<b>12</b>	<b>1,101</b>	<b>-</b>

## Part E - Information on risks and hedging policies

## B.2 Distribution of on-balance and off-balance sheet credit exposures with customers by geographic area - Italy

EXPOSURES/GEOGRAPHIC AREAS	(€ million)							
	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
<b>A. On-balance sheet credit exposures</b>								
A.1 Bad exposures	136	897	152	685	171	1,083	169	1,081
A.2 Unlikely to pay	688	1,117	449	944	840	1,174	419	784
A.3 Non-performing past-due	55	33	44	26	59	37	93	53
A.4 Performing exposures	69,412	683	37,875	406	108,495	542	22,328	441
<b>Total (A)</b>	<b>70,291</b>	<b>2,730</b>	<b>38,520</b>	<b>2,061</b>	<b>109,565</b>	<b>2,836</b>	<b>23,009</b>	<b>2,359</b>
<b>B. Off-balance sheet credit exposures</b>								
B.1 Non-performing exposures	592	116	480	83	849	119	70	12
B.2 Performing exposures	44,335	32	29,756	28	47,976	19	8,205	8
<b>Total (B)</b>	<b>44,927</b>	<b>148</b>	<b>30,236</b>	<b>111</b>	<b>48,825</b>	<b>138</b>	<b>8,275</b>	<b>20</b>
<b>Total (A+B)</b>								
<b>12.31.2020</b>	<b>115,218</b>	<b>2,878</b>	<b>68,756</b>	<b>2,172</b>	<b>158,390</b>	<b>2,974</b>	<b>31,284</b>	<b>2,379</b>
<b>Total (A+B)</b>								
<b>12.31.2019</b>	<b>112,602</b>	<b>3,123</b>	<b>70,988</b>	<b>2,626</b>	<b>176,325</b>	<b>3,598</b>	<b>30,780</b>	<b>2,804</b>

## B.3 Distribution of on-balance and off-balance sheet credit exposures with banks by geographic area

EXPOSURES/GEOGRAPHIC AREAS	(€ million)									
	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
<b>A. On-balance sheet credit exposures</b>										
A.1 Bad exposures	-	-	-	-	-	-	-	-	-	-
A.2 Unlikely to pay	-	-	-	-	-	4	-	2	-	-
A.3 Non-performing past-due	-	-	-	-	-	-	-	-	-	-
A.4 Performing exposures	19,359	3	23,834	7	728	-	1,438	-	306	-
<b>Total (A)</b>	<b>19,359</b>	<b>3</b>	<b>23,834</b>	<b>7</b>	<b>728</b>	<b>4</b>	<b>1,438</b>	<b>2</b>	<b>306</b>	<b>-</b>
<b>B. Off-balance sheet credit exposures</b>										
B.1 Non-performing exposures	-	-	-	-	-	-	10	-	-	-
B.2 Performing exposures	7,360	-	23,153	2	836	-	4,197	-	1,366	-
<b>Total (B)</b>	<b>7,360</b>	<b>-</b>	<b>23,153</b>	<b>2</b>	<b>836</b>	<b>-</b>	<b>4,207</b>	<b>-</b>	<b>1,366</b>	<b>-</b>
<b>Total (A+B)</b>										
<b>12.31.2020</b>	<b>26,719</b>	<b>3</b>	<b>46,987</b>	<b>9</b>	<b>1,564</b>	<b>4</b>	<b>5,645</b>	<b>2</b>	<b>1,672</b>	<b>-</b>
<b>Totale (A+B)</b>										
<b>12.31.2019</b>	<b>22,137</b>	<b>1</b>	<b>43,916</b>	<b>16</b>	<b>1,442</b>	<b>5</b>	<b>6,268</b>	<b>11</b>	<b>1,688</b>	<b>1</b>

## B.3 Distribution of on-balance and off-balance sheet credit exposures with banks by geographic area - Italy

EXPOSURES/GEOGRAPHIC AREAS	(€ million)							
	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
<b>A. On-balance sheet credit exposures</b>								
A.1 Bad exposures	-	-	-	-	-	-	-	-
A.2 Unlikely to pay	-	-	-	-	-	-	-	-
A.3 Non-performing past-due	-	-	-	-	-	-	-	-
A.4 Performing exposures	4,199	2	368	-	14,741	1	51	-
<b>Total (A)</b>	<b>4,199</b>	<b>2</b>	<b>368</b>	<b>-</b>	<b>14,741</b>	<b>1</b>	<b>51</b>	<b>-</b>
<b>B. Off-balance sheet credit exposures</b>								
B.1 Non-performing exposures	-	-	-	-	-	-	-	-
B.2 Performing exposures	6,925	-	292	-	143	-	-	-
<b>Total (B)</b>	<b>6,925</b>	<b>-</b>	<b>292</b>	<b>-</b>	<b>143</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total (A+B)</b>								
<b>12.31.2020</b>	<b>11,124</b>	<b>2</b>	<b>660</b>	<b>-</b>	<b>14,884</b>	<b>1</b>	<b>51</b>	<b>-</b>
<b>Totale (A+B)</b>								
<b>12.31.2019</b>	<b>8,040</b>	<b>1</b>	<b>1,376</b>	<b>-</b>	<b>12,384</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Part E - Information on risks and hedging policies

**B.4 Large exposures**

	12.31.2020
a) Amount book value (€ million)	303,992
b) Amount weighted value (€ million)	8,491
c) Number	7

In compliance with 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 above mentioned regulatory approach, in both the amounts shown in letter a), b), and the number in letter c) in the table above the exposure towards the Central Government assessed according to the above mentioned method is considered only once.

It should be noted that deferred tax assets towards Italian Central Government were considered as fully exempted and, as a consequence, the weighted amount reported is null.

**C. Securitisation transactions***Qualitative information*

In 2020 UniCredit S.p.A. carried out five new securitisation transactions, of which two traditional and three synthetic ones:

- Basket Bond Puglia – traditional;
- Sandokan 2 – traditional;
- ArtigianCredito Toscano – synthetic;
- Bond del Mezzogiorno 2 - SME Initiative – synthetic;
- EaSi MicroCredito 2 – 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 Part C, 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 €5,215 million as at 31 December 2020;
- other third-party securitisation exposures, for a book value of €35 million as at 31 December 2020.



## Part E - Information on risks and hedging policies

### 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
<b>A. Totally derecognised</b>	<b>1,035</b>	<b>-</b>	<b>60</b>	<b>-</b>	<b>28</b>	<b>-</b>
A.1 Residential mortgages	918	-	3	-	-	-
A.2 Loans to SME	117	-	57	-	28	-
<b>B. Partially derecognised</b>	<b>-</b>	<b>-</b>	<b>8</b>	<b>-</b>	<b>1</b>	<b>(19)</b>
B.1 Loans to SME	-	-	8	-	1	(19)
<b>C. Not-derecognised</b>	<b>2,882</b>	<b>-</b>	<b>356</b>	<b>-</b>	<b>845</b>	<b>(140)</b>
C.1 Residential mortgages	432	-	250	-	611	(46)
C.2 Loans to SME	2,450	-	106	-	234	(94)

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
<b>A. Totally derecognised</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
A.1 Residential mortgages	-	-	-	-	-	-
A.2 Loans to SME	-	-	-	-	-	-
<b>B. Partially derecognised</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
B.1 Loans to SME	-	-	-	-	-	-
<b>C. Not-derecognised</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
C.1 Residential mortgages	-	-	-	-	-	-
C.2 Loans to SME	-	-	-	-	-	-

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
<b>A. Totally derecognised</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
A.1 Residential mortgages	-	-	-	-	-	-
A.2 Loans to SME	-	-	-	-	-	-
<b>B. Partially derecognised</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
B.1 Loans to SME	-	-	-	-	-	-
<b>C. Not-derecognised</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
C.1 Residential mortgages	-	-	-	-	-	-
C.2 Loans to SME	-	-	-	-	-	-

Write-downs and write-backs, including depreciations and revaluations posted on the income statement or to reserves, refer to financial year 2020 only.

## Part E - Information on risks and hedging policies

### 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 SME	1	-	-	-	30	-
- Other retail exposures	1	-	-	-	3	-

continued: C.2 - Exposure resulting from the main third-party securitisation transactions 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
- Loans to SME	-	-	-	-	-	-
- 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

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
- Loans to SME	-	-	-	-	-	-
- Other retail exposures	-	-	-	-	-	-

Write-downs and write-backs, including depreciations and revaluations posted on the income statement or to reserves, refer to financial year 2020 only.

### 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
Capital Mortgage S.r.l. - BIPCA Cordusio rmb	Piazzetta Monte 1 - 37121 Verona	Yes	219	-	13	116	100	0
Capital Mortgage S.r.l. - CAPITAL MORTGAGE 2007 - 1	Piazzetta Monte 1 - 37121 Verona	Yes	468	-	26	326	74	67
Cordusio RMBS - UCFin S.r.l.	Piazzetta Monte 1 - 37121 Verona	Yes	318	-	22	131	148	13
Cordusio RMBS Securitisation S.r.l.	Piazzetta Monte 1 - 37121 Verona	Yes	554	-	18	289	236	2
F-E Mortgages S.r.l. - 2003	Piazzetta Monte 1 - 37121 Verona	Yes	78	-	24	22	43	8
F-E Mortgages S.r.l. - 2005	Piazzetta Monte 1 - 37121 Verona	Yes	134	-	13	47	37	32
Heliconus S.r.l.	Piazzetta Monte 1 - 37121 Verona	Yes	36	-	13	10	18	9
ARCOBALENO FINANCE SRL	FORO BUONAPARTE.70 20121 MILANO	No	47	-	4	2	-	55
CREDIARC SPV SRL	FORO BUONAPARTE.70 20121 MILANO	No	17	-	2	10	-	26
FINO 1 SECURITISATION SRL	VIALE LUIGI MAJNO 45, 20122 MILANO	No	372	-	72	250	70	50
FINO 2 SECURITISATION SRL	VIALE LUIGI MAJNO 45, 20122 MILANO	No	210	-	279	236	201	40
ONIF FINANCE SRL	VIA ALESSANDRO PESTALOZZA 12/14, 20131 MILANO	No	227	-	16	-	104	107
Pillarstone Italy SPV S.r.l. - Premuda	Via Pietro Mascagni 14, 20122 MILANO	No	131	-	89	4	186	87
Pillarstone Italy SPV S.r.l. - Rainbow	Via Pietro Mascagni 14, 20122 MILANO	No	43	-	0	1	47	106
PRISMA SPV S.R.L.	VIA MARIO CARLUCCI 131, Roma	No	1.055	-	139	1.017	80	30
Sestante Finance S.r.l.	Via Borromei, 5 - 20123 Milano	No	189	-	259	126	90	9
YANEZ SPV S.R.L. - SANDOKAN	VIA VITTORIO ALFIERI 1, 31015 Conegliano	No	314	-	33	8	249	750
YANEZ SPV S.R.L. - SANDOKAN 2	Via Vittorio Alfieri 1, 31015 Conegliano	No	529	-	50	0	142	766

## Part E - Information on risks and hedging policies

### C.4 Special Purpose Vehicles for securitisation not subject to consolidation

Refer to the corresponding item of Consolidated financial statements.

### 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 2020, 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.

### D. Information on structured entities not consolidated for accounting purposes (other than vehicles for securitisation transactions)

#### Qualitative information

Refer to the corresponding item of Consolidated financial statements.

#### Quantitative information

Refer to the corresponding item of Consolidated financial statements.

### E. Sales transaction

#### A. Financial assets sold and not fully derecognised

#### Quantitative information

#### 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	
<b>A. Financial assets held for trading</b>	<b>1,321</b>	<b>-</b>	<b>1,321</b>	<b>X</b>	<b>1,316</b>	<b>-</b>	<b>1,316</b>	
1. Debt securities	1,321	-	1,321	X	1,316	-	1,316	
2. Equity instruments	-	-	-	X	-	-	-	
3. Loans	-	-	-	X	-	-	-	
4. Derivative instruments	-	-	-	X	-	-	-	
<b>B. Other financial assets mandatorily at fair value</b>	<b>16</b>	<b>16</b>	<b>-</b>	<b>16</b>	<b>-</b>	<b>-</b>	<b>-</b>	
1. Debt securities	-	-	-	-	-	-	-	
2. Equity instruments	-	-	-	X	-	-	-	
3. Loans	16	16	-	16	-	-	-	
<b>C. Financial assets designated at fair value</b>	<b>103</b>	<b>-</b>	<b>103</b>	<b>-</b>	<b>99</b>	<b>-</b>	<b>99</b>	
1. Debt securities	103	-	103	-	99	-	99	
2. Loans	-	-	-	-	-	-	-	
<b>D. Financial assets at fair value through other comprehensive income</b>	<b>10,536</b>	<b>-</b>	<b>10,536</b>	<b>-</b>	<b>10,676</b>	<b>-</b>	<b>10,676</b>	
1. Debt securities	10,536	-	10,536	-	10,676	-	10,676	
2. Equity instruments	-	-	-	X	-	-	-	
3. Loans	-	-	-	-	-	-	-	
<b>E. Financial assets at amortised cost</b>	<b>33,712</b>	<b>18,196</b>	<b>15,516</b>	<b>761</b>	<b>16,518</b>	<b>907</b>	<b>15,611</b>	
1. Debt securities	15,516	-	15,516	-	15,611	-	15,611	
2. Loans	18,196	18,196	-	761	907	907	-	
<b>Total 12.31.2020</b>	<b>45,688</b>	<b>18,212</b>	<b>27,476</b>	<b>777</b>	<b>28,609</b>	<b>907</b>	<b>27,702</b>	
<b>Total 12.31.2019</b>	<b>40,919</b>	<b>18,817</b>	<b>22,102</b>	<b>919</b>	<b>23,295</b>	<b>1,185</b>	<b>22,110</b>	

## Part E - Information on risks and 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
<b>A. Financial assets held for trading</b>		-	-	X	-
1. Debt securities		-	-	X	-
2. Equity instruments		-	-	X	-
3. Loans		-	-	X	-
4. Derivative instruments		-	-	X	-
<b>B. Other financial assets mandatory at fair value</b>		-	-	-	-
1. Debt securities		-	-	-	-
2. Equity instruments		-	-	X	-
3. Loans		-	-	-	-
<b>C. Financial assets designated at fair value</b>		-	-	-	-
1. Debt securities		-	-	-	-
2. Loans		-	-	-	-
<b>D. Financial assets at fair value through other comprehensive income</b>		-	-	-	-
1. Debt securities		-	-	-	-
2. Equity instruments		-	-	X	-
3. Loans		-	-	-	-
<b>E. Financial assets at amortised cost</b>		60	11	11	9
1. Debt securities		-	-	-	-
2. Loans		60	11	11	9
<b>Total 12.31.2020</b>		60	11	11	9
<b>Total 12.31.2019</b>		60	33	33	8

## 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	
				12.31.2020	12.31.2019
<b>A. Financial assets held for trading</b>		-	-	-	-
1. Debt securities		-	-	-	-
2. Equity instruments		-	-	-	-
3. Loans		-	-	-	-
4. Derivative instruments		-	-	-	-
<b>B. Other financial assets mandatorily at fair value</b>		16	-	16	27
1. Debt securities		-	-	-	-
2. Equity instruments		-	-	-	-
3. Loans		16	-	16	27
<b>C. Financial assets designated at fair value</b>		-	-	-	-
1. Debt securities		-	-	-	-
2. Loans		-	-	-	-
<b>D. Financial assets at fair value through other comprehensive income</b>		-	-	-	-
1. Debt securities		-	-	-	-
2. Equity instruments		-	-	-	-
3. Loans		-	-	-	-
<b>E. Financial assets at amortised cost (fair value)</b>		17,881	28	17,909	18,974
1. Debt securities		-	-	-	-
2. Loans		17,881	28	17,909	18,974
<b>Total associated financial assets</b>		17,897	28	17,925	19,001
<b>Total associated financial liabilities</b>		907	9	X	X
<b>Total net amount 12.31.2020</b>		16,990	19	17,009	X
<b>Total net amount 12.31.2019</b>		17,917	24	X	17,941

## Part E - Information on risks and 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

Following The Bank of Italy's communication dated 23 December 2019 to the title "Financial statements of banks and financial entities closed or in progress as of 31 December 2019", this is the quantitative information requested regarding the sales of financial assets to Investment Funds, receiving as consideration units issued by the same Funds, closed during 2020.

For more information on these transactions, refer 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 with specific reference to UniCredit S.p.A. as Originator which is 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 UNITS OF THE FUND UNDERWRITTEN
<b>A. Financial assets held for trading</b>	-	X	-
1. Debt securities	-	X	-
2. Equity instruments	-	X	-
3. Loans	-	X	-
4. Derivative instruments	-	X	-
<b>B. Other financial assets mandatorily at fair value</b>	-	-	-
1. Debt securities	-	-	-
2. Equity instruments	-	X	-
3. Loans	-	-	-
<b>C. Financial assets designated at fair value</b>	-	-	-
1. Debt securities	-	-	-
2. Loans	-	-	-
<b>D. Financial assets at fair value through other comprehensive income</b>	-	-	-
1. Debt securities	-	-	-
2. Equity instruments	-	X	-
3. Loans	-	-	-
<b>E. Financial assets at amortised cost</b>	189	189	206
1. Debt securities	-	-	-
2. Loans	189	189	206
<b>Total 12.31.2020</b>	<b>189</b>	<b>189</b>	<b>206</b>

The units of Investment Funds underwritten are classified in the portfolio Financial assets mandatorily at fair value.

Moreover it should be noted that in the portfolio Financial assets mandatorily at fair value there are also €244 million of Investment Funds' Units coming from transactions of sales of financial assets fully derecognised closed in the previous years.

### E.4 Covered bond transaction

Reference is made to the paragraph Section 2 - Risk of the prudential consolidated perimeter - 1.1 Credit Risk - Quantitative information - D. Sales Transactions - D. 4 Regulatory consolidation - Covered Bond Transactions - Part E of the Notes to the consolidated accounts, which is herewith quoted entirely.

### Information on Sovereign exposures

It should be noted that, as a result of IFRS9 adoption since 1 January 2020, Sovereign debt securities have been classified in the new categories specified by the standard in consideration of the business model followed and the related cash flow features (Solely Payment of Principal and Interests - SPPI Test).

It should also be noted that during the year:

- no changes have been made to the business models adopted on the 1 January and, consequently, the sovereign debt securities have not been subject to reclassification
- the changed market circumstances also suggested the adoption of a "held to collect" business model for new purchases of Italian sovereign debt securities which, consequently, have to be measured at amortised cost subject to verification of the features of the related cash flows.

## Part E - Information on risks and hedging policies

With reference to the UniCredit S.p.A. Sovereign exposures, the book value of Sovereign debt securities as at 31 December 2020 amounted to €58,085 million, of which nearly 69% in connection with Italy.

This exposures is shown in the table below:

### Breakdown of Sovereign Debt Securities by Country and Portfolio

(€ million)

COUNTRY/PORTFOLIO	AMOUNTS AS AT 12.31.2020		
	NOMINAL VALUE	BOOK VALUE	FAIR VALUE
<b>- Italy</b>	<b>37,871</b>	<b>39,928</b>	<b>40,514</b>
Financial assets at amortised cost	19,064	19,641	20,227
Financial assets mandatorily at fair value	50	65	65
Financial assets designated at fair value	0	0	0
Financial assets/liabilities held for trading (net exposure)	1,743	1,647	1,647
Financial assets at fair value through other comprehensive income	17,014	18,575	18,575

The remaining 31% of the total of Sovereign debt securities, amounting to €18,157 million with reference to the book value as at 31 December 2020, is divided into 15 countries, of which €6,171 million to Spain, €4,309 million to Japan, €1,819 million to United States.

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

(€ million)

	AMOUNTS AS AT 12.31.2020				TOTAL
	FINACIAL 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	
Book value	109	68	28,405	27,786	56,368
% Portfolio	100.00%	1.57%	83.95%	92.15%	

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 2020:

### Breakdown of Sovereign Loans by Country

(€ million)

COUNTRY	AMOUNTS AS AT 12.31.2020 BOOK VALUE
- Italy	2,851
- Qatar	475
- Kenia	178
- Egypt	84
- Dominican Republic	41
- Brazil	9
- Other	38
<b>Total on-balance sheet exposures</b>	<b>3,676</b>

### 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 hedging policies

### **Information on trading book derivative instruments with customers**

The business model governing OTC derivatives trading with customers provides for centralization of market risk in the CIB Division - Markets Area, 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 transaction in OTC derivatives in order to provide non-institutional clients with products to manage currency, interest-rate and price risk. Under these transactions, the commercial banks transfer their market risks to the CIB division 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 the CIB division operating with large corporate and financial institutions, in respect of which it assumes and manages both market and counterparty risk;
- by CEE banks, which transact business directly with their customers.

The 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 personalization; 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 Company 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 (dealt with by the CIB Division) 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) 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 usage of market's inputs;
- non-performing positions are valued in terms of estimated expected future cash flow 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 a. Financial assets held for trading" and of balance-sheet liability item "20. Financial liabilities held for trading".

To make 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 a Financial assets held for trading" with regard to derivative contracts totaled €6,817 million (with a notional value of €195,484 million) including €3,182 million with customers. The notional value of derivatives with customers amounted to €78,040 million, including €2,016 related to structured derivatives (fair value €129 million). The notional value of derivatives with banking counterparties totaled €117,444 million (fair value of €3,635 million) including €3,604 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 €6,967 million (with a notional value of €191,229 million) including €1,592 million with customers. The notional value of derivatives with customers amounted to €48,236 million, including €1,453 million in structured derivatives (fair value of €31 million). The notional value of derivatives with banking counterparties totaled €142,993 million (fair value of €5,375 million), including €1,965 million relating to structured derivatives (fair value €142 million).

## Part E - Information on risks and hedging policies

### F. Credit risk measurement models

As at 31 December 2020 the expected loss on the credit risk perimeter was 0,42% 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. 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 4.92% with reference date end of December 2020.

As far as quantitative information of UniCredit group, reference is made to the paragraph Part E - Notes to the consolidated accounts of UniCredit group - Section 2 - Risk of the prudential consolidated perimeter - Quantitative information - E. Prudential perimeter - Credit risk measurement models.

## Section 2 - Market risk

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 hedging policies, Section 2 - Risk of the prudential consolidated perimeter, which is herewith quoted entirely.

Below end of year VaR, SVaR and IRC results:

### Daily VaR on Regulatory Trading book

	2020				2019
	12.31.2020	AVERAGE	MAX	MIN	AVERAGE
UniCredit S.p.A.	3.81	4.9	7.0	3.2	5.0

### SVaR on Regulatory Trading book

	2020				2019
	12.31.2020	AVERAGE	MAX	MIN	AVERAGE
UniCredit S.p.A.	9.86	9.97	17.60	4.89	13.34

### IRC on Regulatory Trading book

	2020				2019
	12.31.2020	AVERAGE	MAX	MIN	AVERAGE
UniCredit S.p.A.	100.1	85.0	166.3	0.5	181.3

## 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 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 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.



## Part E - Information on risks and hedging policies

### 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 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 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.

### 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 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	+1BP LESS THAN 1 MONTH	+1BP 1 MONTH TO 6 MONTHS	+1BP 6 MONTHS TO 1 YEAR	+1BP 1 YEAR TO 5 YEARS	+1BP 5 YEARS TO 10 YEARS	+1BP 10 YEARS TO 20 YEARS	+1BP OVER 20 YEARS	+1 BP TOTAL	-10 BP	+10 BP	-100 PB	+100 BP	CW	CCW
<b>Total</b>	<b>-0.0</b>	<b>-0.0</b>	<b>-0.1</b>	<b>-0.1</b>	<b>0.1</b>	<b>-0.1</b>	<b>-0.1</b>	<b>-0.2</b>	<b>2.4</b>	<b>-2.4</b>	<b>21.3</b>	<b>-21.2</b>	<b>0.7</b>	<b>-0.9</b>
of which:														
EUR	0.0	-0.1	-0.1	-0.1	0.1	-0.1	-0.1	-0.4	4.0	-4.0	37.8	-36.4	2.6	-2.8
USD	-0.0	0.0	-0.0	0.0	0.1	0.0	0.0	0.1	-1.1	1.1	-12.0	10.8	-2.6	2.5
GBP	0.0	-0.0	-0.0	0.0	0.0	0.0	0.0	-0.0	0.1	-0.1	0.8	-0.8	-0.3	0.3
CHF	-0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	0.1	-0.5	0.5	0.1	-0.1
JPY	-0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.2	0.2	-2.5	2.5	0.5	-0.5

### 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 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.

## Part E - Information on risks and hedging policies

### 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 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.

#### Quantitative information

##### 1. Banking book: breakdown by maturity (repricing date) of financial assets and liabilities

(€ million)

TYPE/RESIDUAL MATURITY	AMOUNTS AS AT 12.31.2020							INDEFINITE 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	
<b>1. On-balance sheet assets</b>	<b>32,778</b>	<b>139,512</b>	<b>26,775</b>	<b>15,938</b>	<b>68,915</b>	<b>21,487</b>	<b>9,693</b>	-
1.1 Debt securities	556	10,850	4,395	7,228	37,713	10,127	418	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	556	10,850	4,395	7,228	37,713	10,127	418	-
1.2 Loans to banks	4,765	25,800	2,201	1,450	1,070	19	-	-
1.3 Loans to customers	27,457	102,862	20,179	7,260	30,132	11,341	9,275	-
- Current accounts	7,670	23	1	95	179	8	2	-
- Other loans	19,787	102,839	20,178	7,165	29,953	11,333	9,273	-
- With prepayment option	12,196	52,613	9,537	3,720	20,059	8,235	8,430	-
- Other	7,591	50,226	10,641	3,445	9,894	3,098	843	-
<b>2. On-balance sheet liabilities</b>	<b>194,183</b>	<b>71,705</b>	<b>11,246</b>	<b>6,971</b>	<b>70,942</b>	<b>12,060</b>	<b>6,187</b>	-
2.1 Deposits from customers	190,828	24,668	1,311	360	342	867	1,747	-
- Current accounts	185,794	92	14	3	-	-	-	-
- Other	5,034	24,576	1,297	357	342	867	1,747	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	5,034	24,576	1,297	357	342	867	1,747	-
2.2 Deposits from banks	2,751	30,707	3,970	672	51,163	15	9	-
- Current accounts	877	-	-	-	-	-	-	-
- Other	1,874	30,707	3,970	672	51,163	15	9	-
2.3 Debt securities in issue	602	16,330	5,965	5,939	19,437	11,178	4,431	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	602	16,330	5,965	5,939	19,437	11,178	4,431	-
2.4 Other liabilities	2	-	-	-	-	-	-	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	2	-	-	-	-	-	-	-
<b>3. Financial derivatives</b>								
3.1 With underlying security								
- Option								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
3.2 Without underlying security								
- Option								
+ Long positions	650	13,815	7,185	15,470	118,130	133,888	51,730	-
+ Short positions	350	10,040	7,185	15,470	119,024	135,258	53,535	-
- Other derivatives								
+ Long positions	7,846	206,538	40,220	42,476	162,695	47,368	3,468	-
+ Short positions	5,015	190,202	51,589	46,851	187,687	24,125	5,897	-
<b>4. Other off-balance sheet transactions</b>								
+ Long positions	221	29,507	1,734	745	1,274	626	1,348	-
+ Short positions	21,849	11,477	574	1,555	-	-	-	-

## Part E - Information on risks and hedging policies

## 1. Banking book: breakdown by maturity (repricing date) of financial assets and liabilities - Currency: euro

(€ million)

TYPE/RESIDUAL MATURITY	AMOUNTS AS AT 12.31.2020							INDEFINITE 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	
<b>1. On-balance sheet assets</b>	<b>31,116</b>	<b>136,150</b>	<b>24,988</b>	<b>15,293</b>	<b>60,756</b>	<b>20,738</b>	<b>9,547</b>	-
1.1 Debt securities	539	10,211	4,389	7,228	31,105	9,580	418	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	539	10,211	4,389	7,228	31,105	9,580	418	-
1.2 Loans to banks	3,610	25,589	1,831	1,235	341	19	-	-
1.3 Loans to customers	26,967	100,350	18,768	6,830	29,310	11,139	9,129	-
- Current accounts	7,422	23	1	95	179	8	2	-
- Other loans	19,545	100,327	18,767	6,735	29,131	11,131	9,127	-
- With prepayment option	12,029	51,907	8,597	3,703	19,911	8,067	8,394	-
- Other	7,516	48,420	10,170	3,032	9,220	3,064	733	-
<b>2. On-balance sheet liabilities</b>	<b>188,950</b>	<b>66,498</b>	<b>11,105</b>	<b>6,833</b>	<b>65,147</b>	<b>10,644</b>	<b>3,150</b>	-
2.1 Deposits from customers	186,910	24,483	1,297	357	342	867	1,747	-
- Current accounts	182,308	13	1	2	-	-	-	-
- Other	4,602	24,470	1,296	355	342	867	1,747	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	4,602	24,470	1,296	355	342	867	1,747	-
2.2 Deposits from banks	1,557	26,562	3,879	594	51,157	15	9	-
- Current accounts	729	-	-	-	-	-	-	-
- Other	828	26,562	3,879	594	51,157	15	9	-
2.3 Debt securities in issue	481	15,453	5,929	5,882	13,648	9,762	1,394	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	481	15,453	5,929	5,882	13,648	9,762	1,394	-
2.4 Other liabilities	2	-	-	-	-	-	-	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	2	-	-	-	-	-	-	-
<b>3. Financial derivatives</b>								
3.1 With underlying security								
- Option								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
3.2 Without underlying security								
- Option								
+ Long positions	650	13,815	7,185	15,470	117,797	133,888	51,730	-
+ Short positions	350	10,040	7,185	15,470	119,024	135,258	53,535	-
- Other derivatives								
+ Long positions	7,805	186,781	40,218	42,474	146,665	39,280	3,468	-
+ Short positions	3,956	171,516	50,087	46,659	168,228	19,414	5,497	-
<b>4. Other off-balance sheet transactions</b>								
+ Long positions	1	29,500	1,730	745	1,240	626	1,070	-
+ Short positions	21,537	11,247	574	1,555	-	-	-	-

## Part E - Information on risks and 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 12.31.2020							INDEFINITE 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	
<b>1. On-balance sheet assets</b>	<b>1,662</b>	<b>3,362</b>	<b>1,787</b>	<b>645</b>	<b>8,159</b>	<b>749</b>	<b>146</b>	-
1.1 Debt securities	17	639	6	-	6,608	547	-	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	17	639	6	-	6,608	547	-	-
1.2 Loans to banks	1,155	211	370	215	729	-	-	-
1.3 Loans to customers	490	2,512	1,411	430	822	202	146	-
- Current accounts	248	-	-	-	-	-	-	-
- Other loans	242	2,512	1,411	430	822	202	146	-
- With prepayment option	167	706	940	17	148	168	36	-
- Other	75	1,806	471	413	674	34	110	-
<b>2. On-balance sheet liabilities</b>	<b>5,233</b>	<b>5,207</b>	<b>141</b>	<b>138</b>	<b>5,795</b>	<b>1,416</b>	<b>3,037</b>	-
2.1 Deposits from customers	3,918	185	14	3	-	-	-	-
- Current accounts	3,486	79	13	1	-	-	-	-
- Other	432	106	1	2	-	-	-	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	432	106	1	2	-	-	-	-
2.2 Deposits from banks	1,194	4,145	91	78	6	-	-	-
- Current accounts	148	-	-	-	-	-	-	-
- Other	1,046	4,145	91	78	6	-	-	-
2.3 Debt securities in issue	121	877	36	57	5,789	1,416	3,037	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	121	877	36	57	5,789	1,416	3,037	-
2.4 Other liabilities	-	-	-	-	-	-	-	-
- With prepayment option	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
<b>3. Financial derivatives</b>								
3.1 With underlying security								
- Option								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
3.2 Without underlying security								
- Option								
+ Long positions	-	-	-	-	333	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ Long positions	41	19,757	2	2	16,030	8,088	-	-
+ Short positions	1,059	18,686	1,502	192	19,459	4,711	400	-
<b>4. Other off-balance sheet transactions</b>								
+ Long positions	220	7	4	-	34	-	278	-
+ Short positions	312	230	-	-	-	-	-	-

### 2. Banking book: internal models and other methods for sensitivity analysis

#### Interest Rate Risk

As of 31 December 2020, the interest income sensitivity to an immediate and parallel shift of +100bps was +€615 million, whilst the immediate change to a parallel downward shift of interest rate of -100bp (or less, according to the interest rates level of each currency) was equal to -€169 million.

The sensitivity of the economic value of shareholders' equity to an immediate and parallel change in interest rates ("parallel shift") of +200bps and -200bp was respectively equal to +€634 million and -€1,337 million. The sensitivity to interest rates changes for the worst-of-six "Supervisory Outlier Test", as envisioned by EBA guideline (EBA/GL/2018/02) was equal to -€1,341 million.

## Part E - Information on risks and hedging policies

## 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 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 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.

## Quantitative information

## 1. Distribution by currency of assets and liabilities and derivatives

(€ million)

ITEMS	AMOUNTS AS AT 12.31.2020					
	CURRENCIES					
	U.S. DOLLAR	SWITZERLAND FRANC	JAPAN YEN	BRITISH POUND	CANADIAN DOLLAR	OTHER CURRENCIES
<b>A. Financial assets</b>	<b>9,318</b>	<b>675</b>	<b>4,334</b>	<b>512</b>	<b>32</b>	<b>1,717</b>
A.1 Debt securities	3,522	-	4,309	-	-	-
A.2 Equity securities	612	5	-	3	-	-
A.3 Loans to banks	1,799	117	6	146	11	602
A.4 Loans to customers	3,385	553	19	363	21	1,115
A.5 Other financial assets	-	-	-	-	-	-
<b>B. Other assets</b>	<b>1,063</b>	<b>4</b>	<b>3</b>	<b>408</b>	<b>1</b>	<b>151</b>
<b>C. Financial liabilities</b>	<b>18,986</b>	<b>139</b>	<b>94</b>	<b>589</b>	<b>46</b>	<b>1,111</b>
C.1 Deposits from banks	4,449	12	42	313	22	675
C.2 Deposits from customers	3,276	127	12	272	24	409
C.3 Debt securities in issue	11,261	-	40	4	-	27
C.4 Other financial liabilities	-	-	-	-	-	-
<b>D. Other liabilities</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>4</b>
<b>E. Financial derivatives</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
- Options	0	0	0	0	0	0
+ Long positions	564	-	6	7	-	208
+ Short positions	230	-	6	7	-	208
- Other derivatives	0	0	0	0	0	0
+ Long positions	43,761	1,321	909	2,037	44	3,238
+ Short positions	35,467	1,868	5,121	2,379	44	3,961
<b>Total assets</b>	<b>54,706</b>	<b>2,000</b>	<b>5,252</b>	<b>2,964</b>	<b>77</b>	<b>5,314</b>
<b>Total liabilities</b>	<b>54,689</b>	<b>2,007</b>	<b>5,221</b>	<b>2,978</b>	<b>90</b>	<b>5,284</b>
<b>Difference (+/-)</b>	<b>17</b>	<b>(7)</b>	<b>31</b>	<b>(14)</b>	<b>(13)</b>	<b>30</b>

## 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 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.

## Part E - Information on risks and hedging policies

### Credit spread risk and Stress test

Reference is made to the paragraphs "Credit spread risk" and "Stress Test" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part E - Information on risks and 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

31 December 2020

#### Scenario

	2020	
	PANDEMIC SCENARIO	PANDEMIC & SOVEREIGN TENSIONS
	UniCredit S.p.A.	-21

## 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

UNDERLYING ACTIVITIES/TYPE OF DERIVATIVES	AMOUNTS AS AT 12.31.2020				AMOUNTS AS AT 12.31.2019			
	OVER THE COUNTER			ORGANISED MARKETS	OVER THE COUNTER			ORGANISED MARKETS
	CENTRAL COUNTERPARTIES	WITHOUT CENTRAL COUNTERPARTIES			CENTRAL COUNTERPARTIES	WITHOUT CENTRAL COUNTERPARTIES		
		WITH NETTING AGREEMENT	WITHOUT NETTING AGREEMENT			WITH NETTING AGREEMENT	WITHOUT NETTING AGREEMENT	
<b>1. Debt securities and interest rate indexes</b>	42,191	211,991	22,435	948	36,060	221,886	24,183	1,554
a) Options	-	8,939	3,013	-	-	9,859	3,620	-
b) Swap	42,191	203,052	19,082	-	36,060	212,027	18,529	-
c) Forward	-	-	7	-	-	-	1,301	3
d) Futures	-	-	333	948	-	-	733	1,551
e) Other	-	-	-	-	-	-	-	-
<b>2. Equity instruments and stock indexes</b>	-	34,570	16	-	-	30,618	44	-
a) Options	-	34,570	16	-	-	30,618	44	-
b) Swap	-	-	-	-	-	-	-	-
c) Forward	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
<b>3. Gold and currencies</b>	-	67,912	3,306	-	-	64,353	5,044	-
a) Options	-	8,377	874	-	-	9,550	1,574	-
b) Swap	-	13,754	68	-	-	15,436	233	-
c) Forward	-	45,781	2,364	-	-	39,367	3,237	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
<b>4. Commodities</b>	-	3,069	272	-	-	3,839	482	-
<b>5. Other</b>	-	-	-	-	-	-	-	-
<b>Total</b>	42,191	317,542	26,029	948	36,060	320,696	29,753	1,554

## Part E - Information on risks and hedging policies

## A.2 Trading financial derivatives: positive and negative gross fair value - breakdown by product

(€ million)

TYPE OF DERIVATIVES	AMOUNTS AS AT 12.31.2020				AMOUNTS AS AT 12.31.2019			
	OVER THE COUNTER			ORGANISED MARKETS	OVER THE COUNTER			ORGANISED MARKETS
	CENTRAL COUNTERPARTIES	WITHOUT CENTRAL COUNTERPARTIES			CENTRAL COUNTERPARTIES	WITHOUT CENTRAL COUNTERPARTIES		
		WITH NETTING AGREEMENT	WITHOUT NETTING AGREEMENT			WITH NETTING AGREEMENT	WITHOUT NETTING AGREEMENT	
<b>1. Positive fair value</b>								
a) Options	-	416	46	-	-	483	31	-
b) Interest rate swap	415	3,363	572	-	251	3,167	554	-
c) Cross currency swap	-	806	-	-	-	762	2	-
d) Equity swap	-	-	-	-	-	-	-	-
e) Forward	-	852	42	-	-	301	55	-
f) Futures	-	-	-	-	-	-	-	2
g) Other	-	259	21	-	-	254	49	-
<b>Total</b>	<b>415</b>	<b>5,696</b>	<b>681</b>	<b>-</b>	<b>251</b>	<b>4,967</b>	<b>691</b>	<b>2</b>
<b>2. Negative fair value</b>								
a) Options	-	249	35	-	-	176	78	-
b) Interest rate swap	344	4,370	6	-	226	4,073	5	-
c) Cross currency swap	-	822	11	-	-	737	37	-
d) Equity swap	-	-	-	-	-	-	-	-
e) Forward	-	811	34	-	-	321	20	-
f) Futures	-	-	1	1	-	-	1	4
g) Other	-	262	18	-	-	287	16	-
<b>Total</b>	<b>344</b>	<b>6,514</b>	<b>105</b>	<b>1</b>	<b>226</b>	<b>5,594</b>	<b>157</b>	<b>4</b>

## Part E - Information on risks and hedging policies

## A.3 OTC trading financial derivatives: notional amounts, positive and negative gross fair value by counterparty

(€ million)

UNDERLYING ACTIVITIES	AMOUNTS AS AT 12.31.2020			
	CENTRAL COUNTERPARTIES	BANKS	OTHER FINANCIAL COMPANIES	OTHER ENTITIES
<b>Contracts not included in netting agreement</b>				
<b>1) Debt securities and interest rate indexes</b>				
- Notional amount	X	349	1,966	20,122
- Positive fair value	X	-	72	520
- Negative fair value	X	3	-	6
<b>2) Equity instruments and stock indexes</b>				
- Notional amount	X	-	-	16
- Positive fair value	X	-	-	-
- Negative fair value	X	-	-	21
<b>3) Gold and currencies</b>				
- Notional amount	X	305	30	2,971
- Positive fair value	X	6	1	60
- Negative fair value	X	2	-	55
<b>4) Commodities</b>				
- Notional amount	X	-	-	272
- Positive fair value	X	-	-	22
- Negative fair value	X	-	-	19
<b>5) Other</b>				
- Notional amount	X	-	-	-
- Positive fair value	X	-	-	-
- Negative fair value	X	-	-	-
<b>Contracts included in netting agreement</b>				
<b>1) Debt securities and interest rate indexes</b>				
- Notional amount	42,191	170,025	26,539	15,427
- Positive fair value	415	1,907	608	870
- Negative fair value	344	3,640	551	220
<b>2) Equity instruments and stock indexes</b>				
- Notional amount	-	34,570	-	-
- Positive fair value	-	297	-	-
- Negative fair value	-	92	-	-
<b>3) Gold and currencies</b>				
- Notional amount	-	52,304	7,948	7,661
- Positive fair value	-	1,224	208	326
- Negative fair value	-	1,490	130	132
<b>4) Commodities</b>				
- Notional amount	-	1,936	377	755
- Positive fair value	-	197	7	54
- Negative fair value	-	144	46	70
<b>5) Other</b>				
- Notional amount	-	-	-	-
- Positive fair value	-	-	-	-
- Negative fair value	-	-	-	-



## Part E - Information on risks and 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	70,410	144,530	61,678	276,618
A.2	Financial derivative contracts on equity securities and stock indexes	3,080	28,091	3,415	34,586
A.3	Financial derivative contracts on exchange rates and hold	54,762	13,107	3,350	71,219
A.4	Financial derivative contracts on other values	2,825	516	-	3,341
A.5	Other financial derivatives	-	-	-	-
<b>Total</b>	<b>12.31.2020</b>	<b>131,077</b>	<b>186,244</b>	<b>68,443</b>	<b>385,764</b>
<b>Total</b>	<b>12.31.2019</b>	<b>130,722</b>	<b>191,985</b>	<b>63,802</b>	<b>386,509</b>

**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 of 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 and non-maturity deposits or other fixed rate liabilities).

The hedging relationship is classified 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 instruments and 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.

**B. Cash flow hedging activities**

The objective of cash flow hedge on floating rate assets/liabilities is to hedge the exposure to changes in cash flows from borrowings/lending that bear a floating interest rate.

The hedging relationship is classified 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.

## Part E - Information on risks and hedging policies

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 foreign currency revenues.

The hedging instruments used mainly consist of interest rate swaps, caps, floors, cross-currency swaps with a maturity up to 20-30 year for some commercial hedged assets.

### *C. Foreign net investments hedge activities*

No hedging strategy is in place on an investment in entities whose functional currency differs from the Bank's functional currency.

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 hedging strategy and the percentage to be hedged is defined on a case by case basis considering, inter alia, the diversification effect and taking into account the volatility and correlation in the FX rates.

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 hedge is accounted in the Trading Income line.

### *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 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 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 12.31.2020				AMOUNTS AS AT 12.31.2019			
	OVER THE COUNTER			ORGANISED MARKETS	OVER THE COUNTER			ORGANISED MARKETS
	CENTRAL COUNTERPARTIES	WITHOUT CENTRAL COUNTERPARTIES			CENTRAL COUNTERPARTIES	WITHOUT CENTRAL COUNTERPARTIES		
		WITH NETTING AGREEMENT	WITHOUT NETTING AGREEMENT			WITH NETTING AGREEMENT	WITHOUT NETTING AGREEMENT	
<b>1. Debt securities and interest rate indexes</b>	<b>3,318</b>	<b>320,482</b>	<b>119,787</b>	-	<b>2,378</b>	<b>261,464</b>	<b>203,815</b>	-
a) Options	-	9,459	-	-	-	4,557	-	-
b) Swap	3,318	311,023	1,282	-	2,378	256,907	247	-
c) Forward	-	-	-	-	-	-	-	-
d) Futures	-	-	118,505	-	-	-	203,568	-
e) Other	-	-	-	-	-	-	-	-
<b>2. Equity instruments and stock indexes</b>	-	-	-	-	-	-	-	-
a) Options	-	-	-	-	-	-	-	-
b) Swap	-	-	-	-	-	-	-	-
c) Forward	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
<b>3. Gold and currencies</b>	-	<b>23,445</b>	-	-	-	<b>17,359</b>	-	-
a) Options	-	-	-	-	-	-	-	-
b) Swap	-	23,445	-	-	-	17,359	-	-
c) Forward	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
<b>4. Commodities</b>	-	-	-	-	-	-	-	-
<b>5. Other</b>	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3,318</b>	<b>343,927</b>	<b>119,787</b>	-	<b>2,378</b>	<b>278,823</b>	<b>203,815</b>	-

##### A.2 Hedging financial derivatives: positive and negative gross fair value - breakdown by product

(€ million)

TYPE OF DERIVATIVES	AMOUNT AS AT 12.31.2020				AMOUNT AS AT 12.31.2019				AMOUNT AS AT 12.31.2020	AMOUNT AS AT 12.31.2019
	POSITIVE AND NEGATIVE FAIR VALUE			ORGANISED MARKETS	POSITIVE AND NEGATIVE FAIR VALUE			CHANGES IN VALUE USED TO CALCULATE HEDGE INEFFECTIVENESS		
	OVER THE COUNTER		ORGANISED MARKETS		OVER THE COUNTER		ORGANISED MARKETS			
	CENTRAL COUNTERPARTIES	WITHOUT CENTRAL COUNTERPARTIES			CENTRAL COUNTERPARTIES	WITHOUT CENTRAL COUNTERPARTIES				
	WITH NETTING AGREEMENT	WITHOUT NETTING AGREEMENT		WITH NETTING AGREEMENT	WITHOUT NETTING AGREEMENT					
<b>1. Positive fair value</b>										
a) Options	-	116	-	-	-	-	-	-	-	
b) Interest rate swap	4	5,165	-	6	4,872	-	-	-	-	
c) Cross currency swap	-	734	-	-	198	-	-	-	-	
d) Equity swap	-	-	-	-	-	-	-	-	-	
e) Forward	-	-	-	-	-	-	-	-	-	
f) Futures	-	-	114	-	-	146	-	-	-	
g) Other	-	-	-	-	-	-	-	-	-	
<b>Total</b>	<b>4</b>	<b>6,015</b>	<b>114</b>	<b>6</b>	<b>5,070</b>	<b>146</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>2. Negative fair value</b>										
a) Options	-	164	-	-	87	-	-	-	-	
b) Interest rate swap	55	4,661	-	49	4,449	-	-	-	-	
c) Cross currency swap	-	1,025	-	-	130	-	-	-	-	
d) Equity swap	-	-	-	-	-	-	-	-	-	
e) Forward	-	-	-	-	-	-	-	-	-	
f) Futures	-	-	126	-	-	166	-	-	-	
g) Other	-	-	-	-	-	-	-	-	-	
<b>Total</b>	<b>55</b>	<b>5,850</b>	<b>126</b>	<b>49</b>	<b>4,666</b>	<b>166</b>	<b>-</b>	<b>-</b>	<b>-</b>	

## Part E - Information on risks and hedging policies

## A.3 OTC hedging financial derivatives: notional amounts, positive and negative gross fair value by counterparty

(€ million)

UNDERLYING ACTIVITIES	AMOUNTS AS AT 12.31.2020			
	CENTRAL COUNTERPARTIES	BANKS	OTHER FINANCIAL COMPANIES	OTHER ENTITIES
<b>Contracts not included in netting agreement</b>				
<b>1) Debt securities and interest rate indexes</b>				
- Notional amount	X	119,787	-	-
- Positive fair value	X	114	-	-
- Negative fair value	X	126	-	-
<b>2) Equity instruments and stock indexes</b>				
- Notional amount	X	-	-	-
- Positive fair value	X	-	-	-
- Negative fair value	X	-	-	-
<b>3) Gold and currencies</b>				
- Notional amount	X	-	-	-
- Positive fair value	X	-	-	-
- Negative fair value	X	-	-	-
<b>4) Commodities</b>				
- Notional amount	X	-	-	-
- Positive fair value	X	-	-	-
- Negative fair value	X	-	-	-
<b>5) Other</b>				
- Notional amount	X	-	-	-
- Positive fair value	X	-	-	-
- Negative fair value	X	-	-	-
<b>Contracts included in netting agreement</b>				
<b>1) Debt securities and interest rate indexes</b>				
- Notional amount	3,318	319,644	837	-
- Positive fair value	4	5,268	12	-
- Negative fair value	55	4,784	41	-
<b>2) Equity instruments and stock indexes</b>				
- Notional amount	-	-	-	-
- Positive fair value	-	-	-	-
- Negative fair value	-	-	-	-
<b>3) Gold and currencies</b>				
- Notional amount	-	23,065	379	-
- Positive fair value	-	717	17	-
- Negative fair value	-	1,025	-	-
<b>4) Commodities</b>				
- Notional amount	-	-	-	-
- Positive fair value	-	-	-	-
- Negative fair value	-	-	-	-
<b>5) Other</b>				
- Notional amount	-	-	-	-
- Positive fair value	-	-	-	-
- Negative fair value	-	-	-	-

## Part E - Information on risks and 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	171,135	204,511	67,940	443,586
A.2	Financial derivative contracts on equity securities and stock indexes	-	-	-	-
A.3	Financial derivative contracts on exchange rates and gold	406	16,675	6,364	23,445
A.4	Financial derivative contracts on other values	-	-	-	-
A.5	Other financial derivatives	-	-	-	-
<b>Total</b>	<b>12.31.2020</b>	<b>171,541</b>	<b>221,186</b>	<b>74,304</b>	<b>467,031</b>
<b>Total</b>	<b>12.31.2019</b>	<b>183,309</b>	<b>232,114</b>	<b>69,595</b>	<b>485,018</b>

*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.

*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.

## Part E - Information on risks and hedging policies

## Micro hedging and macro hedging: breakdown by hedged item and risk type

	(€ million)	
	AMOUNT AS AT	12.31.2020
	MICRO HEDGE: CARRYING AMOUNT	MACRO HEDGE: CARRYING AMOUNT
<b>A) Fair value hedge</b>		
<b>1. Assets</b>		
<b>1.1 Financial assets measured at fair value through other comprehensive income</b>	<b>29,779</b>	<b>-</b>
1.1.1 Interest rate	29,779	X
1.1.2 Equity	-	X
1.1.3 Foreign exchange and gold	-	X
1.1.4 Credit	-	X
1.1.5 Other	-	X
<b>1.2 Financial assets measured at amortised cost</b>	<b>26,587</b>	<b>2,435</b>
1.2.1 Interest rate	26,587	X
1.2.2 Equity	-	X
1.2.3 Foreign exchange and gold	-	X
1.2.4 Credit	-	X
1.2.5 Other	-	X
<b>2. Liabilities</b>		
<b>2.1 Financial liabilities measured at amortised costs</b>	<b>-</b>	<b>3,432</b>
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>B) Cash flow hedge</b>		
<b>1. Assets</b>	<b>-</b>	<b>X</b>
1.1 Interest rate	-	X
1.2 Equity	-	X
1.3 Foreign exchange and gold	-	X
1.4 Credit	-	X
1.5 Other	-	X
<b>2. Liabilities</b>	<b>-</b>	<b>X</b>
2.1 Interest rate	-	X
2.2 Equity	-	X
2.3 Foreign exchange and gold	-	X
2.4 Credit	-	X
2.5 Other	-	X
<b>C) Hedge of net investments in foreign operations</b>	<b>-</b>	<b>X</b>
<b>D) Portfolio - Assets</b>	<b>X</b>	<b>-</b>
<b>E) Portfolio - Liabilities</b>	<b>X</b>	<b>-</b>

## 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 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

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 hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.4 Liquidity risk, Qualitative information, which is herewith quoted entirely.

The only difference is related with the amount of material outflows due to deterioration of own credit quality, included in the components of the Liquidity Coverage Ratio, which for UniCredit S.p.A. amount to €7,755 million as at 31 December 2020.

### Quantitative information

#### 1. Time breakdown by contractual residual maturity of financial assets and liabilities

(€ million)

ITEMS/MATURITY	AMOUNT AS AT 12.31.2020									
	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
<b>A. On-balance sheet assets</b>	<b>21,133</b>	<b>14,528</b>	<b>10,315</b>	<b>10,768</b>	<b>24,674</b>	<b>23,094</b>	<b>22,988</b>	<b>117,644</b>	<b>64,127</b>	<b>13,793</b>
A.1 Government securities	29	-	42	481	2,139	2,723	5,522	37,138	9,622	-
A.2 Other debt securities	8	2	31	102	62	298	240	6,193	8,562	38
A.3 Units in investment funds	1,464	-	-	-	-	-	-	-	-	-
A.4 Loans	19,632	14,526	10,242	10,185	22,473	20,073	17,226	74,313	45,943	13,755
- Banks	4,417	2,241	2,533	2,328	3,772	2,436	2,349	1,363	193	13,735
- Customers	15,215	12,285	7,709	7,857	18,701	17,637	14,877	72,950	45,750	20
<b>B. On-balance sheet liabilities</b>	<b>197,090</b>	<b>28,438</b>	<b>13,108</b>	<b>13,106</b>	<b>7,404</b>	<b>8,182</b>	<b>5,924</b>	<b>79,845</b>	<b>24,608</b>	<b>-</b>
B.1 Deposits and current accounts	190,388	2,541	827	2,002	764	111	94	35	2	-
- Banks	1,897	2,362	740	1,971	727	92	89	-	-	-
- Customers	188,491	179	87	31	37	19	5	35	2	-
B.2 Debt securities	28	429	2,344	1,457	2,983	4,871	4,636	26,619	21,399	-
B.3 Other liabilities	6,674	25,468	9,937	9,647	3,657	3,200	1,194	53,191	3,207	-
<b>C. Off-balance sheet transactions</b>										
C.1 Financial derivatives with capital swap										
- Long positions	-	9,530	5,099	5,142	18,942	11,423	9,764	27,669	10,016	-
- Short positions	-	9,903	4,749	5,188	18,791	10,380	8,512	27,919	10,013	-
C.2 Financial derivatives without capital swap										
- Long positions	4,624	425	341	650	2,352	3,225	4,794	-	-	-
- Short positions	4,684	449	148	462	3,226	2,568	4,617	-	-	-
C.3 Deposits and loans to be received										
- Long positions	182	11,771	-	-	-	1,083	472	-	-	-
- Short positions	-	3,688	4,679	2,188	864	534	1,555	-	-	-
C.4 Commitments to disburse funds										
- Long positions	58	15,334	762	306	929	493	319	1,540	2,228	-
- Short positions	21,870	52	-	-	6	40	-	-	-	-
C.5 Financial guarantees given	1	-	-	61	3	1	16	5	7	-
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 hedging policies

## 1. Time breakdown by contractual residual maturity of financial assets and liabilities - Currency: euro

(€ million)

ITEMS/MATURITY	AMOUNT AS AT 12.31.2020									
	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
<b>A. On-balance sheet assets</b>	<b>19,411</b>	<b>14,138</b>	<b>9,865</b>	<b>10,439</b>	<b>23,746</b>	<b>22,013</b>	<b>22,053</b>	<b>108,500</b>	<b>62,370</b>	<b>13,787</b>
A.1 Government securities	27	-	42	481	2,137	2,696	5,493	31,268	9,111	-
A.2 Other debt securities	8	2	28	102	58	293	229	5,662	7,916	32
A.3 Units in investment funds	1,240	-	-	-	-	-	-	-	-	-
A.4 Loans	18,136	14,136	9,795	9,856	21,551	19,024	16,331	71,570	45,343	13,755
- Banks	3,261	2,217	2,505	2,281	3,628	2,061	2,123	637	193	13,735
- Customers	14,875	11,919	7,290	7,575	17,923	16,963	14,208	70,933	45,150	20
<b>B. On-balance sheet liabilities</b>	<b>191,978</b>	<b>26,761</b>	<b>12,254</b>	<b>11,935</b>	<b>6,630</b>	<b>7,841</b>	<b>5,515</b>	<b>73,130</b>	<b>20,127</b>	<b>-</b>
B.1 Deposits and current accounts	186,191	1,211	66	1,103	30	8	15	35	2	-
- Banks	1,186	1,153	-	1,095	14	3	12	-	-	-
- Customers	185,005	58	66	8	16	5	3	35	2	-
B.2 Debt securities	28	418	2,251	1,416	2,947	4,639	4,317	19,933	16,918	-
B.3 Other liabilities	5,759	25,132	9,937	9,416	3,653	3,194	1,183	53,162	3,207	-
<b>C. Off-balance sheet transactions</b>										
C.1 Financial derivatives with capital swap										
- Long positions	-	3,762	2,404	1,576	7,851	6,017	3,613	11,743	4,777	-
- Short positions	-	5,419	2,224	3,573	9,976	4,295	2,775	11,411	4,800	-
C.2 Financial derivatives without capital swap										
- Long positions	3,124	425	140	649	2,293	2,528	3,843	-	-	-
- Short positions	3,167	408	55	462	2,930	2,177	3,887	-	-	-
C.3 Deposits and loans to be received										
- Long positions	-	11,771	-	-	-	1,083	472	-	-	-
- Short positions	-	3,658	4,557	2,164	858	534	1,555	-	-	-
C.4 Commitments to disburse funds										
- Long positions	20	15,334	762	306	922	489	319	1,506	1,950	-
- Short positions	21,568	10	-	-	-	40	-	-	-	-
C.5 Financial guarantees given	1	-	-	61	1	1	14	5	7	-
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 hedging policies

## 1. Time breakdown by contractual residual maturity of financial assets and liabilities - Currency: other currencies

(€ million)

ITEMS/MATURITY	AMOUNT AS AT 12.31.2020									
	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
<b>A. On-balance sheet assets</b>	<b>1,722</b>	<b>390</b>	<b>450</b>	<b>329</b>	<b>928</b>	<b>1,081</b>	<b>935</b>	<b>9,144</b>	<b>1,757</b>	<b>6</b>
A.1 Government securities	2	-	-	-	2	27	29	5,870	511	-
A.2 Other debt securities	-	-	3	-	4	5	11	531	646	6
A.3 Units in investment funds	224	-	-	-	-	-	-	-	-	-
A.4 Loans	1,496	390	447	329	922	1,049	895	2,743	600	-
- Banks	1,156	24	28	47	144	375	226	726	-	-
- Customers	340	366	419	282	778	674	669	2,017	600	-
<b>B. On-balance sheet liabilities</b>	<b>5,112</b>	<b>1,677</b>	<b>854</b>	<b>1,171</b>	<b>774</b>	<b>341</b>	<b>409</b>	<b>6,715</b>	<b>4,481</b>	<b>-</b>
B.1 Deposits and current accounts	4,197	1,330	761	899	734	103	79	-	-	-
- Banks	711	1,209	740	876	713	89	77	-	-	-
- Customers	3,486	121	21	23	21	14	2	-	-	-
B.2 Debt securities	-	11	93	41	36	232	319	6,686	4,481	-
B.3 Other liabilities	915	336	-	231	4	6	11	29	-	-
<b>C. Off-balance sheet transactions</b>										
C.1 Financial derivatives with capital swap										
- Long positions	-	5,768	2,695	3,566	11,091	5,406	6,151	15,926	5,239	-
- Short positions	-	4,484	2,525	1,615	8,815	6,085	5,737	16,508	5,213	-
C.2 Financial derivatives without capital swap										
- Long positions	1,500	-	201	1	59	697	951	-	-	-
- Short positions	1,517	41	93	-	296	391	730	-	-	-
C.3 Deposits and loans to be received										
- Long positions	182	-	-	-	-	-	-	-	-	-
- Short positions	-	30	122	24	6	-	-	-	-	-
C.4 Commitments to disburse funds										
- Long positions	38	-	-	-	7	4	-	34	278	-
- Short positions	312	42	-	-	6	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	2	-	2	-	-	-
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	-	-	-	-	-	-	-	-	-	-

## 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 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 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. Risk arising from employment law cases" of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part E - Information on risks and 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 hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.5 Operational risks, Qualitative information, which is herewith quoted entirely.

## Part E - Information on risks and hedging policies

### **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 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 aforementioned communication of the Bank of Italy, the Bank noted the guidelines issued by the Authority adapting to the framework outlined, and has carried out the appropriate assessments, also to preserve the quality of the customers relationship.

### *Diamond offer*

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

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

In 2017 UniCredit 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 assessing the absence of responsibility for its role as "Introducer"; nevertheless, the AGCM ascertained UniCredit's responsibility for unfair commercial practice (confirmed in appeal by the Administrative Regional Court in the second half of 2018), imposing, in 2017, a fine of €4 million paid in the same year. UniCredit has filed an appeal to the Council of State. The proceedings are pending.

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

As at 31 December 2020, UniCredit:

- received reimbursement requests for a total amount of about €404 million (cost originally incurred by the Clients) from No.11,975 Customers; according to a preliminary analysis, such requests fulfill the requirements envisaged by the "customer care" initiative; the finalisation of the reimbursement requests is currently carried out, aimed at assessing their effective compliance with the "customer care" initiative, and then proceed with the settlement where conditions recur;
- with reference to the scope outlined in the previous point (€404 million), reimbursed No.8,031 customers for about €302 million (equivalent value of original purchases), equal to about 75% of the reimbursement requests said above.

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

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

## Part E - Information on risks and hedging policies

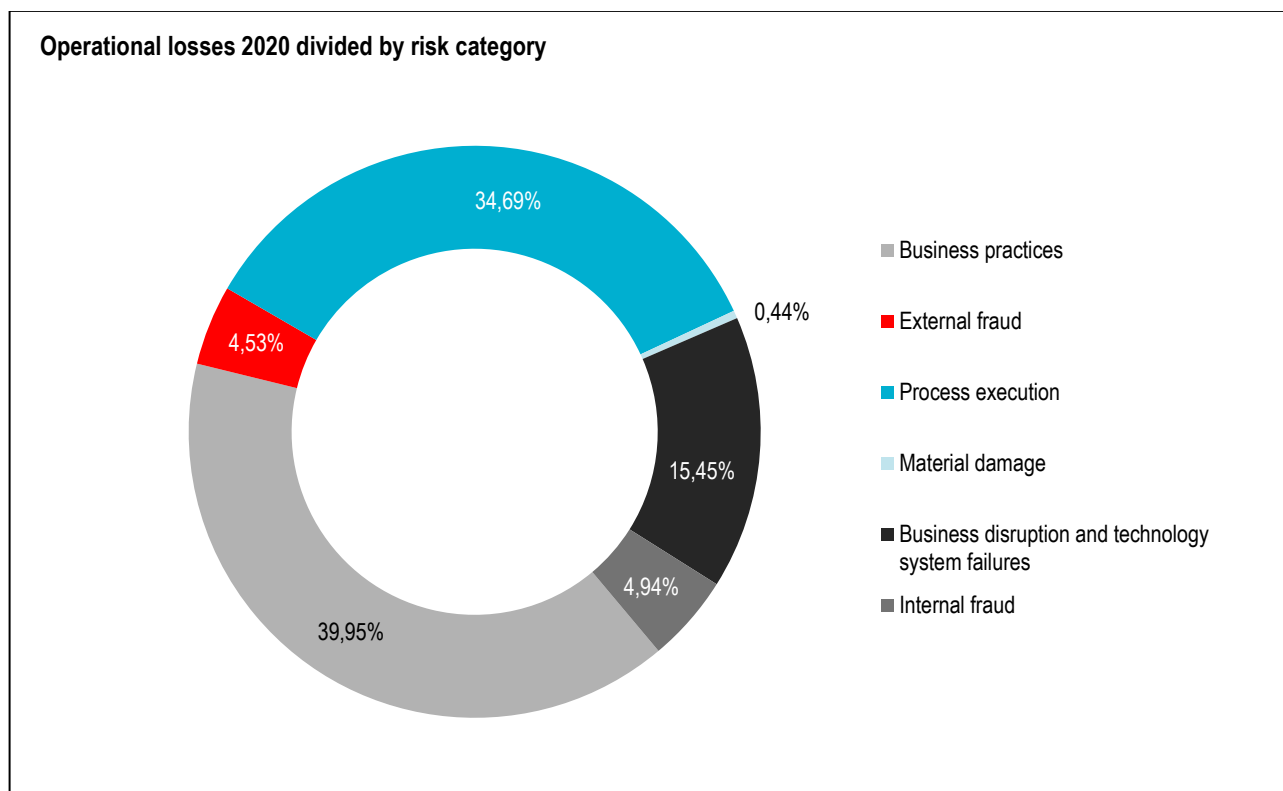
On 19 February 2019, the judge in charge of the preliminary investigation at the Court of Milan issued an interim seizure directed to UniCredit and other financial institutions aimed at: (i) direct confiscation of the amount of €33 million against UniCredit for the offence of aggravated fraud and (ii)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

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

In September 2020, a new notice pursuant to article 415-bis of the Italian code of criminal procedure was served on certain individuals already involved in the proceedings. The allegations against the UniCredit individuals only pertain to the offence of fraud. Such new allegations do not modify the overall investigative framework as per the notice served in the autumn of 2019. Following the notification of the notices pursuant to article 415-bis, if the Public Prosecutor determines to request the indictment for all or part of the subjects involved, the preliminary hearing phase will take place.

### 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 hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.5 Operational risks, which is herewith quoted entirely.



The category "employment practices" is not shown in the chart since it has a positive impact in the reference period due to the effects of recoveries and releases of funds.

In 2020, the main sources of operational risk refers to "Business practices" and "process execution".

The third largest contribution to losses refers to "Business disruption and technology system failures", in which the costs to restore business after Covid-19 pandemic event, that in the first half of 2020 were included in the category "material damage", have been reallocated; this reallocation was necessary due to the update that EBA published in December 2020 "EBA Report on the implementation of selected Covid-19 policies". The incidence of Covid-19 costs represents 95% of the amount of losses in the Business disruption and technology system failures category. There were also, in decreasing order, losses stemming from internal fraud, external fraud and material damages.

## Part E - Information on risks and 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 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 hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.6 Other risks, which is herewith quoted entirely.

#### **Top and emerging risk**

Reference is made to the paragraph “Top and emerging risk” of the Consolidated financial statements of UniCredit group, Notes to the consolidated accounts Part E - Information on risks and 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

ITEMS/VALUES	AMOUNT AS AT	
	12.31.2020	12.31.2019
<b>1. Share capital</b>	<b>21,060</b>	<b>20,995</b>
<b>2. Share premium reserve</b>	<b>9,386</b>	<b>13,225</b>
<b>3. Reserves</b>	<b>14,545</b>	<b>11,783</b>
- from profits	9,664	7,108
a) legal	1,518	1,518
b) statutory	7,380	7,504
c) treasury shares	-	-
d) other	766	(1,914)
- other <sup>(*)</sup>	4,881	4,675
<b>4. Equity instruments</b>	<b>6,841</b>	<b>5,602</b>
<b>5. Treasury shares</b>	<b>(2)</b>	<b>(2)</b>
<b>6. Revaluation reserves</b>	<b>395</b>	<b>471</b>
- Equity instruments designated at fair value through other comprehensive income	(350)	(242)
- 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	433	250
- Property, plant and equipment	518	510
- Intangible assets	-	-
- Hedges of foreign investments	-	-
- Cash flow hedges	(103)	(31)
- Foreign investments hedging	-	-
- Exchange differences	-	-
- Non-current assets and disposal groups classified as held for sale	-	-
- Financial liabilities designated at fair value through profit or loss (own creditworthiness changes)	(144)	(71)
- Actuarial gains (losses) on defined benefit plans	(236)	(222)
- Changes in valuation reserve pertaining to equity method investments	-	-
- Special revaluation laws	277	277
<b>7. Net profit (loss)</b>	<b>(2,732)</b>	<b>(555)</b>
<b>Total</b>	<b>49,493</b>	<b>51,519</b>

## Note:

(\*) The sub-item "Reserves - other" includes the "Reserve of treasury shares" (€2 million), originally formed with the withdrawal from the "Share premium reserve", as well as a part of the "Legal reserve" (€2,683 million) also constituted, as resolved by the approval of the Ordinary Shareholders' Meeting of 11 May 2013, 13 May 2014 and 4 April 2016, with the withdrawal from the "Share premium reserve".

Shareholders' equity as at 31 December 2020, additionally to the changes in capital explained in detail in Part B, Section 12 - Shareholders' equity, reflects, among the others, the changes resulting from the ordinary Shareholders' Meeting resolutions of 9 April 2020 regarding:

- coverage the entire loss from the 2019 financial year through the use of the Share premium reserve for (€555 million);
- coverage of the negative reserves totaling €3,408 million, partly by the use of Share premium reserve to eliminate the negative components related to the payment of AT1 coupons (€525 million) and to the first time adoption of the IFRS9 (€2,759 million) and partly by use of the Statutory reserve to cover the negative reserve arising from the payment of usufruct fees related to Cashes (€124 million).

## Part F - Shareholders' equity

### B.2 Revaluation reserves of financial assets at fair value through other comprehensive income: breakdown

(€ million)

ASSETS/VALUES	AMOUNT AS AT 12.31.2020		AMOUNT AS AT 12.31.2019	
	POSITIVE RESERVE	NEGATIVE RESERVE	POSITIVE RESERVE	NEGATIVE RESERVE
1. Debt securities	466	(33)	291	(40)
2. Equity securities	28	(378)	63	(305)
3. Loans	-	-	-	-
<b>Total</b>	<b>494</b>	<b>(411)</b>	<b>354</b>	<b>(345)</b>

### B.3 Revaluation reserves of financial assets at fair value through other comprehensive income: annual change

(€ million)

ASSETS/VALUES	CHANGES IN 2020		
	DEBT SECURITIES	EQUITY SECURITIES	LOANS
<b>1. Opening balance</b>	<b>251</b>	<b>(242)</b>	<b>-</b>
<b>2. Positive changes</b>	<b>480</b>	<b>19</b>	<b>-</b>
2.1 Fair value increases	429	3	-
2.2 Net losses on impairment	-	X	-
2.3 Reclassification through profit or loss of negative reserves: following disposal	51	X	-
2.4 Transfers to other comprehensive shareholders' equity (equity instruments)	-	13	-
2.5 Other changes	-	3	-
<b>3. Negative changes</b>	<b>(298)</b>	<b>(127)</b>	<b>-</b>
3.1 Fair value reductions	(228)	(69)	-
3.2 Recoveries on impairment	(2)	-	-
3.3 Reclassification through profit or loss of positive reserves: following disposal	(64)	X	-
3.4 Transfers to other comprehensive shareholders' equity (equity instruments)	-	(34)	-
3.5 Other changes	(4)	(24)	-
<b>4. Closing balance</b>	<b>433</b>	<b>(350)</b>	<b>-</b>

### B.4 Revaluation reserves to defined benefit plan: annual changes

(€ million)

	CHANGES IN	
	2020	2019
<b>1. Net opening balance</b>	<b>(222)</b>	<b>(194)</b>
<b>2. Positive changes</b>	<b>-</b>	<b>-</b>
2.1 Fair value increase	-	-
2.2 Other changes	-	-
<b>3. Negative changes</b>	<b>(14)</b>	<b>(28)</b>
3.1 Fair value reductions	(14)	(28)
3.2 Other changes	-	-
<b>4. Closing balance</b>	<b>(236)</b>	<b>(222)</b>

## 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 2020, 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 2020 on business combinations completed in previous years.

## Part H - Related-party transactions

### Introduction

Reference is made to the paragraph “Part H - Related-party transactions” 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 2020 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. Key management personnel include the Chief Executive Officer and the other members of the Board of Directors, the Statutory Auditors and the other Senior Executive Vice Presidents directly reporting to the Board of Directors or to the Chief Executive Officer.

#### Remuneration paid to key management personnel (including directors)

	(€ million)	
	YEAR 2020	YEAR 2019
a) short-term employee benefits	18	16
b) post-retirement benefits	1	1
<i>of which: under defined benefit plans</i>	-	-
<i>of which: under defined contribution plans</i>	1	1
c) other long-term benefits	-	-
d) termination benefits	-	4
e) share-based payments	9	5
<b>Total</b>	<b>28</b>	<b>26</b>

The information reported above include the compensation paid to Directors (€3.9 million), Statutory Auditors (€0.9 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 “*2020 Group Remuneration Policy*”, and about €12 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 substantial stability versus 2019, in line with the approach to remuneration that had been adopted during Transform 2019 plan and confirmed with the Team 23 Plan. The €2 million increase in the total compensation versus the previous year is linked to:

- the enlargement by one unit of the management team with strategic responsibilities, and
- the greater impact of costs for share-based payments, mainly related to the CEO.

Conversely, there were no costs related to severance payments during 2020, compared to 4 million in the previous year.



## 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

	AMOUNTS AS AT 12.31.2020						% ON ACCOUNTS ITEM	SHAREHOLDERS <sup>(*)</sup>	% ON ACCOUNTS ITEM
	CONTROLLED	JOINT VENTURES	ASSOCIATED COMPANIES	KEY MANAGEMENT PERSONNEL	OTHER RELATED PARTIES	TOTAL			
Financial assets at fair value through profit or loss	5,111	-	-	-	-	5,111	32.56%	-	-
a) Financial assets held for trading	3,105	-	-	-	-	3,105	27.63%	-	-
b) Financial assets designated at fair value	-	-	-	-	-	-	-	-	-
c) Other financial assets mandatorily at fair value	2,006	-	-	-	-	2,006	46.09%	-	-
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-
Financial assets at amortised cost	35,843	-	1,554	1	1	37,399	13.35%	-	-
a) Loans and advances to banks	12,670	-	974	-	-	13,644	32.63%	-	-
b) Loans and advances to customers	23,173	-	580	1	1	23,755	9.96%	-	-
Hedging derivatives (assets)	5,943	-	-	-	-	5,943	96.92%	-	-
Non-current assets and disposal groups classified as held for sale	-	115	-	-	-	115	45.10%	-	-
Other assets	300	-	-	-	-	300	8.16%	-	-
<b>Total assets</b>	<b>47,197</b>	<b>115</b>	<b>1,554</b>	<b>1</b>	<b>1</b>	<b>48,868</b>	<b>14.38%</b>	-	-
Financial liabilities at amortised cost	22,494	22	354	5	215	23,090	6.25%	-	-
a) Deposits from banks	20,078	-	2	-	-	20,080	22.49%	-	-
b) Deposits from customers	510	22	352	5	215	1,104	0.50%	-	-
c) Debt securities in issue	1,906	-	-	-	-	1,906	3.23%	-	-
Financial liabilities held for trading and designated at fair value	4,905	-	-	-	-	4,905	33.75%	-	-
Hedging derivatives (liabilities)	5,670	-	-	-	-	5,670	94.01%	-	-
Liabilities associated with disposal groups classified as held for sale	-	-	-	-	-	-	-	-	-
Other liabilities	170	-	-	-	-	170	2.53%	-	-
<b>Total liabilities</b>	<b>33,239</b>	<b>22</b>	<b>354</b>	<b>5</b>	<b>215</b>	<b>33,835</b>	<b>8.53%</b>	-	-
Commitments and guarantees given	23,641	44	254	1	-	23,940	13.95%	-	-

**Note:**

(\*) Shareholders and related companies holding more than 2% of voting shares in UniCredit.

Other assets mandatory at fair value include UniCredit Bank AG'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 €1,797 million, with a revaluation of €97 million into Profit & Loss.

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

	AMOUNTS AS AT 12.31.2020						(€ million)		
	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	(198)	(1)	83	-	-	(116)	2.53%	1	0.02%
20. Interest expenses and similar charges	917	-	-	-	-	917	79.53%	-	-
<b>30. Net interest margin</b>	<b>719</b>	<b>(1)</b>	<b>83</b>	<b>-</b>	<b>-</b>	<b>801</b>	<b>23.34%</b>	<b>1</b>	<b>0.03%</b>
40. Fees and commissions income	103	-	656	-	-	759	18.63%	-	-
50. Fees and commissions expenses	(180)	-	-	-	-	(180)	33.52%	-	-
<b>60. Net fees and commissions</b>	<b>(77)</b>	<b>-</b>	<b>656</b>	<b>-</b>	<b>-</b>	<b>579</b>	<b>16.37%</b>	<b>-</b>	<b>-</b>
80. Net gains (losses) on trading	(865)	-	-	-	-	(865)	n.m.	-	-
90. Net gains (losses) on hedge accounting	(59)	-	-	-	-	(59)	n.m.	-	-
100. Gains (Losses) on disposal and repurchase of	-	-	-	-	-	-	-	-	-
a) Financial assets at amortised cost	-	-	-	-	-	-	-	-	-
b) Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-
c) Financial liabilities	-	-	-	-	-	-	-	-	-
110. Net gains (losses) on other financial assets/liabilities at fair value through profit or loss	97	-	-	-	-	97	70.80%	-	-
a) Financial assets/liabilities designated at fair value	-	-	-	-	-	-	-	-	-
b) Other financial assets mandatorily at fair value	97	-	-	-	-	97	n.m.	-	-
<b>120. Operating income</b>	<b>(185)</b>	<b>(1)</b>	<b>739</b>	<b>-</b>	<b>-</b>	<b>553</b>	<b>4.97%</b>	<b>1</b>	<b>0.01%</b>
130. Net losses/recoveries on credit impairment relating to	(73)	-	(13)	-	-	(86)	3.13%	-	-
a) Financial assets at amortised cost	(73)	-	(13)	-	-	(86)	3.15%	-	-
b) Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-
140. Gains/Losses from contractual changes with no cancellations	-	-	-	-	-	-	-	-	-
190. Administrative expenses	(915)	-	(2)	-	(2)	(919)	14.43%	-	-
a) Staff costs	5	-	(1)	-	-	4	0.10%	-	-
b) Other administrative expenses	(920)	-	(1)	-	(2)	(923)	37.97%	-	-
200. Net provisions for risks and charges	1	-	-	-	-	1	0.64%	-	-
230. Other operating expenses/income	39	-	(59)	-	-	(20)	n.s.	-	-
<b>240. Operating costs</b>	<b>(875)</b>	<b>-</b>	<b>(61)</b>	<b>-</b>	<b>(2)</b>	<b>(938)</b>	<b>14.85%</b>	<b>-</b>	<b>-</b>

**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, 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 for the transactions related to UniCredit S.p.A.. Moreover with specific reference to the obligations toward UniCredit Bank Austria ("UCBA"), in the context of Wien *Permanent establishment*, refer to Part A - Accounting policies, Section 4 - Other matters of the present Notes to the accounts.

## 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.

#### 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)

	2020		2019	
	TOTAL	VESTED PLANS	TOTAL	VESTED PLANS
<b>(Costs)/Revenues</b>	<b>(26)</b>		<b>(27)</b>	
- connected to equity-settled plan <sup>(1)</sup>	(25)		(27)	
- connected to cash-settled plans	(1)		-	
<b>Debts for cash-settled plans</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Note:**

(1) Includes costs for €1.6 million related to golden parachute.

## Part L - Segment reporting

Segment reporting of UniCredit S.p.A., parent company of the UniCredit banking group, 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 (eg. 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 (section to refer to).

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 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, in this respect 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 "160. Administrative expenses" on an accrual basis.

#### Quantitative information

The book value of the rights of use arising from lease contracts are exposed in Part B - Balance sheet - Assets, Section 8 - Property, plant and equipment of the Notes to the accounts.

During the year, these rights of use resulted in the recognition of depreciations for €180 million of which:

- €174 million relating to buildings;
- €6 million relating to the other category (eg. cars).

In addition, impairment for €22 million has been booked.

With reference to leasing liabilities, the related book value is shown in Part B - Balance sheet - Liabilities, Section 1 - Financial liabilities at amortised cost of the Notes to the accounts (section to refer to).

During the year, these lease liabilities led to the recognition of interest expenses shown in Part C - Income statement, Section 1 - Interests of the Notes to the accounts.

With reference to short-term leases and leases of low value assets, it should be noted that during the year, rentals were accounted for €56 million. It should be noted 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 operating income for €17 million.

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", 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 to parties external to the Group.

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 Part B - Balance sheet - Assets, Section 4 - Financial assets at amortised cost of these Notes to the accounts.

Such loans determined, during the year, interest income shown in Part C - Income statement, Section 1 - Interests of Notes to the accounts.

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: €102 million;
- Buildings: €218 million.

Rentals recognised on an accrual basis during the year for leasing of these activities are shown in Part C - Income statement, Section 14 - Other operating expenses/income of these Notes to the accounts.

##### 2. Financial leases

##### 2.1 Classification for time bucket of Payments to be received and Reconciliation with Lease Loans booked in the Assets

TIME BUCKET	(€ million)	
	12.31.2020	12.31.2019
	PAYMENTS TO BE RECEIVED FOR LEASE	PAYMENTS TO BE RECEIVED FOR LEASE
Up to 1 year	-	6
1 year to 2 years	-	-
2 year to 3 years	2	1
3 year to 4 years	3	4
4 year to 5 years	2	2
Over 5 years	70	84
<b>Total Payments to be received for lease</b>	<b>77</b>	<b>97</b>
<b>RECONCILIATION WITH LOANS</b>		
Unpaid Financial Profits (-)	-	-
Not guaranteed Residual Amount (-)	-	-
<b>Lease Loans</b>	<b>77</b>	<b>97</b>

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 €76 million shown among the Assets - Section 4 - Financial assets at amortised cost of these Notes to the accounts.

##### 2.2 Other information

With regard to financial leases, the credit risk associated with the contract is managed according to what is stated in Part E - Information on risks and hedging policies, Section 1 - Credit risk of the Notes to the accounts (section to referred to).

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

TIME BUCKET	(€ million)	
	12.31.2020	12.31.2019
	PAYMENTS TO BE RECEIVED FOR LEASE	PAYMENTS TO BE RECEIVED FOR LEASE
Up to 1 year	20	18
1 year to 2 years	19	17
2 year to 3 years	19	17
3 year to 4 years	19	17
4 year to 5 years	18	16
Over 5 years	97	88
<b>Total</b>	<b>192</b>	<b>173</b>

#### 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 Jean Pierre Mustier (as Chief Executive Officer) and Stefano Porro (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 applicationof the administrative and accounting procedures employed to draw up the 2020 Annual Financial Statements.
2. The adequacy of the administrative and accounting procedures employed to draw up the 2020 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 2020 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, 10 February 2021

Jean Pierre MUSTIER



Stefano PORRO





# Report of the Board of Statutory auditors

(English translation of the Italian original document)

**BOARD OF STATUTORY AUDITORS' REPORT  
TO THE SHAREHOLDERS MEETING OF 15 APRIL 2021  
(PURSUANT TO ART.153 OF ITALIAN LEGISLATIVE DECREE N.58/1998 AND ART.2429, PAR. 2, OF THE ITALIAN CIVIL CODE)**

Dear Shareholders,

the Board of Statutory Auditors (hereinafter, also the "BoSA") 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 Art.153 of Italian Legislative Decree No.58/1998 (Consolidated law on finance TUF) and Art.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 2020, the Board of Statutory Auditors performed its institutional duties in compliance with the Italian Civil Code, Italian Legislative Decree No.385/1993 (Consolidated law on banking TUB), No.58/1998 (TUF) and No.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).

## 1. Appointment and activities of the Board of Statutory Auditors

On 11 April 2019, the Shareholders' Meeting of UniCredit S.p.A. renewed the Board of Statutory Auditors, which had lapsed from office after completing its three-year term, appointing its members for the subsequent period and until the approval of the financial statements at 31 December 2021. These were Mr. Marco Rigotti (Chairman), Ms. Antonella Bientinesi, Mr. Angelo Rocco Bonisconi, Ms. Benedetta Navarra and Mr. Guido Paolucci (Permanent Statutory Auditors). The Statutory Auditors Ms. Antonella Bientinesi, Mr. Angelo Rocco Bonisconi, Ms. Benedetta Navarra and Mr. Guido Paolucci were already present in the previous composition of the BoSA.

The Board of Directors of UniCredit, in its meeting held on 6 February 2019, approved by resolution to charge the Board of Statutory Auditors with the functions of Supervisory Body pursuant to Italian Legislative Decree No.231/2001 as from its aforementioned renewal for the financial years 2019-2021. Until the renewal of the Board of Statutory Auditors, the previous organizational structure was therefore maintained, entrusting these functions to an independent body, specifically set up for this purpose, composed of external members and senior executives of the Company with the task of guidance, support and control functions.

During the year 2020, the Board of Statutory Auditors held overall No.62 meetings with an average duration of about 3 hours and 40 minutes, of which No.50 as ordinary session and No.12 acting as 231 Supervisory Body's:

During 2021 and until the date of the present Report, the Board of Statutory Auditors met 12 times.

During 2020, the Board of Statutory Auditors attended all the meetings of the Board of Directors (on one occasion, a BoSA Member was unable to attend). The Shareholders' Meeting held on 9 April 2020 was attended only by the Chairman of the Board of Statutory Auditors due to limitations caused by the epidemiological emergency.

In compliance with the provisions of the "UniCredit - Corporate Bodies and Committees Regulation", during 2020, the Chairman of the Board of Statutory Auditors, attended all meetings of the Internal Controls & Risks Committee ("IC&RC"), as a permanent guest; the entire Board of Statutory Auditors also attended these Committee meetings, when issues of common interest were discussed (annual and half-yearly financial reports and accounting issues).

Starting from May 2020, individual members of the Board of Statutory Auditors have attended (with rotation on a six-month basis) the meetings of the Related Parties and Remuneration Committees, while the Chairman of the Board of Statutory Auditors has attended the meetings of the Corporate Governance, Nomination and Sustainability Committee. Starting from May 2020, the Internal Controls & Risks Committee has also been attended by another Statutory Auditor (with rotation on a six-month basis).

## Report of the Board of Statutory auditors

In short, in 2020:

- The Chairman Mr. Rigotti attended No.17 meetings of the Internal Controls & Risks Committee, and No.10 meetings of the Corporate Governance, Nomination and Sustainability Committee;
- The Statutory Auditor Ms. Bientinesi attended No.2 meetings of the Internal Controls and Risks Committee, and No.1 meeting of the Remuneration Committee and No.1 meeting of the Related Parties Committee;
- The Statutory Auditor Mr. Bonisconi attended No.6 meetings of the Internal Controls & Risks Committee, and No.1 meeting of the Remuneration Committee;
- The Statutory Auditor Ms. Navarra attended No.3 meetings of the Internal Controls & Risks Committee, and No.6 meetings of the Related Parties Committees;
- The Statutory Auditor Mr. Paolucci attended No.10 meetings of the Internal Controls & Risks Committee, and No.6 meetings of the Remuneration Committee.

The members of the Board of Statutory Auditors also participated to the permanent induction program for the members of the Board of Directors, as well as to specific meetings with the Directors, also open to the Statutory Auditors, dedicated to the perspectives and key elements of the strategy of the Group and the entire European Banking Sector.

### 2. Group activities development operations and other corporate transactions

As stated in the Consolidated Annual Report, the Covid-19 pandemic deeply affected the macroeconomic environment, with serious impacts on communities, employees, and customers. International and domestic economic activity, affected by progressive and repeated lockdown phases, has suffered serious consequences since the early months of 2020, with unavoidable impacts on the Group profit.

From the main effects of Covid-19 observed, important to be noticed are the following:

- negative impacts on the retail loans demand and on the corporate loans interest rates, even following the facilitation of loans with state guarantees, with resulting decrease on the interest margin;
- decreases of the commissions, in all service areas;
- additional costs, specifically for devices and equipment needed for the employee's protection and for a massive transfer to a remote way of working (smart working);
- worsening of the cost of risk because of higher provisions on loans, in the current environment that continues to be characterised by highly uncertain elements. In this respect during 2020, €5.0 billion loan loss provisions have been detected, of which €2.2 billion overlay.

In relation to the crisis caused by the Covid-19 pandemic, the Board of Statutory Auditors noted that the Group ensured an effective operational response, thanks to the acceleration and the strengthening of some digitalization initiatives already provided for by the strategic guidelines of the UniCredit 2020-2023 Team 23 Strategic Plan approved in December 2019 (hereinafter, also referred to as the "Team 23 Plan" or the "Plan"), with the aim to increase the product range and services accessible remotely by the customers, and to improve the service level granted by all the channels operating as a complement of the physical network of branches.

As indicated by the Directors in the financial statements report, the Bank's digital transformation plan has been further accelerated through a series of new investments and initiatives aimed at a wider customer service model review, that is evolving from a setting mainly based on the physical interaction to a model where the Bank/Customer interaction will be designed basing on the needs and preferences of the latter.

Measures have also been activated to protect the health, safety, and well-being of all stakeholders, including, for example, the "remote working" massive adoption for the employees of the headquarters, and the introduction of specific measures for the access and use of the branches.

In this context, the Board of Statutory Auditors has noted, through the information gathered during its meetings and the related analyses carried out, as well as through its attendance at the Board of Directors' meetings, how, during 2020, the Group's activity, with the purpose of maximising the added value for the investors was oriented towards realizing the strategic priorities of the Team 23 Plan.

The financial objectives of the "Team 23" Plan, in light of the worsening macroeconomic context and the consequent cost of risk reviewed estimates can no longer be considered as reachable for 2020 and no longer valid for 2021, while confirming the strategic priorities communicated last December 2019. The current picture of strong uncertainty and volatility does not allow yet to pursue an overall final valuation of the impacts on the medium-long term objectives of the Plan, to determine whether also these ones are still valid or not.

In this context, the Board of Statutory Auditors considers that an update of the Team 23 Plan that reflects the current conditions, may be approved during 2021 by the new Board of Directors, which will be appointed by the Annual General Meeting scheduled for 15 April 2021.

The necessary analyses, which have already started during the second part of 2020, are likely to be finalised in the coming months of 2021.

In the financial-economic context deteriorated by the Covid-19-crisis, the Group recorded in 2020 a net loss of €2,785 million, compared with the €3,373 million of net profit achieved in 2019.

## Report of the Board of Statutory auditors

The net loss of the Group in 2020 was also impacted by the accounting of some non-recurring items, amounting to about -€4 billion net of taxes and minorities; more specifically:

- with negative impact, -€1,272 million (-€1,347 million gross) due to severance for the personnel in Italy, as planned by "Team 23", -€1,576 million (including transfer charges for -€3 million) for charges related to the sales of 20.95% of Yapi ve Kredi Bankası A.Ş. and resulting unwinding of Joint Venture agreements, -€99 million for negative profits on investment stemmed out from impairment of real estate assets of the Non Core division, -€500 million (-€535 million gross) for loan loss provisions related to the effects quantification of the new European rules concerning the Definition of Default, -€878 million for devaluation of goodwill of CIB division (Corporate & Investment Banking) carried out in the fourth quarter 2020 and additional -€20 million (-€18 million gross) for other write-downs;
- with positive impact, €296 million connected with real estate disposal in Germany.

Net of the mentioned non-recurring items, the Group recorded in 2020 an underlying net profit of €1,264 million, compared with €4,675 million of underlying net profit of 2019.

On 26 November 2020 UniCredit informed that, following the communication received from the European Central Bank (ECB) in relation to the 2020 Supervisory Review and Evaluation Process (SREP), UniCredit's Pillar 2 Capital Requirement (P2R) is confirmed at 175 basis points.

The capital requirements for UniCredit, on a consolidated basis, remained unchanged compared to the previous year. However, considering the ECB decision on 12 March 2020 (anticipating the adoption of CRD V Art.104a), and the reduction of the Countercyclical Capital Buffer, UniCredit shall respect in 2021 the following capital ratios:

- 9.03 per cent CET1 ratio;
- 10.85 per cent Tier 1 ratio;
- 13.29 per cent Total Capital ratio.

As at 31 December 2020, UniCredit group's ratios are compliant with all the above requirements.

The **consolidated report on operations** also includes the sale initiatives of non-performing loans portfolio, aimed at reducing the portfolio as part of the full run-off strategy by the year 2021.

With regard to the **transactions and initiatives involving shareholdings**, described in the financial statements report, please note the following:

### **Information about Yapi Kredi Bank**

On 5 February 2020, the parent company UniCredit S.p.A. completed the transactions entered with the Koç Group on 30 November 2019 regarding inter alia the termination of the shareholders agreement of Koç Finansal Hizmetleri A.Ş., the Turkish (Joint Venture) vehicle through which the Koç Group and UniCredit have run a commercial banking operation in Turkey since 2002.

On the same day, UniCredit S.p.A. announced the placement to institutional investors of approximately 12% of the issued share capital of Yapi ve Kredi Bankası A.Ş. The settlement of such capital market transaction occurred on 13 February 2020.

The current shareholding of UniCredit S.p.A. in Yapi ve Kredi Bankası A.Ş. is equal to 20.0%, after the completion of the transactions described above.

### **Disposal of SIA UniCredit Leasing**

Following the signing of the binding agreement on December 2019, early 2021 the parent company UniCredit S.p.A. completed the disposal of SIA UniCredit Leasing. The investment was classified among held for sale (IFRS5) as at 31 December 2020, in line with the previous year.

In relation to the aforementioned transactions and the other transactions described in the Consolidated Annual Report, the Board of Statutory Auditors, 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, can reasonably consider the transactions themselves compliant with the law and the Bank's Articles of Association and not manifestly imprudent, risky, contrary to the resolutions of the Shareholders' Meeting, or such as to compromise the integrity of the corporate assets.

### **3. Atypical or unusual transactions**

The financial statements report, the information received during the meetings of the Board of Directors and the information provided by the Chairman, the CEO, the Management, the Head of Internal Audit, the direct subsidiaries' Boards of Statutory Auditors, and the External Auditor revealed no atypical or unusual transactions, carried out with third parties, related parties or intragroup.

## Report of the Board of Statutory auditors

### 4. Related-party transactions

#### **Global Policy “Transactions with related parties, associated persons and Corporate Officers ex Art.136 CBA”**

In December 2020, a dedicated working group began the activity of reviewing the internal regulations for the management of transactions with parties in conflict of interest called “Transactions with Related Parties, associated persons and Corporate Officers ex Art.136 CBA”, in order to take into account the effectiveness demonstrated by the Global Policy in the application practice, as well as the changes made in the sector regulations. With particular reference to the latter, by Resolution No.21624 dated 10 December 2020, CONSOB updated the “Regulation on related-party transactions”, effective from 1 July 2021.

The financial statements report contains information relating to related-party transactions, together with the related certifications (pursuant to Art.5 of the Consob Regulation containing the provisions on related-party transactions adopted by resolution No.17221/2010 and subsequent amendments ruling “Public information on related-party transactions”). In particular, it should be noted that:

- according to the Global Policy “Transactions with related parties, associated persons and Corporate Officers ex Art.136 CBA” adopted by the Board of Directors of UniCredit S.p.A. on 6 February 2019 and published on the website [www.unicreditgroup.eu](http://www.unicreditgroup.eu), during 2020 the Bank’s Presidio Unico received no reports of transactions of greater importance ended in the period;
- during 2020, 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;
- during 2020, there were no changes or developments in the individual transactions with related parties already described in the previous 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

Directive 2014/56/EU Art.28 amended Directive 2006/43/EC concerning external audit and was transposed in Italy with Legislative Decree No.135/2016, which updated Italian Legislative Decree No.39/2010. Regulation (EU) 537/2014 of 16 April 2014, Art.10 (hereafter also the “Regulation”) defines the specific requirements of the audit report for public interest entities.

The financial statements of UniCredit S.p.A, of the Company and the consolidated financial statements as at 31 December 2020, are audited by the External Auditors Deloitte & Touche S.p.A. pursuant to Legislative Decree No.39 of 27 January 2010, and in execution of the Shareholders’ resolution of 11 May 2012. The financial statements of the other Group companies are audited by Deloitte & Touche S.p.A. itself, or by other companies in the Deloitte & Touche network.

Pursuant to Art.19 of Italian Legislative Decree No.135/2016, during the course of 2020 and up to the date of this Report to the Shareholders, the Board of Statutory Auditors carried out an in-depth monitoring process during all the activity carried out by the External Auditors.

Specifically, the BoSA scheduled a series of specific meetings during the various phases of the audit, during which it examined, inter alia:

- the 2020 Transparency Report (independent auditing policies and procedures and internal quality control system (practice review);
- the resources and hours budgeted for the 2020 external audit;
- the scope of work, materiality and significant risks 2020;
- the 2020 Audit Plan;
- the 2020 Group Audit timetable.

The Board of Statutory Auditors also analysed the methodology adopted by the External Auditors and acquired the necessary information during the task, with constant interaction on the audit approach used for the various significant areas of the financial statements, sharing the issues related to corporate risks, as well as receiving updates on the progress of the audit and on the main aspects examined by the External Auditors.

In November 2020, the Board of Statutory Auditors met in two separate sessions with the **Partners of the Deloitte network** in charge of the audits of UniCredit Bank AG (Germany), UniCredit Bank Austria AG, AO UniCredit Bank (Russia) and of the Banks belonging to CEE Division (Central Eastern Europe), as well as of the Italian subsidiaries Cordusio SIM S.p.A., Cordusio Fiduciaria S.p.A., UniCredit Factoring S.p.A., UniCredit Leasing S.p.A, UniCredit Services S.C.p.A., for the usual annual update on the scenario developments in the various countries and on the main results of the respective audit activities.

The Board of Statutory Auditors reviewed the following **reports** of the External Auditors Deloitte & Touche 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 9 March 2021, pursuant to Art. 14 of Italian Legislative Decree 39/2010 and Art. 10 of Regulation (EU) No.537/2014;
- the supplemental report issued on 9 March 2021, pursuant to article 11 of the aforementioned Regulation, to the Board of Statutory Auditors in its capacity as Internal Control and Auditing Committee;
- the annual confirmation of independence, issued on 9 March 2021, pursuant to Art.6, par.2), subpar. a) of the Regulation and pursuant to paragraph 17 of ISA Italia 260.

## Report of the Board of Statutory auditors

The aforementioned reports on the audit of the Company financial statements and the consolidated financial statements of the 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 2020, 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 Art.9 of Italian Legislative Decree No.38/2005 and of Art.43 of Italian Legislative Decree No.136/2015.

Furthermore, in the opinion of the External Auditors, the Management Report and some specific information contained in the Report on Corporate Governance and Ownership Structure indicated in Art.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 2020, and are prepared in accordance with the law. With reference to the possible identification of significant errors in the Management Report (article 14, paragraph 2, subpar. e) of Italian Legislative Decree No.39/2010), the External Auditors declared that there was nothing to report.

The reports on the auditing of the financial statements and the consolidated financial statements show the **key matters** that, according to the professional opinion of the External Auditors, were more significant in the accounting audit of the Company and consolidated financial statements for the year under review [ISA Italy 701]:

- risk of uncorrected classification and valuation of performing customer loans;
- risk of uncorrected classification and valuation of non-performing loans to customers (“bad loans” and “unlikely to pay”);
- impairment test of goodwill allocated to the Cash Generating Unit (CGU) Corporate & Investment Banking (CIB).

With regard to the aforementioned key matters, for which the External Auditors’ reports illustrate the related audit procedures adopted, the External Auditors do 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 aforementioned key matters have been the subject of detailed analysis and updating during the periodic meetings that the Board of Statutory Auditors held with the External Auditors.

The Board of Statutory Auditors met regularly with the External Auditors, as required by Art.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 Art.155, paragraph 2, of Italian Legislative Decree 58/1998 (TUF).

In light of the foregoing, the Board of Statutory Auditors deems the process of interaction with the External Auditors to be adequate and transparent. It also believes that the consolidated “two-way dialogue” between the External Auditors and the Bodies responsible for governance on the areas of financial statements risk and on the procedures identified to oversee them further supported the role and responsibility of the parties involved in the preparation of the financial statements and in the auditing activities.

### 6. Oversight on the independence of the External Auditors

During the 2020 financial year, pursuant to Art.19 of Italian Legislative Decree 39/2010, the Board of Statutory Auditors verified and monitored the independence of the External Auditors Deloitte & Touche 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”), in particular with regard to the adequacy of 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 Deloitte & Touche the declaration confirming its independence.

Since January 2017, for the purposes of the correct application of the Regulation, the Bank has adopted an internal regulation containing operating instructions addressed to all the companies of the UniCredit group so that they may submit 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. The Board of Statutory Auditors also took note of the information concerning non-audit services prepared through a preventive and four-monthly flow by the competent Function: pursuant to this process, all the companies of the UniCredit group contributed to the transmission of the data requested and required by internal regulations, in order to enable the timely monitoring of the costs of the services provided to the External Auditors and by all entities belonging to the Deloitte network.

Following the renewal of the Board of Statutory Auditors in 2019, the Control Body, together with the Bank’s competent Functions, carried out a review of the internal regulations, Global Operational Regulation (GOR), called “Principles and rules for the management of contractual relations with the Group’s External Auditors”; it was issued in March 2018, and addressed to all the Group’s subsidiaries, prompting specifically the introduction of wider restrictions than those foreseen by the regulations concerning the identification of the non-audit services number that can be assigned to the Group’s External Auditors network. The internal regulations review was concluded with the issue of the new version of the aforementioned GOR on 26 March 2020. The Board of Statutory Auditors requested to be promptly informed about the implementation process of the same in the Group companies concerned.

On the basis on the final 2020 data, the value of the services provided by the Group’s External Auditor and the companies belonging to its Network amount to approximately €33.9 million, of which €7.6 million refer to verification/attestation services and €5.7 million to other non-audit services. At the Group level, the costs of non-audit services assigned to the External Auditors increased by 3% compared to 2019.

## Report of the Board of Statutory auditors

With reference to the information concerning the Parent Company, provided in the statement relating the "Publication of the remuneration - UniCredit S.p.A. - 2020 financial year - Deloitte network" the Board of Statutory Auditors notes that, compared to the previous year, the costs of services assigned to the External Auditors remain unchanged, the costs of attestation services, amounting to €3.6 million, increased compared to the previous year by 56%, mainly due to the performance of ISAE 3000 Revised Mifid II and ISAE 3000 Revised TLTRO III services, while the costs of non-audit services remain stable at € 0.9 million.

The ratio between the cost of the non-audit services provided by Deloitte S.p.A., External Auditor of the Parent Company, and the three-year average of the audit services (2017-2018-2019) amounted to 20% for 2020, lower than the 70% limit established by internal regulations and applicable external regulations ("fee cap"). With regard to the non-audit services planning for 2021, Deloitte S.p.A. is expected to be assigned services with a value of approximately €1 million, with a forecast fee cap of 20%. According to the regulations, non-audit services required by national or European Union rules, or a charge for the benefit of a certain discipline, are not relevant for the determination of the fee cap.

### 7. Oversight of the financial information process

For the purposes of overseeing the financial reporting processes, the Board of Statutory Auditors, in addition to the aforementioned in-depth analysis carried out with the External Auditors, which did not reveal significant critical issues of the internal control system concerning the financial reporting process, carried out 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 administrative and accounting procedures for drafting the Company 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 CEO, attests that they are adequate and actually applied.

During the above mentioned periodic meetings, the Manager in charge of preparing the financial statements did not report any significant shortcomings in the operating and control processes that could undermine the overall adequacy and actual application 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 Manager in charge of preparing the financial statements and the Chief Executive Officer signed the statements relating to the individual and consolidated financial statements at 31 December 2020, pursuant to Art.81-ter of the Issuer Regulation, approved by Consob with Resolution 11971/1999 as amended and supplemented.

The Board of Statutory Auditors took note of the updates that have occurred in the internal regulations concerning the internal control system applicable to Financial Reporting and the Manual on Group accounting rules and principles, most recently approved by the Board of Directors at its meeting of 5 March 2021.

The Board of Statutory Auditors has also taken into account the call for attention No.1/21 dated 16 February 2021 issued by CONSOB on the information to be provided in relation to the impacts of the Covid-19 pandemic and related measures to support the economy, by the supervised issuers, Supervisory Bodies and Auditing Firms, in relation to the 2020 financial statements prepared in accordance with international accounting standards.

The Board of Statutory Auditors also therefore acknowledged the **"Report on the status of the Internal Control System on Financial Reporting - Management Report"** with regard to the certification campaign pursuant to the Law 262/05 of the consolidated and individual financial statements as at 31 December 2020, issued on 10 February 2021.

In light of the information received and of the analyses carried out, as also described below, the Board of Statutory Auditors deems the overall administrative accounting system to be adequate in regard to the current regulations.

Compared to a total of No.466 companies wholly consolidated, on the basis of the criteria defined in the aforementioned internal regulations as at 31 December 2020, the companies subject to certification for the 262 campaign amount to No.47 and cover 98% of the Group Total Aggregated Assets ("GTAA").

The certification campaign as at 31 December 2020, which for UniCredit S.p.A. involved No.420 processes that undergo No.1,705 checks, and No.2,394 processes relating to the other Group companies on which there were a total of No.7,911 checks, ended with the issuance of all the so-called "internal certifications" to the Manager in charge of preparing the financial statements of UniCredit S.p.A. by the counterparties of the relevant companies subjected to the campaign.

With reference to the points of attention that emerged for UniCredit S.p.A., the Board of Statutory Auditors took note of the analyses carried out and recommended the Bank to proceed without delay to the necessary strengthening of the Group application for the campaign management.

Regarding the areas of improvement overall identified by the certification campaign, which are mainly related to: i) the definition of processes, roles, responsibilities and identification of the structure responsible for some additional processes not yet defined/implemented, ii) the automation of processes/procedures to improve data production and control activities, the BoSA recommended the continuation of the corrective measures planned by Management (Group Remediation Plan), as part of the complete and correct maintenance of the administrative-accounting system.



## Report of the Board of Statutory auditors

The Board of Statutory Auditors has taken note of the procedures carried out by the External Auditors requested by the Bank ("Agreed upon procedures") as suggested by the Board of Statutory Auditors, regarding the production of the disclosure made with reference to 31 December 2020, by UniCredit S.p.A. in the information document of the UniCredit group drawn up pursuant to Regulation (EU) No.575/2013 ("Pillar III"), in relation to: (i) the processes and their first and second-level controls for: (a) the determination of the Own Funds and Banking Regulatory Ratios; (b) the determination of Risk Weighted Assets; (c) the production of the disclosure made in Pillar III; (ii) verifying the composition, the correct determination and the arithmetic correctness of certain information provided in Pillar III; (iii) the trend and consistency analysis of the Own Funds, Banking Regulatory Ratios and Risk Weighted Assets (RWA).

The Board of Statutory Auditors believes, as in the previous years, that the above-described activity makes it possible to consider the internal regulatory framework adequate and updated, the design of the procedures and the control processes implemented sufficiently formalised and comprehensible, and the planned control activities (both first and second level) actually implemented and effective. It also contributes to the growth of the internal culture regarding the analysis of the phenomena underlying the formation of the Own Funds, as well as an ever greater transparency towards the markets.

With regard to the 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 always paid significant attention over time, during 2020, the BoSA requested an update on the Data Roadmap and the related multi-year strategic initiative called Umbrella Program, led by the GRM, CFO and COO Functions, with the aim of data quality/architecture/aggregation/reporting initiatives, in order to increase the accuracy of the Group's data and the relative flexibility in data aggregation, to deal with new or ad hoc regulatory requirements also in the context of scenarios characterised by stress, also taking into account the Supervisor's recommendations in the context of the SREP (Supervisory Review and Evaluation Process). The Board of Statutory Auditors has observed that the program of planned initiatives and actions is essentially on track, with the testing phases underway for several deliveries; the BoSA will continue to monitor this plan, also considering that it is a specific point of attention within the aforementioned SREP, with a strong focus on the identified benefits (increase in the accuracy, flexibility and adaptability of the data).

### **Risks and uncertainties relating to the use of estimates**

As stated in the financial statements report, the current market environment is affected, compared with the past, by an increased risk of a lower predictivity of the macroeconomic projections, arising from a substantial degree of uncertainty about the evolution of the pandemic and the consequent uncertainty of predicting timing and extent of the economic recovery which may occur in future periods. The existence of a higher uncertainty represents, in fact, a key factor of the statements issued by supranational authoritative bodies such as the International Monetary Fund ("IMF") in its statement "October 2020 World Economic Outlook", and the European Commission ("EC") in its statement of November 2020 named "Autumn 2020 Economic Forecast: Rebound interrupted as resurgence of pandemic deepens uncertainty". Additionally, through the communication issued on 28 October 2020, ESMA (European Securities and Markets Authority - Autorità Europea degli Strumenti Finanziari e dei Mercati) published a Public Statement ("*European common enforcement priorities for 2020 Annual Financial Reports*"), which requires issuers in the financial statements, and in order to take into account the significant volatility and uncertainty related to the Covid-19 pandemic, to consider alternative scenarios for the assessment of items whose sustainability depends on future estimates.

In such context of high level of uncertainty explained above and considering the aforementioned ESMA communication, the Board of Statutory Auditors has noted that the Bank's Management has defined different macroeconomic scenarios, to be used for the purposes of the evaluation processes of 2020 financial statements, which are fully explained in the financial statements report. Specifically:

- So-called "Baseline" scenario based on the financial forecasts (Net Profit and RWA) underlying the update of the 2021 Budget, approved by the Board of Directors at its meeting held on 13 January 2021, and the forecasts for 2022 and 2023 submitted to the Board of Directors on the same date;
- So-called "Downturn" scenario, a worst-case scenario compared to the "Baseline" scenario, reflecting downward macroeconomic forecasts for 2021-2023, in order to factor the greater risks inherent in the current uncertainty context;

In this context, with reference to the valuations, estimates and assumptions that affect the application of the accounting policies and the amounts of assets, liabilities, expenses and income reported in the financial statements, as well as the disclosure concerning potential assets and liabilities, the Board of Statutory Auditors notes, inter alia, the following.

### **Value of goodwill and deferred tax assets**

With reference to goodwill and deferred tax assets, for the measurement and with the aim to reflect the aforementioned degree of uncertainty, pursuant to requirements of the aforementioned ESMA public statement, both the scenarios outlined above have been considered. In particular future cash flows have been estimated by weighting the "Baseline" scenario and the "Downturn" scenario with a higher probability attributed to the "Baseline" scenario (60% vs. 40%). Moreover, additional parameters impact on measurement: (i) for goodwill, the measurement is influenced by Cost of Equity, CET1 ratio target and long term growth rate; (ii) the sustainability of deferred tax assets is influenced by the volatility of expected results and by the confidence level used. In the context of measurement as at 31 December 2020, the evaluation of these items has been updated through the redetermination, if needed, of the underlying parameters.

## Report of the Board of Statutory auditors

The net book value of **goodwill** as at 31 December 2020, equal to zero, decreased by €886 million compared to the value as at 31 December 2019 due to the fully write-down of the goodwill allocated to the CGU Commercial Banking Italy (Cash Generating Unit) for €8 million, and the goodwill allocated to the CGU Corporate and Investment Banking (CIB) for €878 million.

Extensive information is provided by the Bank in the financial statements report on **Deferred tax assets for the carry-forward of unused tax losses (DTA TILCF)**. With reference to the Italian tax group perimeter, starting from the financial statements as at 31 December 2019, the methodology calculation of the sustainability test for both IRES and IRAP has been developed on a 10 years-time length, for testing the DTA on TILCF, deemed coherent to assess sufficient taxable base generation to be used for the offsetting of said deferred taxes. In line with the above, as well as in the goodwill impairment test, the two scenarios "base" and "downturn" were considered, by weighting the results of both scenarios with a greater weight (equal to 60%) for the base scenario. In addition, the volatility parameter behind the statistic model has been updated from 5.0 of 2019 to 8.1 of 2020; such an increase derives from the update up to the first half 2020 of the historical series of pre-tax results of European banks included in the statistic sample; in details, data referred to full year 2020 were included in the historical series by linearly annualizing first half 2020 results, thus embedding the recent higher variability of European banks economic results, affected by Covid-19 pandemic.

The results of these evaluation might be subject to changes not foreseeable at the moment depending on the evolution of the pandemic, the effect of the relief measures adopted and, ultimately, on the existence and degree of the economic recovery. Possible deviations of the actual economic recovery compared with the assumptions which form the basis of the evaluations might require a re-determination of the parameters used for valuation purposes, in particular with regard to the future cash flows, and the consequent change in the valuation.

### **Valuation of Group real estate portfolio**

Starting from 31 December 2019, 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.

This change, approved on 2 December 2019 by the UniCredit S.p.A. Board of Directors, was deemed to result in reliable and more relevant information for financial statements' users, taking into account:

- the expected disposal by 2025 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 2020 fair value of both properties held for investment and properties used in business was re-determined through external appraisals.

With reference to the Group, the update of appraisals has led to an overall positive balance sheet effect of €115 million gross of tax; with reference to UniCredit S.p.A. the update of appraisals has led to an overall positive balance sheet effect of €21 million gross of tax, as detailed below:

- for real estate assets used in business, the recognition of an increase in the specific valuation reserve for an amount of €30 million gross of tax effect. In addition to this increase, net gains for €0.3 million were recognised in the income statement gross of the tax effect;
- for real estate assets held for investment, the recognition of an income statement results equal to -€9.3 million gross of the tax effect.

In this context, as also indicated in the Notes to the consolidated accounts, the Board of Statutory Auditors points out that in the upcoming financial years, fair value of these assets might be different from the fair value observed as at 31 December 2020 as a result of the possible evolution of real estate market which will also depend on the new practice, in terms of remote working, that could prevail once the lock-down measures will be lifted.

### **Valuation of Credit Exposures**

The slow-down of the economic activity resulting from the pandemic Covid-19 and the associated lock-down measures has also affected the estimates on their recoverability and the calculation of the associated loan loss provisions. In this regard it must be noted that the amount of loan loss provisions is determined considering the classification, current and expected, of credit exposures as non-performing, the sale prices, for those non performing exposure whose recovery is expected through sale to external counterparties, and credit parameters (Probability of Default, Loss Given Default and Exposure at Default) which, in accordance with IFRS9, incorporates, among other factors, forward looking information and the expected evolution of the macroeconomic scenario.

In this context, the Board of Statutory Auditors points out that the Group has updated the macroeconomic scenarios as at 31 December 2020 by applying appropriate weighting factors to them, as detailed in the financial statements report.

## Report of the Board of Statutory auditors

As at 31 December 2020, the assessment of the recoverability of credit exposures and the calculation of the related impairment losses on loans were affected, in addition to the assessments in place in order to check the significant increase in credit risk as a result of the pandemic, the effects related to the New Definition of Default.

In this context, it should be specified that:

- the assessment of the increase in credit risk connected with the pandemic context, has determined impairment losses for €415 million following the classification in Stage 2 of the related exposures (of which €274 million relating to UniCredit S.p.A.)
- the inclusion of the effects connected with the New Definition of Default, has led to the recognition of impairment losses for €535 million (of which €366 million relating to UniCredit S.p.A.), as explained below;
- the update of the macroeconomic scenario during 2020 has led to the recognition of impairment losses on loans for €808 million (of which €504 million relating to UniCredit S.p.A.).

### *New Definition of Default*

The New Definition of Default, is applied starting from the first quarter 2021, in line with the deadline for the entry in force (1 January 2021), set out by European Banking Authority (EBA) in the related Guidelines for Banks adopting Internal Rating Based Approaches. The new classification criteria, with more stringent criteria for the classification of counterparties, will envisage as main changes the review of the materiality thresholds of past due and a further articulated structure of Unlikely-To-Pay triggers including additional requirements on default contagions effects in case of connected clients. Furthermore, a minimum probation period before returning in a non-defaulted status has been set as mandatory.

In consideration of the application of the New Definition of Default, since the Group has been aware, as from the fourth quarter of 2020, of the information elements arising from such rule and related to the measurement of riskiness of its portfolio, also in consideration of the provisions of IFRS9 principle (related to the expected downgrade of the debtor), it decided to recognise impairment losses consistent with this information for the aforementioned amount of €535 million (of which €366 million relating to UniCredit S.p.A.).

Furthermore, it is worth recalling that already during the 2019 financial year, the Strategic Plan 2020-2023 (Team 23), completing what had already been defined in the context of the previous Plan 2016-2019 (Transform 2019), had strengthened the strategy to reduce impaired credit exposures by envisaging the total “rundown” of the “Non Core” portfolio (a portfolio of Italian credit impaired exposures toward costumers held by UniCredit S.p.A. and by UniCredit Leasing S.p.A., for which the management, since 2014, has been separated from the management of other exposures with the aim to reduce the non-strategic credit exposures) by the end of 2021.

In December 2020, the Group updated its disposal plan 2021-2023 providing, in addition to the total rundown of the “Non Core” portfolio, also the disposal of non-performing exposures belonging to the “Core” perimeter (with a gross book value of €2.6 billion at 31 December 2020, entirely attributable to UniCredit S.p.A.), for whom recovery through Work-Out was previously foreseen.

This led to the recognition of loan loss provisions amounting to €502 million (of which €473 million related to UniCredit S.p.A.), of which €453 million related to the “Core” portfolio (entirely attributable to UniCredit S.p.A.), and €49 million related to the “Non Core” portfolio (€20 million related to UniCredit S.p.A.).

With regard to the above-mentioned aspects, the Board of Statutory Auditors has carried out the necessary in-depth analyses with the relevant Functions and with the External Auditors. It is worth pointing out that the measurement is affected by the already mentioned degree of uncertainty on the evolution of the pandemic, the effect of the relief measures and, ultimately, the existence and degree of economic recovery.

The evolution of these factors may, indeed, require in future financial years the classification of additional credit exposures as non-performing thus determining the recognition of additional loan loss provisions related to both these exposures as well as performing exposures following the update in credit parameters.

In this context it will be relevant, among other factors, the ability of the customers to service their debt once moratoria measures adopted by the Governments of the countries where the Group operates or voluntarily by the Group’s banks themselves, will expire.

### **Conversion of Deferred tax assets (DTAs) into tax credits**

Referring to financial year 2019, UniCredit S.p.A. and UniCredit Leasing S.p.A. registered a loss in their separate financial statements; therefore, there were the conditions for carrying out a new transformation of DTAs into tax credits pursuant to Art.2, paragraph 55, of Law Decree No.225/2010. Following their separate financial statements approval, UniCredit S.p.A. converted €86.9 million of DTAs into tax credit while UniCredit Leasing S.p.A. converted €12.9 million.

Following the Covid-19 emergency, Decree Law No.18/2020 (so-called “Cura Italia”) was also introduced, providing special measures to mitigate the effects of Covid-19 for taxpayers. In particular, the Art.55, on the basis of the disposal of non-performing loans to legal entities not belonging to the Group carried out in 2020, gives the possibility to convert into tax credits components previously not admitted, specifically the DTAs on Tax Losses Carried Forward (TCLF) and excess related to the “Aiuto alla Crescita Economica” (ACE) even if these DTAs are not recognised in the financial statements. Pursuant to the mentioned Law Decree, €110 million of DTAs were converted into tax credits during 2020.

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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.55 of Law Decree "Cura Italia");
- taxes:
  - IRES paid by tax group starting from 1 January 2008;
  - IRAP paid registered 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 financial year 2020 has been paid on 26 June 2020 for an overall amount of €111.7 million relating to the whole Italian Tax Group, of which €107.1 million for UniCredit S.p.A., €4.3 million for UniCredit Leasing S.p.A. and €0.3 million for UniCredit Factoring S.p.A.

The financial statement report contains detailed information on any liabilities and costs that may arise from **pending legal proceedings**.

The Board of Statutory Auditors, together with the relevant Functions of the Bank, has 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 has requested 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 2020, UniCredit group set aside a provision for risks and charges of €655.9 million, of which €370.7 million for the parent company UniCredit S.p.A.

Specifically, the financial statements report provide information about **matters related to financial sanctions** for which, following the settlement agreement concluded in April 2019 with the US and New York Authorities, the parent company UniCredit S.p.A, UniCredit Bank AG ("UCB AG") and UniCredit Bank Austria ("UCB Austria") have implemented additional requirements and controls, about which the banks make periodic reports to the Authorities.

The Notes to the consolidated accounts also update on the proceedings relating to:

- **Squeeze-Out** of UCB AG and UCB Austria's former minority shareholders (Appraisal Proceeding). In 2008, approximately 300 former minority shareholders of UCB AG filed a request before the District Court of Munich to have a review of the price paid to them by the parent company UniCredit S.p.A., equal to €38.26 per share, in the context of the squeeze out of minority shareholders (Appraisal Proceeding). The dispute mainly concerns the valuation of UCB AG, which is the basis for the calculation of the price to be paid to the former minority shareholders. At present, the proceeding is pending in the first instance. With reference to UCB Austria, 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.
- **Euro-denominated bonds issued by EU Countries**; on 31 January 2019, the parent company UniCredit S.p.A. and UCB AG received a "Statement of Objections" from the European Commission referring to the investigation by the European Commission of a suspected violation of antitrust rules in relation to European government bonds. The subject matter of the investigation extends to certain periods from 2007 to 2012 and includes alleged activities by UCB AG in a part of this period. The "Statement of Objections" does not prejudge the outcome of the proceeding; should the European Commission conclude that there is sufficient evidence of an infringement, a decision prohibiting the conduct and imposing a fine could be adopted, with any fine subject to a statutory maximum of 10% of the company's annual worldwide turnover. The parent company UniCredit S.p.A. and UCB AG had access to the entirety of the European Commission's file on the investigation from 15 February 2019, onwards. As a result of the assessment of the files, the parent company UniCredit S.p.A. and UCB AG regard it no longer remote but possible, even though not likely, that a cash outflow might be required to fulfil a potential fine arising from the outcome of the investigation. Based on the current information, it is not possible to estimate reliably the amount of any potential fine. The parent company UniCredit S.p.A. and UCB AG have responded to the raised objections on 29 April 2019 and participated in a hearing before the European Commission on 22-24 October 2019. Proceedings are ongoing.

There is no legal deadline for the European Commission to complete antitrust inquiries within set deadlines; in March 2021 the Board of Statutory Auditors was informed by the competent Functions that a meeting (so-called "State of Play") with the European Commission would be held within the same month, aimed at sharing among the parties the points of view acquired during the proceedings and informing on the status of the same.

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

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financial institutions. Like earlier pleadings, the fourth amended class action complaint does not include a quantification of damages claimed. Exchange of correspondence concerning motions to dismiss will begin, as so far established, in March 2021.

In the financial statements report, the Directors inform about the proceedings related to certain forms of banking transactions with customers that do not specifically concern the UniCredit group but involve the financial 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 of 31 December 2020, the total claimed amount against the parent company UniCredit S.p.A. was equal to €1.1 million, 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 2020, the claimed amount against the parent company UniCredit S.p.A. was €744 million, mediations included, the Directors report 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**, in the last decade, 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 the possibility that the principal and associated interest payments related to the loan redenominated in the local currency at the time that the loan was taken out, and floating rates retrospectively changed to fixed rates. In addition, in a number of countries legislation that impacts FX loans was proposed or implemented. These developments resulted in litigation against subsidiaries of the parent company UniCredit S.p.A. in a number of CEE countries including Croatia, Slovenia and Serbia.

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

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

As reported in the financial statement 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.

The initiative has been adopted assessing the absence of responsibility for its role as "Introducer"; nevertheless, the AGCM (Italian Competition and Market Authority) ascertained UniCredit's responsibility for unfair commercial practice (confirmed in appeal by the Administrative Regional Court in the second half of 2018), imposing, in 2017, a fine of €4 million paid in the same year. UniCredit has filed an appeal against this decision to the Council of State and the proceedings are pending. On 8 March 2018, a specific communication was issued from Banca d'Italia concerning the "Related activities exercisable by banks", in which large attention was given to the reporting at the bank branches of operations, purchase and sale of diamonds by specialised third-party companies.

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As at 31 December 2020, UniCredit S.p.A.:

- received reimbursement requests for a total amount of about €404 million (cost originally incurred by the Clients) from No.11,975 Customers; according to a preliminary analysis, such requests fulfill the requirements envisaged by the “customer care” initiative; the finalisation of the reimbursement requests is currently carried out, aimed at assessing their effective compliance with the “customer care” initiative, and then proceed with the settlement where conditions recur;
- with reference to the scope outlined in the previous point (€404 million approximately), reimbursed No.8,031 customers for about €302 million (equivalent value of original purchases), equal to about 75% of the reimbursement requests said above.

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

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

On 19 February 2019, the judge in charge of the preliminary investigation at the Court of Milan issued an interim seizure directed to UniCredit and other financial institutions aimed at: (i) direct confiscation of the amount of €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, assuming the administrative liability 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 received the notice of conclusion of the investigations pursuant to article 415-bis of the Italian Code of criminal procedure. The notice confirmed the involvement of certain current and former employees for the offence of aggravated fraud and self-laundering. With regard to the latter, self-laundering serves as a predicate crime for the administrative liability of the Bank under Legislative Decree No.231/2001.

In September 2020, a new notice pursuant to article 415-bis of the Italian code of criminal procedure was served on certain individuals already involved in the proceedings.

The allegations against the UniCredit individuals only pertain to the offence of fraud. Such new allegations do not modify the overall investigative framework as per the notice served in the autumn of 2019.

Following the notification of the notices pursuant to article 415-bis, if the Public Prosecutor determines to request the indictment for all or part of the subjects involved, the preliminary hearing phase will take place. With regard to this matter, the Board of Statutory Auditors, acting as Supervisory Body 231, has followed, and will continue to follow, the evolution of the matter in close coordination with the Functions and with the external legal advisor.

With regard to **other claims by customer**, 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 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 context 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 aforementioned communication of the Banca d’Italia, the Bank noted the guidelines issued by the Authority 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 labour lawsuits.

## Report of the Board of Statutory auditors

### 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 as Director in charge of the internal control and risk management system, 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 mechanisms.

As indicated in the **Report on Corporate Governance and Ownership Structures**, the types of control in UniCredit, in compliance with current legislation and inspired by international best practices, are structured on three levels:

- line controls (known as first-level controls), handled by the corporate Functions responsible for the business/operating activities, as well as with regard to UniCredit S.p.A, a dedicated structure (Internal Controls Italy merged, during 2020, into Italian Commercial Banking Processes), which supports the Co-CEOs Commercial Banking Italy as system managers of first-level operational controls, with reference to the relevant structures/activities;
- controls on risks and compliance (known as second-level controls), handled by the Group Compliance and Group Risk Management Functions, each for the matters within their respective remit;
- internal audit (known as third-level controls), handled by the Internal Audit Function.

Pursuant to Circular No.285/2013 of Banca d'Italia, the Anti-Money Laundering Function and the Internal Validation Function are also included in the corporate control Functions, respectively positioned within Group Compliance and Group Risk Management.

During the period under examination, the Board of Statutory Auditors acknowledges having carried out a periodic exchange of relevant information with the aforementioned Control Functions. It also acknowledges that the aforementioned Control Functions have fulfilled the related disclosure obligations towards the BoSA. Moreover, in order to guarantee a continuous and timely flow of information with Internal Audit, the Head of the Function has a standing invitation to the Board of Statutory Auditors meetings.

The Board of Statutory Auditors also held several meetings with the Head of the Finance & Controls Area, a new area set up in 2020, thus further increasing the information flow on internal control and risk issues focusing on areas of attention emerging from time to time.

On the basis of the information acquired and included in the 2020 Report (**Integrated Audit Report**) of the Internal Audit Function, the internal control system was rated by the same overall as "mostly satisfactory", (confirming the same rating referred to the previous period), in light of the stable trend of audit analysis process with negative results, the reduction of the findings issued by the Supervisory Authorities, the prompt managerial response to Flash Audits (new type of audit analysis carried out during the emergency period), and the maintenance of a strong focus and a strict discipline on the completion of remedial actions, with reference to both audit findings and those of the Authorities.

In the period under examination, the Board of Statutory Auditors received and discussed, with the Internal Audit Department, several Audit Reports and some special investigations. In the cases of "unsatisfactory" or "partially satisfactory" audit reports, the Board of Statutory Auditors asked to be kept up-to-date about the implementation of the Remediation Plans and, where appropriate, has called upon the Managers of the concerned areas, in order to discuss the audit results and the related Remediation Plans directly.

Generally, the most important issues at Group level were Compliance - AML (Anti-money laundering) (see also "Compliance risk" below) and ITC security risks, for which the Bank and the Group, compared to previous years, further increase their levels of risk management application standards, and for which improvements were in any case noted. Focus remains on the Parent Company's coordination role with regard to smaller subsidiaries and foreign branches, where the overall assessment of the internal control system is affected by necessary adjustments in terms of AML, ICT and operational risks; the completion of the implementation of remedial actions is planned by 2021.

The Board of Statutory Auditors has examined and formulated its own recommendations on all the aforementioned issues.

The Board of Statutory Auditors has examined in detail the underlying root causes and examined the detailed remedial plans defined and launched by Management, whose execution it regularly monitors, also calling the Parent company's central structures to a strong focus on steering and control, in all Group companies.

With reference to the report "**Outsourcing of activities**" prepared by the Internal Audit Function in compliance with the requirements of Banca d'Italia (Circular No.285/2013), the Board of Statutory Auditors was able to note - in relation to Outsourcers -, the adequacy of the reference framework, as confirmed both by the audits carried out during 2020 and by the overcoming of the significant critical issues previously identified. Furthermore, the monitoring of security and non-compliance risks has been enhanced, as recommended by Internal Audit itself. At process level, internal regulations have been recently revised and aligned with the TPRM, Third-Party Risk Management Methodology, defined in 2020, in order to ensure a homogeneous and consistent approach towards providers. With reference to Third Parties (other than Outsourcers), the implementation of the new Group Rules - aimed at managing the lifecycle of non-outsourcing activities - issued at the end of 2020 will be closely monitored, and their effective adoption is expected to be gradually implemented in the Group by 2021.

## Report of the Board of Statutory auditors

The results of the audit activity expressed in the “**Annual Internal Audit Report**” on the **provision of investment services** (“MiFID” Report, Art. 14 Bank d'Italia/CONSOB Joint Regulation of 29 October 2007, and CONSOB Resolution No.17297 dated 28 April 2010), have confirmed an overall assessment of “mostly satisfactory” for the internal control system for 2020.

The Board of Statutory Auditors noted that during 2020, the actions to strengthen the “customer documentation management”, mainly related to the new dematerialisation process, were postponed from the third four-month period of 2020 to April 2021. Lastly, the Board of Statutory Auditors noted the results of two process audits carried out in 2020 relating to “Best execution” and “Distribution of listed derivatives” and the related managerial remedial actions.

### **Credit, counterparty, market, operational risk management**

With regard to **credit risk management**, the Internal Audit assessment is confirmed “mostly satisfactory” for the main Group Companies.

As regards UniCredit S.p.A., positive results were observed mainly in collateral management and automated underwriting; however, the overall rating remains “partially satisfactory” in view of the need to: (i) strengthen the steering of automated underwriting; (ii) improve the first and second-level controls; (iii) strengthen the forbearance process; (iv) remedy previous operational deficiencies; (v) improve the proper functioning of Group Wide Rating Systems.

The Board of Statutory Auditors closely monitored the development of the situation related to the health emergency caused by COVID-19, acquiring information about the impacts for UniCredit, focusing on credit risk. To this aim, the BoSA, in the framework of its supervisory activities, carried out a careful examination of the data provided, as well as the initiatives and actions implemented by UniCredit in response to the emergency situation, meeting the Heads of the Functions involved and continuously monitoring the implementation of the measures adopted by the Management, *inter alia*, focusing on: framework strengthening and results achieved in credit loans backed by Government guarantees, results of the *ad hoc* controls put in place; Risk Appetite Statement review; performance of RAF KPIs and Loan Loss Provisions; Credit Risk Strategies review; updating of Group Lending Principles and EAD (Exposure at Default) limits by industry; Shield project and review of the monitoring framework; automatization of the asset sale process, pro-active portfolio management and strengthening of NPEs monitoring; business automation, strengthening of controls and unique factory for public guarantees.

The Board of Statutory Auditors has also closely monitored the effective managerial responses in the credit area in terms of coordination and steering of the Group with reference to: (i) the pandemic context, (ii) the responses following ECB's communication to Significant Institutions dated 4 December 2020, (iii) the positive evolution of the GLO (Group Lending Office) Function specifically with regard to guidelines, refocusing and strengthening of resources, strengthening of the credit processes control framework, increasing proximity to the business and cooperation with the GRM Function.

With reference to **Internal Models**, during the course of its supervisory activities, the Board of Statutory Auditors has positively noted, through the necessary updates with the relevant Functions, despite the difficulties related to the pandemic context:

- all development and validation activities envisaged by the IRB Model Roadmap continued in line with the scheduled timing, although with appropriate re-prioritisation and temporal shifts, also in relation to the lengthening of the approval process by the Regulator ECB;
- all models submitted to the Regulator's assessment were deemed by Group Internal Validation (GRM - Group Risk Management) to be adequate to resolve the issues previously identified;
- during 2020, model maintenance activities ensured the compliance of internal models with the “New Definition of Default” and the EBA Guidelines.

The Board of Statutory Auditor has therefore noted and appreciated the considerable commitment and discipline shown by the Management and the relevant Functions in the implementation of the IRB Model Road Map.

With regard to the credit risk (**IRB Systems**), the assessments of the Internal Validation and Internal Audit Function agree that the IRB systems are compliant with regulatory requirements. The Board of Statutory Auditors has noted, however, that Internal Audit's evaluation remains “partially satisfactory”, mainly due to the persistent weaknesses in the Group Wide Models currently in production, where mitigating actions have been put in place with dedicated “Margins of conservativeness”, as well as weaknesses in some local models.

The Board of Statutory Auditors also considers it necessary to bear in mind the matters reported by Internal Audit in relation to the persistence of high execution risk of the IRB Model Roadmap, exacerbated by the pandemic, as well as the implementation of quantification activities for the “New Definition of Default”.

The evaluations of the Validation Function with regard to **counterparty credit risk** (“adequate”), **market risk** (“adequate”) and **operational risk** (“fully adequate”) meet the Internal Audit evaluations (“mostly satisfactory”), considering the relevant system to be overall compliant with the regulatory provisions.

The Board of Statutory Auditors noted that Internal Audit Function, at the end of its annual audit on GIV-Group Internal Validation, confirmed the “satisfactory” rating, specifically due to the completeness and adequacy of governance, the satisfactory assessment of the validation framework and the adequate execution of Credit Risk Validation activities. The organisational set-up of the Validation Function framework is considered adequate and effective in ensuring steering also at local level.

The Board of Auditors examined, *inter alia*, the following audit reports with a “satisfactory” rating:

- “Public Guarantees Management Process”;
- “Changes in credit risk origination and monitoring processes due to Covid-19”;
- “Collaterals and Guarantees – Origination, Monitoring and Liquidation”.



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The Board of Statutory Auditors has also taken note of the “mostly satisfactory” assessment carried out by the Internal Audit Function at UniCredit S.p.A., and in the main Group companies with regard to the Risk Management Functions, on the basis of the overall adequacy in the identification, measurement and management of Group risks.

On 5 March 2021, the Board of Statutory Auditors issued its positive opinion for the certification by the Board of Directors of the existence of the requirements for using the Group’s credit, counterparty, market and operational risk management, measurement and control systems.

### Liquidity risk

In the context of the initiatives and actions concerning the liquidity monitoring procedures, the Board of Statutory Auditors noted the review of the “Global Policy - Contingency Liquidity Management”, approved by the Board of Directors in March 2020, by which some inefficiencies on liquidity contingency management procedures, emerged during the dry run exercise, on which the policy has been submitted in December 2019, upon a recommendation of ECB and Internal Audit Function, were adjusted; the review includes the definition of a crisis management procedure in the absence of the CEO; the streamlining and acceleration of the decision-making process and the provision of an updated minimum set of documents to be discussed in the different contingency phases.

Furthermore, in November 2020, the new version of the “Global Policy on Liquidity Management and Control” was approved, with the aim of updating the intra-group liquidity management strategy by closing some gaps identified during past year ILAAP process, as well as to reflect updated practices in Group Liquidity Management. The new policy version, in confirming the self-sufficiency principle for the intra-group liquidity management strategy, formalizes the exception related to the internal MREL, according to the “Single Point of Entry” regime adopted by the Group in relation to Resolution matter.

As part of its control activities, the Board of Statutory Auditors has continuously monitored the evolution of the Group’s liquidity situation, also in relation to the potential impacts of the Covid-19 pandemic, by meeting the relevant Functions and receiving information on:

- the trend of liquidity indicators, initiatives and activities that have characterised the management of contingency measures in the liquidity area;
- the updates on the TLTRO (Targeted Longer-Term Refinancing Operations) Strategy;
- the results of the ILAAP 2019 process (Group Internal Liquidity Capital Adequacy Assessment Process), for which the GRM’s evaluation has improved to “mostly adequate”, and the results of the related Internal Audit activities have been rated “mostly satisfactory”;
- periodic reports on the results of the Group Risk Appetite Framework’ monitoring and the evolution of the Integrated Risk Profile;
- the results of the audit report “Contingency Liquidity Management”, issued by Internal Audit and rated “satisfactory”, due to the adequacy of governance and organisational set-up, the proper execution of tasks related to the Funding Plan and the adequacy of second-level controls.

The Board of Statutory Auditors noted that, despite the lack of forthcoming risks, in compliance with Group Policy, the Bank has been monitoring the liquidity situation more closely since the early phases of the pandemic, and finally observed that, in 2020, the main structural and short-term liquidity indicators remained above the limits set by the Risk Appetite Framework.

### Compliance risk

During the year, the Board of Statutory Auditors received the ICR (Integrated Compliance Report) report on a quarterly basis, and took note of the Compliance Function’s **Annual Report**, which includes the assessments made regarding potential compliance risks, at Group level, with reference to both Italian-registered companies, including UniCredit S.p.A., and the main foreign companies.

The aforementioned Report also fulfils the requirements of CONSOB Regulation No.20307/2018 and article89 of CONSOB Regulation No.20197/2017.

Taking into account the results of the compliance risk assessment and second-level controls carried out, and the activities completed in accordance with the 2020 Compliance Plan, the Compliance Function expressed a “mostly satisfactory” evaluation on the management of the non-compliance risk, for UniCredit S.p.A. and the main Group companies. In some smaller Group companies, for which the evaluation remains “partially satisfactory”, the weaknesses detected, mainly in the AML area, have been addressed through targeted remedial actions (target and tactical).

Such actions will be part of a wider “remediation plan” to be defined by June 2021, as a result of the ongoing assessment on Compliance risk Management Framework conducted by an external consultant as recommended by ECB.

The BoSA will carefully monitor such activity, also requesting to meet with the above-mentioned external consultant, and believes that this project represents an opportunity for material advancement in the Group’s approach to compliance, which should not be limited to specific Functions but should involve all levels, starting with first-level controls, especially in terms of effectiveness, culture and awareness in relation to compliance risk. The BoSA deems necessary that UniCredit Management takes a massive and cross commitment to reinforce the compliance culture and to address an even more appropriate awareness – *in primis* among the Top Management - throughout the Group’s perimeter.

## Report of the Board of Statutory auditors

The BoSA was informed about the direct activities carried out by UniCredit S.p.A.'s Compliance Department on the Group's minor LEs, in terms of governance strengthening, exercised by means of three main levers: i) on-site controls; ii) periodic calls; iii) second-level controls and Compliance Risk Assessment. The BoSA also requested and received, during the period, a specific presentation entitled "Lessons learned from Group driven Anti-Financial Crime reviews", which has led to an increasingly effective strengthening of steering activities by the Group's Central Compliance Functions.

The Board of Statutory Auditors analysed the contents of the "**Report on the Overall State of Complaints received by UniCredit S.p.A. in 2020**" submitted to the Board of Directors on 5 March 2021, which highlights, with reference to UniCredit S.p.A., a number of written complaints received in 2020 amounting to No.61,868 (No.48,542 net of responses, an increase of 25% compared to 2019).

The main reasons for the complaints received related to the following issues: the Covid-19 health emergency (10% of complaints received, which particularly impacted generic complaints, as well as complaints on mortgages and loans, especially housing mortgages), Salary-backed loans (i.e. Cessioni del quinto dello stipendio-CQS, 28% of complaints received), and cards (8% of complaints received). In detail, starting from March 2020, complaints specifically related to the Covid-19 emergency have been identified through flags in the complaints register, which has led to the identification of No.6,013 complaints, including responses, of which No.3,575 relating to requests pertaining to moratoriums and loans and No.2,438 relating to operational difficulties concerning the closure of branches.

With regard to reimbursements, complaints accepted with refund in 2020 represent 17% of all closed complaints (24% in 2019) and generated disbursements for €49.7 million, (down 44% compared to 2019). The main reason for disbursements is represented by the reimbursements on complaints regarding the Bank's role as "Introducer" on the purchase of diamonds, amounting to €35.8 million in 2020, as a continuation of the Customer Care initiative put in place by the Bank since 2017; as already indicated in paragraph 7, as at 31 December 2020 the Bank has reimbursed customers (through the repurchase of stones) a total countervalue of approximately €302 million.

During the year, the Board of Statutory Auditors continued examining the issues relating to **AML/FC** (Anti-money laundering/Financial Crime) area, requesting specific updates to the relevant Functions. Among these issues is worth mentioning the ATLAS Project, which involved some Group Companies, and aimed at bringing all the initiatives of the AML area, under single governance, and at maintaining a close monitoring of the progress of the planned actions, whose results have been submitted to the Board of Statutory Auditors on several occasions.

The Board of Statutory Auditors, in confirming its previous opinion, believes that the AML topic continues to represent a very significant risks area, in relation to which the complexity of the phenomena to be controlled is growing (an example is represented by crypto-currencies), as well as the attention of the Supervisory Authorities. The Board of Statutory Auditors invited the Management to keep such area under constant and strict control, strengthening the appropriate activities, including steering being devoted to all Group companies, as well as the smaller ones and Foreign Branches, considering the possible consequences also from a reputational point of view.

The Board of Statutory Auditors favorably noted the increased attention paid by the Management to such issue, characterised by an appropriate tone at the top and several initiatives started in the period under examination, in order to which the BoSA will proceed to monitor implementation and as well as the further strengthening, and recommended to keep strong and constant attention and commitment, due to the variability of the threats posed by money laundering and terrorist financing.

The Board of Statutory Auditors therefore examined the "**Report of the Anti-Money Laundering Function of UniCredit S.p.A. - Italian Perimeter - Year 2020**" submitted to the Board of Directors at the meeting held on 5 March 2021. The activities carried out for the self-assessment of the risks of money laundering and terrorist financing have identified, with reference to 31 December 2020, a "Critical" residual risk level, managerially adjusted to "Significant" as a result of the several structural mitigation elements implemented in 2020, including:

- strengthening of the catalog of second-level controls, thanks to the implementation of new and more granular controls (the increase in the number of controls and the improved effectiveness led to an increase in negative results which were correctly reflected in the risk assessment methodology; however, this made it possible to identify structural corrective actions whose final expected effect is a significant improvement in residual risk levels);
- actions in progress to resolve findings highlighted by the Supervisory Authority, Internal Audit and the Compliance Function itself following the performance of its controls;
- introduction, from January 2020, of a structured Risk Appetite Framework process that allows regular monitoring of AML risk indicators throughout the Group.

The Board of Statutory Auditors observed that the transformation process of the organisational structure of UniCredit Anti-Money Laundering Function – Italian Perimeter has been completed, with the constitution of two structures in place of the pre-existing "AML" Function (i) "AML", with the assignment of carrying out Anti-Money Laundering controls at Group level and (ii) "AML Italy and Network Controls", with the assignment of carrying out Anti-Money Laundering controls on the Italian Perimeter. The number of effective human resources (full time equivalent) assigned to the structure is also adequate in relation to the newly acquired activities.

## Report of the Board of Statutory auditors

The Board of Statutory Auditors was also informed about the analysis of the suspicious transaction reports (“SOS”), which confirmed in 2020 the upward trend already seen in the SOS flow received in 2019 (compared to 2018). Indeed, the number of SOS received as at 31 December 2020 amounted to No.25,533 (+86% compared to No.13,726 in 2019) and the BoSA took note of the measures put in place to face such increase, including the integration of the model for carrying out the SOS analysis activities approved by the Board of Directors, and the staffing strengthening of the dedicated structures.

The Board of Statutory Auditors noted the points of attention identified in the outcome of the second-level controls carried out in 2020, specifically in the area of (i) review/renewal of the due diligence, in particular for counterparties subject to enhanced due diligence, (ii) collection and filing of documentation and some information required in “Know Your Customer” activities, (iii) the effectiveness of certain rules for generating Transaction Monitoring alerts, for whose mitigation specific actions have been activated. With reference to the resolution of the findings resulted during two audits carried out in 2020, (i) “UniCredit S.p.A. - Global Audit - AML - Customer Due Diligence and Transaction Monitoring” (second wave), issued with “overall rating” “Unsatisfactory”, and rating referred to the Italian perimeter “satisfactory” and (ii) “Network Audit - AML - Money transfer transactions with non-banking entities” issued with “satisfactory” rating, the related actions are expected to be completed by October 2021.

At the meeting of the UniCredit Board of Directors held on 5 March 2021, the new version of the “Anti-Money Laundering Policy” was approved (as required by the Banca d’Italia Provision “Provisions applicable to organizational, procedures and internal controls aimed at preventing the use of intermediaries for the purposes of money laundering and terrorist financing” issued on 26 March 2019), which explains and indicates the choices that the Bank has defined about the various relevant profiles regarding organisational structures, procedures and controls, due diligence and data retention.

Lastly, the Board of Statutory Auditors has taken note of the Anti-Money Laundering Training Plan 2021 - UniCredit S.p.A., which aims to continuously mitigate the money laundering risks, diversifying training courses based on the specific activities identified, and to ensure the increase of knowledge and skills of the relevant staff. The Training Plan provides for training courses modulated according to the different corporate roles and the associated risks (basic, specialist and advanced training).

During the financial year, the Board of Statutory Auditors has periodically examined the so-called “whistleblowing” reports it received in its function as 231 Supervisory Body of UniCredit S.p.A., investigating, as the Board of Statutory Auditors, with the support of the Human Capital Function, the whistleblowing reports that could give rise to issues of misconduct/unlawful conduct, regardless of their relevance pursuant to Legislative Decree 231/2001.

The Board of Statutory Auditors has therefore taken note of the information contained in the “**Report on the internal system for reporting violations (so-called whistleblowing) for 2020**”, prepared in compliance with the Banca d’Italia’s Supervisory Provisions (Circular No.285/2013 with reference to the proper functioning of the whistleblowing framework, with aggregate data on the investigation results, tools, communication campaigns and training in UniCredit S.p.A. and at Group level.

The Board of Statutory Auditors welcomed the UniCredit Group’s continued work in promoting a corporate culture characterised by correct behavior, and has shared and stressed, in several occasions, with the Management and the Human Capital Function the importance of paying the utmost attention to the correctness of the behaviors assumed by the human resources in the Group. At the end of 2020, UniCredit Group launched, in the main Legal Entities, the first specific mandatory whistleblowing online training (involving No.81,325 employees), with the aim to further promote the knowledge on internal reporting channels and whistleblowers’ protection.

The reports received from the employees in 2020, decreased compared to the previous year presumably due to the new working methods (remote working) put in place following Covid-19 pandemic, highlighted how Whistleblowing is becoming increasingly useful for reporting individual behaviors and also for assessing processes. In addition, the Board of Statutory Advisors has learned that all the second-level compliance controls foreseen in this regard have been carried out, and the results have not revealed any retaliation act against the parties involved in the process; the reports received were timely handled and confidentiality safeguards were respected.

In 2021, the Board of Auditors will closely follow the actions aimed at:

- monitoring regulatory updates, related in particular to the transposition by member states of the European Directive EU/1937/2019 on the protection of Whistleblowers, those with an impact on the Whistleblowing process (such as, for example, pronouncements relating to the General Data Protection Regulation, so-called “GDPR”), as well as the upcoming issuance of the ISO 37002 standard for the certification of Whistleblowing management systems;
- envisaging further development of initiatives aimed at increasing communication to all legal entities of best practices relating to the Whistleblowing process;
- reviewing the whistleblowing process in the light of the changed operating context brought about by the pandemic situation, which affects the normal course of investigation activities.

The Board of Statutory Auditors has examined the information contained in the **Report of the Data Protection Officer (DPO)** of UniCredit S.p.A. for the year 2020.

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The DPO of Unicredit S.p.A. covers the role of DPO of the Companies of the Italian perimeter by virtue of an appointment by the respective Data Controllers, and acts towards the Group Companies as Group DPO with a guiding and coordination role (also through the oversight of the DPOs of the subsidiaries), in order to promote a uniform approach in the management of the issues related to the protection of personal data at local level, and receiving periodical information flows.

The Board of Statutory Auditors noted that the Group's General Data Protection Regulation (GDPR) Project was concluded at the end of 2020, with a uniform approach on all Group companies, focusing on the implementation of the requirement for the "Diritto all'oblio" (Right To Be Forgotten), on the perimeter of IT applications defined as part of the original project; specifically, with reference to Unicredit S.p.A, the activities provided by the Project plan on approximately 800 IT applications have been completed. In 2021, the activities related to the "Right to be forgotten" will continue with ordinary management directly under the Business responsibility, and under the supervision of the DPO, on a total number of UniCredit S.p.A. IT applications of around 90.

GDPR risk assessment activities for UC S.p.A. ended with a "significant" risk assessment, mainly due to the high level of "basic" risk factors (so-called inherent risk) determined by factors related to UniCredit's size and operations (e.g. number of subjects whose data are processed, type of data processed, number of processes and procedures involved).

All corrective measures with a deadline identified during 2020, related to findings issued by Internal Audit Function, have been completed. Further activities are to be completed with due date within the first quarter of 2021.

With regard to breaches (so-called data breaches), the Board of Statutory Auditors lastly noted the most significant cases identified during the year- and subject of notification to the Personal Data Protection Authority - and has been informed that all the aforementioned events have been analysed by the competent structures in order to assess any actions aimed at avoiding their repetition and, where necessary, to identify specific corrective measures to be taken on the IT applications concerned.

No inspections involving UniCredit S.p.A. were carried out by the competent Supervisory Authority in 2020.

With regard to the provision of investment services and related controls, the Board of Statutory Auditors lastly examined the annual reports prepared by the competent Functions:

- "MiFID" report (Art.13 Banca d'Italia/CONSOB Regulation of 29 October 2007, and CONSOB Resolution No.17297 of 28 April 2010) prepared by Group Risk Management with reference to the controls carried out on the performance of investment activities;
- "Report on the procedures for the performance of services and investment activities", as per CONSOB Resolution 17297 of 28 April 2010" and the "Report on the Management of Conflicts of Interest (COI)", prepared by the Compliance Function.

### **ICT Risk**

In 2020, the Board of Statutory Auditors continued to focus its attention on the ICT Risk topic, meeting the relevant Functions at different times for the necessary in-depth analysis and agreeing with the Chairman of the Internal Controls and Risks Committee (IC&RC) to periodically receive a detailed presentation on ICT Security Update, to be submitted to both Bodies.

The BoSA examined the UniCredit Group ICT Strategy 2020-2023, acknowledging the strategic targets referred to ICT, built up on three pillars: (i) modernizing the IT landscape; (ii) transforming the IT operational backbone; and (iii) strengthening the partnership between Business and IT. The BoSA acknowledged that the Bank's need to adapt its customer service to the rapidly evolving context has imposed, even though the ICT strategy has not changed, changes in the priorities of some activities and initiatives in order to better support the business in the emergency phase, and to prepare supporting the post-emergency phase (e.g. strong acceleration of the customer digitalization process already undertaken previously by UniCredit).

The BoSA has required an in-depth analysis of the Group ICT Strategy - Internalization, upskilling and hiring plan update focusing on internalisation and retraining process aimed at supporting the implementation of ICT strategic initiatives, through the acquisition and enhancement of internal skills; the transformational skills required are structured on four pillars: IT security, software development, data management, Architecture & Service Management. The BoSA noted the training courses for selected staff designed around on KPIs retraining, with the aim of increasing spending on training, by 2023.

The BoSA received updates on ICT Security Incidents, KPIs update and New Security Operation Center (SOC), with further updates on to the SOC evolution project, the centralised security unit responsible for monitoring, analysing and protecting against cyber- attacks.

## Report of the Board of Statutory auditors

With regard to the Global Policy Third Parties Risk Management, the Board of Statutory Auditors examined the contents of the review of the Global Policy - Outsourcing/Insourcing and the new Global Policy - Third Party Risk Management (TPRM) for Non-Outsourcing arrangements, which defines the TPRM framework, through which the Group manages the lifecycle of agreements with non-outsourcing third parties and the related risk. The Board of Statutory Auditors also noted, inter alia, the positive results of the "Global Audit on adequateness of Security Governance for the management of ICT risks - UniCredit S.p.A.", issued with satisfactory rating, thanks to a series of progresses recorded, including (i) adequate definition and implementation of an ICT security strategy in line with strategic ITC initiatives and business priorities; (ii) Group Chief Security Office (GCSO) organizational structure in line with the Group Managerial Golden Rules provisions; (iii) effective execution of the "Cyber and Information Security Culture" program, contributing to reinforce the ICT security staff sizing, competences and skills. Lastly, the Board of Statutory Auditors received updates from the Independent Auditors' experts on the audit activities related to the Bank's and the Group's information systems (ISAE 3402 Report E&Y), their design and operational effectiveness.

### **Operational Risk - Group Top Risks**

The Board of Statutory Auditors took note of the update on the main operational risks identified for UniCredit Group by the three Control Functions; the consolidated initiative, aimed at providing an integrated view of the activities related to the main operational risks, is based on a synergy among the three Functions, providing for the mutual exchange of the results of the implemented activities, in order to benefit from the different approaches to the issues.

In such context, the Board of Statutory Auditors observed that the Covid-19 pandemic has deeply changed the perception of the risk scenario compared to the previous year, and that the risk areas identified with regard to UniCredit for 2021 (Frauds/Conduct; Data Protection Management & Quality; Cyber; Regulatory; Operational Model Change; ICT Resilience; Physical Security & Safety; Third Parties & Outsourcing; Reputational/ESG), to which the cross-cutting theme of the current and potential impact of the pandemic is added, reflect this new perception and outline new priorities.

The Board noted that, for each of the risk areas identified, UniCredit has defined the key priorities for the Control Functions and the first line of defense, and recommended the Bank to continue with determination in the assessment and integrated monitoring of operational risk, in order to take account of each new emerging risk that may potentially affect the Group, as well as the evolution of the pandemic situation, which might have an impact on identified risk areas and lead to the need to promptly redefine the priorities.

The Board of Statutory Auditors was pleased to note that, in 2020, UniCredit adopted a structured process that continuously allows to identify significant external events with potential impact on the Group, to assess the possible Group's exposure to similar events, and to help define specific action plans if necessary. The Board of Statutory Auditors hoped that this process will increasingly contribute to preventing and strengthening the system of controls and awareness throughout the Group.

Lastly, the Board of Auditors observed the Annual Operational Risk Report 2020 and noted the overall decrease in gross losses related to Operational Risk compared to the previous year, despite the impact of extraordinary expenses related to the pandemic emergency. Among the focus points highlighted by GRM Function are the following: the extensive use of remote working and the progressive digitalisation of customer relationships; internal and external fraudulent behavior; possible fraud perpetrated by organised crime within the framework of government funding schemes, and risks related to external service providers and business partnerships.

### **Other risks – Main and emerging risks**

In the context of a regulatory framework, and an external scenario constantly and rapidly evolving, the Board of Statutory Auditors has had the opportunity to analyse some of the main features in terms of main and emerging risks, with the relevant Functions. Specifically:

#### *The Covid-19 pandemic impact*

After the arising of the pandemic in the early months of the year, the Board of Statutory Auditors has constantly monitored the evolution of the crisis and noted the initiatives put in place by UniCredit to implement and constantly improve the preventive measures and guidelines to deal with the Covid-19 emergency, with proactive management of the evolving situation in all dimensions of its risk profile.

The Board of Statutory Auditors has continuously acquired information on the potential impacts for UniCredit in relation to organisational, commercial and risk profiles (focusing on credit risk), by periodically meeting the Heads of the Functions involved and continuously monitoring the implementation of the measures adopted by Management. Specifically, the Board of Statutory Auditors noted with appreciation the efforts put in place by Management to effectively address the significant challenges posed by the pandemic situation with regard to: the safety of customers and employees, ICT operational efficiency and the acceleration of the banking services digitalisation; the management of public support measures in favor of the economy; the credit framework strengthening and the review of related strategies.

#### *The climate-related and environmental risks*

Climate change-related risks (both physical and transition) and the accompanying shift towards sustainable finance are mounting challenges to the financial sector and may impact other types of risks.

## Report of the Board of Statutory auditors

In the context of an evolving regulatory framework that in 2020 put even more emphasis on the climate risk topic, the Board of Statutory Auditors has positively observed that the Group aims to continue to proactively address these challenges by means of increased commitment to sustainability and tangible initiatives aimed at improving the management of risks, to anticipate the possible increases in the riskiness of specific sectors and to analyze the possible requests of the regulatory Authorities.

The Board of Statutory Auditors also noted the gradual strengthening of the dedicated team within the Group Risk Management (GRM) function, responsible for the supervision and management of issues related to climate change and environmental risks and UniCredit's approach to sensitive sectors; the BoSA also took note of the definition of a dedicated internal methodology aimed at assessing Climate and Environmental exposure and vulnerability of the lending portfolio and, with reference to physical risk, of the implementation of a preliminary estimation at Group level of potential impact of some chronic (i.e. sea-level rise) and acute (i.e. landslides and flooding) hazards on the value of mortgage collaterals related to properties located in the most exposed areas.

### *Cyber Security Risk*

Along with the continuous digitalisation of banking services, that has been accelerated in light of the Covid-19 pandemic arising, both the financial industry and its clients are increasingly exposed to cyber risks. This requires reinforced governance with a continuous strong focus on data protection and cyber security. The impact of cyber risks can cause service interruptions, as well as the loss of integrity and availability of data and information.

The Board of Statutory Auditors, considering that the Group have in the past years been subject to cyber-attacks which led, even though only in a few limited cases, to the theft of data, carefully monitored the initiatives launched by the Management to address cyber risk and observed that UniCredit continuously enhances its cyber security program aiming at further strengthening the security controls.

### **Other contributions**

With reference to further reporting containing information on the internal control and risk management system, the Board of Statutory Auditors has noted that, at the date of the present Report, the assessments of the adequacy of the allocation of Group capital (ICAAP), referred to 2020, are underway by the structures in charge, together with the assessment of the overall functionality of the Internal Liquidity Adequacy Assessment Process (ILAAP), whose reports will be prepared within the set deadlines.

The Board of Statutory Auditors examined the "2020 Group ICS Management Evaluation Assessment" document, prepared by the Finance & Controls Area, aimed at supporting the Board of Directors in assessing the completeness, adequacy, functionality and reliability of the Group Internal Control System as a whole.

Based on the self-assessment carried out by the Management in 2020, the Group's internal control system (No.22 companies subject to self-assessment by the reference Management and No.15 Group's Foreign Branches) was rated overall "mostly satisfactory", in line with the aforementioned rating expressed by the Internal Audit Function. Four companies were rated "partially satisfactory", three of which were upgraded compared to the previous year, largely due to improvements in the Compliance area. With regard to UniCredit S.p.A., the self-assessment confirmed the "mostly satisfactory" rating.

The Board of Statutory Auditors, according to the assessment carried out in the course of its activities, has therefore noted the areas of attention identified mainly relating to: Compliance Risk Management Framework, Internal Control Framework on credit activities, Cloud Adoption, and took note of the initiatives adopted or being finalised, aimed at further strengthening the internal control and risk management system.

In conclusion, the Board of Statutory Auditors did not identify critical situations or facts that could make the internal control and risk management system as a whole inadequate, even though situations that required the planning and addressing of specific corrective actions did emerge. Lastly, the Board of Statutory Auditors acknowledges the even greater renewed reactivity and proactive nature of the Management in relation to the operational definition and implementation of the actions in order to improve and remedy the detected weaknesses and shortcomings.

### **9. Oversight of the adequacy of the organisational structure**

The Board of Statutory Auditors examined the report prepared by the competent Group Human Capital structure which considers the organisational structure of UniCredit S.p.A. to be adequate, by virtue of 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.

The Group organization reflects an organisational and business model functional to the identity of a commercial bank, ensuring the autonomy of its Countries/local Banks in order to ensure increased proximity to the client and more efficient decision-making processes, while maintaining a divisional structure for the governance of CIB (Corporate Investment Banking) business/products, and the governance of Commercial Banking Western Europe and Central Eastern Europe business commercial banking, as well as global control over COO-Chief Operating Office, Finance and Controls Area.

## Report of the Board of Statutory auditors

The current organisational structure is focused on the following main areas of responsibility:

- the CEO (Group CEO) retains direct control over the definition of Group Strategy, Risks, Compliance, Legal and Human Resources;
- the co-Heads (co-CEO) Commercial Banking Western Europe and Commercial Banking Central Eastern Europe are responsible for all business activities, focusing on ongoing developing of customer services and maximizing cross-selling in the Countries under their respective perimeter of competence;
- Finance and Controls is responsible for coordinating the overall Planning, Finance and Administration process, managing Identity and Communication activities, developing relationships with institutional counterparties, managing relationships with the European Banking Supervisory Authorities (e.g. EBA, ECB) and the Banca d'Italia, as well as lending activities;
- the co-Heads (co-COO) of the Chief Operating Office have oversight of the operating machine with specific focus on IT, Security & Operations costs and activities, of the transformation of the Group's operating model, consistent with the defined Group strategies, while ensuring synergies, savings and operational excellence, together with oversight of strategic planning and rationalisation of the IT development program;
- the Corporate Investment Banking (CIB) Division, position held by the CIB CEO, reporting to both Co-Heads of Commercial Banking Western Europe and the Co-Head of Commercial Banking Central Eastern Europe, has a coverage role for multinational clients ("Multinational"), for selected Large Corporate clients with a high potential demand for investment banking products, for Financial and Institutional Groups (FIG) and for Global Family Office clients, and is responsible for the Global Transaction Banking (GTB), Global Financing and Advisory (F&A) and Markets product lines as well as the international network;
- with regard to the Italian perimeter, the co-Heads (co-CEO) Commercial Banking ("CB") Italy, who report directly to Commercial Banking Western Europe, are responsible for defining the business strategies of "commercial banking" and assigning such strategies to the Areas and customer segments (Family, First, Business First, Corporate and Private Banking);
- the different functions defined as Competence Line (Internal Audit, Planning, Finance & Administration, Risk Management, Lending, Legal, Compliance, Identity & Communication, Human Capital) and Service Line (Group ICT, Group Security, Group Operations, Group Real Estate, Group Procurement & Cost Management, Group Data Office, Business Operational Excellence, Group Institutional & Cultural Affairs, Group ESG Strategy & Impact Banking and Group Regulatory Affairs) ensure, each for its own area of competence, the steering, coordination and control of the Group's activities and related risks.

The Board of Statutory Auditors has examined the main organisational changes that occurred in 2020, including:

- creation of the Service Line "Group ESG Strategy & Impact Banking" - reporting directly to "Finance & Controls" - responsible for social and business initiatives at Group and UniCredit S.p.A. level, for Social Impact Banking activities and for the ones related to operational support to UniCredit Foundation in carrying out its activities, as well as for the development of the culture of solidarity within the Group;
- creation (effective 1 February 2021) of the Service Line "Group Data & Analytics Officer", reporting directly to "Finance & Controls", mainly responsible for managing the data necessary to support business decisions, defining standards, policies and procedures to ensure the data reliability, as well as managing a comprehensive data strategy, aimed at spreading the use of available information, and developing Advanced Analytics activities in order to maximise the value extraction from Group data through the massive analysis of the information amount coming from customer interaction with any network channel;
- transfer from Group Risk Management (GRM) to Group Lending Office (GLO) of the activities relating to Non Core Asset Management and creation of both "Group NPE Operational Management" function, which is responsible for guiding at Group level all the NPE management levers with hierarchical reporting to GLO and functional reporting to GRM, and an "Italy NPE Operational Management", function reporting directly to "Chief Lending Officer Italy" with the responsibility of coordinating and managing the restructuring and credit recovery files relating to core and non core non performing portfolios in the perimeter;
- finalisation of the creation of the "Business Operational Excellence" structure with the responsibility - in relation to the "Commercial Banking Western Europe" ("CB WEU"), "Commercial Banking Central Eastern Europe" ("CB CEE") and "Corporate Investment Banking" ("CIB") perimeters - of ensuring the effectiveness of the first-level controls system, by enabling business functions to act as the first line of defense in reducing operational risks. Such structure is also responsible for ensuring the efficiency and consistency of the New Product Approval ("NPP") process at Group level;
- creation of the "Health & Safety" structure - reporting directly to the "co-Chief Operating Officers" - responsible for supporting the Employer in drawing up the Health and Safety Risk Assessment Document, in compliance with Legislative Decree No.81/2008, containing the risk factors detected, the prevention and protection measures, the mandatory Health Surveillance measures and the emergency plans, as well as drawing up the Company's Health and Safety regulations;
- creation, within the "Group Operations" Service Line, of the "CBK Know Your Customer Italy", structure with the responsibility for carrying out part of the fulfilments aimed at the "due diligence" of Commercial Banking customers within the Italian perimeter of UniCredit S.p.A., supporting the business in the correct performance of specific Know Your Customer activities with reference mainly to the handling and/or review of customer identification information, as well as the customer risk assessment;
- creation of the "Group Outsourcing & Third Parties Management" structure, within the "Group Procurement & Cost Management" Service Line, in order to strengthen the monitoring of Third Parties at Group level, with particular reference to services and counterparties that do not fall within the "Outsourcing" category.

## Report of the Board of Statutory auditors

With regard to the aforementioned organisational changes, the Board of Statutory Auditors emphasises that they constitute a prompt response to business (including sustainable business with reference to ESG issues) and operational changes, as well as changes in the external context. Specifically, the Board of Statutory Auditors highlights the intention of the Bank to further strengthen the governance of sustainability issues, thus, it has been separated the management of sustainability initiatives from that of institutional and cultural initiatives in two different and specific areas of competence.

The Board of Statutory Auditors considers the organisational structure of UniCredit S.p.A. to be adequate and will continue to monitor the adequacy and effectiveness of its operations.

### **Steering activity**

In the period, the BoSA paid specific attention to issues concerning the strengthening of the Parent company's steering activities, focusing on the coordination, management and control of smaller Group Companies and foreign subsidiaries.

The Board of Statutory Auditors appreciated the effort and strong commitment of the Management and noted, during the period, the concrete actions put in place as an effective development of what had been planned, hoping that the strong attention will be maintained in continuing to strengthen the steering within the Group, an activity considered essential for proper management and defense, protection and monitoring of risks, including reputational risks.

The Board of Statutory Auditors also believes it is important to continue reviewing the first-and second-level controls, aimed at harmonising the global business approach to controls, in order to further strengthen risk awareness, reducing the compliance and operational risk, as well as the risk of missing or incomplete oversight by the central Functions.

### **Suitability of Control Functions and Activity Plans**

#### *Internal Audit Function*

The Board of Statutory Auditors examined the 2020 Audit Plan of the Function, during the year, consistently reviewed, in order to take into account the adjustments resulting from the context caused by the Covid-19 pandemic, and the 2021 Audit Plan approved by the Board of Directors in January 2021.

The Audit Plan 2021 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. Such Plan, together with the Internal Audit Guidelines for 2021 communicated to Group Companies, reinforces, based on the professional judgement of Internal Audit, the information relating to: i) the risk scenarios reported by external sources (EBA, ECB); ii) the contribution of UniCredit S.p.A. Top Management; iii) the findings and the indications of the Supervisory Authorities and External Auditors; iv) the top risk reported by the Internal Audit Function main Group companies.

The Board of Statutory Auditors has positively acknowledged the new experiences gained by the Function during the year, which may also be attributed to the prompt operating response implemented with the so-called "flash audits" carried out as a result of the remote working methods induced by the Covid-19 pandemic, and has shared, among the positive elements, the quick closure of the audits, with fast feedback on the problems detected, and the use of more streamlined internal working methods. The overall efficiency of the Function is increased by relying on a number of levers, mainly the use of advanced data analytics.

The Board of Statutory Auditors has received updates on developments in terms of capacity, also with regard to the gaps identified and the program already underway for their settlement, that the BoSA deems necessary to support and monitor. Based on the information acquired, the BoSA deems the Function's capacity in performing its duties to be adequate.

#### *Group Risk Management*

During the year, the Board of Statutory Auditors examined the "GRM Activity Plan 2020: semiannual update", noting the stage of completion of activities in the plan, considering all the additional activities put in place as a result of the pandemic. The BoSA also reviewed the GRM Plan for 2021, consisting of three main areas: (i) strict monitoring of projects related to key GRM areas with specific attention to regulatory requirements; (ii) strong focus on non-financial risk; (iii) EBA stress-test.

Based on the information acquired, the Board of Statutory Auditors considers the size and capacity of the GRM Function to be adequate for achieving the objectives laid down in the 2021 Activity Plan.

#### *Compliance Function*

During the year, the Board of Statutory Auditors examined the "Compliance Plan 2020 Reloaded", which was reviewed in order to take into account the adjustments resulting from the context caused by the Covid-19 pandemic, and the Compliance Plan 2021 (approved by the Board of Directors in February 2021).

The Plan is based, inter alia, on the following drivers: emerging risks coming from external events; risks detected by risk assessment process and Quality Assurance carried out by Compliance; lessons learnt from common cases, including external ones. In terms of capacity, the Function was reinforced in 2020 with the entry of staff coming from other structures, and responsible for carrying out key activities and controls, such as AML. Further needs and adjustments in terms of staff might arise at the end of the ongoing assessment carried out by an external consultant (see also paragraph 8 above).

Based on the information acquired, the Board of Statutory Auditors deems the Function's capacity in performing its duties to be adequate.



## Report of the Board of Statutory auditors

The Board of Statutory Auditors expressed its positive opinion to the Board of Directors about the managerial turnover in the role of Head of Internal Audit and Head of Compliance as from 1 December 2020.

### 10. Remuneration policies

The Board of Statutory Auditors noted that the Board of Directors, in its meeting held on 5 March 2021, approved the document “**2021 Group Remuneration Policy and Report**”, and the related Board of Directors’ Report to be submitted to the Shareholders’ Meeting. This document defines the principles and standards used to design, implement, and monitor the Group’s remuneration systems, as part of the review of the Group’s strategy described in the Team 23 new Strategic Plan.

The Board of Statutory Auditors took note of the report issued by the Internal Audit Function “2020 Remuneration Policies and Practices”, which ends with the formulation of a “satisfactory” rating.

Lastly, in compliance with the current regulations, the Board of Statutory Auditors examined specifically the proposals for:

- Goal Setting 2021 for the Chief Executive Officer, the Manager in charge of preparing the Financial Reports, the Head of the Internal Audit Function of UniCredit S.p.A.;
- Consensual exit agreement with the Chief Executive Officer Mr. Jean Pierre Mustier;
- New CEO compensation package;
- New Board and Committees compensation proposal;

and verified the correctness of the Bank’s adopted process and criteria, including the consistency with the relevant regulations, thus expressing its positive opinions to the Board of Directors.

### 11. Non-Financial Statement

The Board of Statutory Auditors has taken note of the adherence to the highest standards of policies concerning **ESG** (Environmental, Social, Governance) and of principles externally monitored and recognised, and the confirmation that ESG topics are considered by UniCredit to be an indispensable and crucial aspect of long-term value creation.

UniCredit joined the UNEP FI Principles for Responsible Banking (PRB) in October 2019. The PRB Report providing information on the progress made in implementing the Principles, was approved by the Board of Directors at its meeting held on 5 March 2021, in addition to the Integrated Report. With regard to climate change, a separate disclosure document in line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) will be published in June 2021.

The Board of Statutory Auditors acknowledges the path undertaken since 2019 aimed at greater integration of different topics sustainability-related into the Group’s corporate strategies, with initiatives strongly encouraged by the Corporate Governance, Nomination and Sustainability Committee and the Board of Directors, including, for example, the introduction of ESG indicators in the Long-Term Incentive Plan (LTIP) related to the Top Management (10% of variable remuneration is in fact based on the assessment of three indicators: ESG performance ranking assigned by an external rating agency, employee engagement index, and customer satisfaction index).

The Board of Statutory Auditors has also noted the detailed policies concerning those sectors of relevance to UniCredit that are most exposed to environmental and social risks; these policies are based on agreements, guidelines and standards (including the Performance Standards of the International Finance Corporation, the World Bank Environmental, Health, and Safety Guidelines - EHS - and the UN Global Compact principles) as well as other practices adopted by specific sectors. Internally adopted global policies include: “Non-Conventional Oil and Gas Industry Sector and Oil and Gas in the Arctic Region” and “Coal Sector - Environmental, Social and Reputational Risk” (reviewed in December 2020), which aim at defining principles and rules for assessing environmental, social and reputational risk in the relevant sector.

In order to further strengthen the governance of sustainability issues, it has been separated the management of sustainability initiatives from that of institutional and cultural initiatives in two different and specific areas of competence and therefore starting from the 1 July 2020, it has been set up - as already mentioned in paragraph 9 - the “Group ESG Strategy & Impact Banking” structure, responsible for social and business initiatives at Group and UniCredit S.p.A. level, Social Impact Banking activities and the development of the culture of solidarity within the Group. This function ensures the integration of ESG priorities in the Bank’s strategy. It submits proposals, status and updates of the ESG strategy to the Corporate Governance, Nomination & Sustainability Committee (CGN&SC) and the Executive Management Committee (“EMC”). Moreover, it ensures the coordination in the implementation of the Principles for Responsible Banking - UNEP FI. The Head of this new structure reports to the Head of Finance & Controls and sits on the Executive Management Committee (EMC). The Board of Statutory Auditors met with the Head of the new function on several occasions and will continue to monitor the integration of ESG priorities into the strategy pursued by the Management.

The Board of Statutory Auditors, taken note of Italian Legislative Decree No.254/2016 on the disclosure of non-financial information and the Implementing Regulation issued by Consob with a resolution dated 18 January 2018, No.20267, exercised its functions by supervising the compliance with the provisions contained therein regarding the drafting of the non-financial statement (hereinafter referred to as “DNF”) as part of the Integrated Financial Statements, approved by the Board of Directors on 5 March 2021.

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The Board of Statutory Auditors held several meetings with the Function responsible for drafting the DNF, the representatives of the appointed External Auditors (Deloitte & Touche) and examined the documentation made available; the BoSA has noted 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”), noted the application of the Global Rule “Preparation of Non-Financial Information for the Integrated Report Production”, aimed at defining roles, responsibilities, activities, controls and information flows of coordination between the Parent company and the Group's Companies and structures.

The BoSA also acknowledged the report issued by the External Auditors on 9 March 2021, which states that no elements were received that would suggest that the DNF of the UniCredit Group, with regard to the financial year ended on 31 December 2020, had not been drafted in all significant aspects in compliance with the relevant regulations, and with the GRI Standards (“Global Reporting Initiative Sustainability Reporting Standards” defined by GRI - Global Reporting Initiative).

Based on the information acquired, the Board of Statutory Auditors certifies that, during its examination of the non-financial statement, elements of non-compliance and/or violation 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 article2403 of the Italian Civil Code and article149 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 Ania, Assogestioni, Assonime, Confindustria and Borsa Italiana, and has prepared, (the “Corporate Governance Committee”), pursuant to article123-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 2021, 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 on any critical issues affecting the administration and control systems and the general trend of corporate activity;
- carried out its supervisory activity in the Italy Network (Southern Region) through a virtual round table (due to the limitations induced by the Covid-19 pandemic);
- 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;
- has finalised, with the support of an external consultant, its Guidelines on the obligations of the Board of Statutory Auditors pursuant to articleNo.149, paragraph 3, of Legislative Decree No.58/1998 to notify CONSOB of irregularities observed in its supervisory activities and has consequently informed the Group Legal Function and CONSOB itself.

With the aim to continuously 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 LEs, as part of its supervisory and steering activity carried out by the parent company. To this end, the BoSA met the main company representatives and the Top Management of UniCredit Bank AG in December 2020, and the Top Management of UniCredit Bank Austria AG in February 2021. The meetings, which resulted in an exchange of information with the aim of an integrated governance, with particular reference to issues specific to the Bank's themselves, took place in an atmosphere of open discussion, wishing that this constructive opportunity might be organised every year on a recurring basis.

Since the date of the previous Report of the Board of Statutory Auditors (10 March 2020) and up to the date of this Report (10 March 2021), the following communications have been received, defined by the shareholders as complaints pursuant to articleNo.2408 of the Italian Civil Code:

- a registered letter, dated 22 March 2020, from Mr. Francesco Santoro, in which the Shareholder asked the Board to oppose the manner in which the Bank decided to hold the Shareholders' Meeting of 9 April 2020 claiming that the same would have precluded Shareholders from proposing the voting of the liability action against the Directors pursuant to articleNo.2393 of the Italian Civil Code;
- a communication by certified e-mail, dated 8 April 2020, received from the shareholder Mr. Tommaso Marino, in which the Member complained of alleged irregularities (missing reply, partial publication of the question) in relation to two questions formulated by the same in the run-up to the Shareholders' Meeting of 9 April 2020, both deemed not to be relevant to the topics on the agenda.
- a letter sent by e-mail, dated 9 March 2021, from Bluebell Capital Partners Limited, by which the Shareholder requested the attention of the BoSA (i) on the assessment concerning the independence of the Director Mr. Pietro Carlo Padoan as PEP (Politically Exposed Person) (ii) on the alleged omissive information on UniCredit's website of Director Mr. Pietro Carlo Padoan, including his political tie with the Democratic Party and his election as a member of the Chamber of Deputies in the Siena election district, (iii) on the misalignment between articleNo.20 of UniCredit's by-law and the provision of articleNo.13 of Ministerial Decree No.169 dated 23 November 2020.

## Report of the Board of Statutory auditors

In response to the reports received, the Board of Statutory Auditors promptly carried out adequate in-depth investigations, gathering the information necessary to examine and evaluate the cases submitted with the support of the Bank's relevant Functions. The Board of Statutory Auditors, having ascertained whether the reported facts were well-founded, agreed in all cases with the reasonableness of the conclusions proposed by such Functions. As outcome of the investigations carried out, no irregularities were detected that required reporting to the Shareholders' Meeting.

During the year, the Board of Statutory Auditors, in addition to what has already been expressly stated in this Report, issued the opinions and expressed the observations that the current regulations and supervisory provisions for banks assign to its responsibility.

Furthermore, the Board of Statutory Auditors reports that:

- it has taken note of the self-assessment required by the regulatory provisions, carried out by the Board of Directors in the meeting of 3 March 2020,
- it found that the criteria and procedures establishing the requirements of independence adopted by the Board of Directors for the annual assessment of the independence of its members were correctly applied;
- it found that the Board of Directors carried out the verification of the positions held for the purposes of the interlocking prohibition pursuant to article 36 of Italian Legislative Decree 201/2011;
- it verified the fulfilment of the independence requirements of the individual members of the Board of Statutory Auditors and carried out, periodically and occasionally, the acknowledgement and the assessments concerning the communications received by the individual members regarding the number of awarded/lapsed appointments and the associated time commitment;
- in addition to the Board Meetings, it participated in specific meetings with the Directors, also open to the Statutory Auditors, dedicated to the perspectives and key elements of the strategy of the Group and the entire European Banking Sector;
- it oversaw that 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**

The Board of Statutory Auditors of UniCredit S.p.A. operates within the framework of an integrated governance and of adequate and structured internal corporate information flows. The BoSA took note of the information provided in the Report on Corporate Governance and Ownership Structures, approved by the Board of Directors during the meeting held on 5 March 2021.

On 23 February 2021, the Board of Statutory Auditors completed the self-assessment process on the adequacy in terms of composition, correct and effective functioning of the Body. The self-assessment process was carried out in compliance with the Regulations for Corporate Bodies and Committees, adopted in compliance with the Supervisory Provisions on Corporate Governance for Banks and in compliance with the indications contained in the document "Self-assessment of the Board of Statutory Auditors" issued by the National Council of Chartered Accountants and Accounting Experts in May 2019.

The Board of Statutory Auditors carried out the self-assessment on its composition, considering it adequate, also in the light of its development over time and the diversity in terms of skills, competences and expertise, as well as gender, which ensured the effective ongoing functioning of the Body.

In January 2020, the Corporate Governance Committee adopted a new version of the Corporate Governance Code, to be applied starting from 2021, with information on its implementation to be included in the corporate governance reports to be published during 2022.

Taking into account that 2021 will be the first year for the application of the new edition of the Code, the Corporate Governance Committee deemed it opportune to reconsider all the recommendations provided over the last four years, by formulating certain specific indications for those areas of improvement where significant shortcomings persist.

The key areas of improvement deemed to be functional to better implementing the new Code, as identified in the letter sent by the Chairwoman of Corporate Governance Committee, dated December 22, 2020, focused on:

- the integration of sustainability into the definition of strategies, the internal control system, the management of risks and the compensation policy;
- the pre-meeting information provided to the Board of Directors;
- the independence assessment process;
- the self-assessment process of the Board of Directors;
- the appointing and succession process for the Directors;
- the adequacy of remuneration practices and policies.

## Report of the Board of Statutory auditors

The Corporate Governance Report approved by the Board of Directors on 5 March 2021 gives an account of the implementation methods already in place with reference to each of the above issues, noting in particular:

- the Company's constant focus on strengthening the integration of ESG factors in the definition of the Group strategies, the internal control and the management of risks as well as the compensation policy, as well as the launch in 2020 of a deep review process of its ESG strategy, also following the aforementioned creation of a new dedicated area, "Group ESG Strategy and Impact Banking";
- the practice laid down in the UniCredit Regulations for Corporate Bodies and Committees, with reference to pre-meetings information, for which information is provided at least three working days prior to meetings, with the possibility of waiving this requirement only in the event of extraordinary situations, ensuring that in such cases adequate details are provided during board meetings;
- the presence for several years of a structured and transparent process for the assessing of the independence, described in greater detail in the Corporate Governance Report;
- the presence of a structured board review process with the assistance of an external consultant for the self-assessment of the Board of Directors;
- the modality by which, before each renewal of the supervisory body, the Board (i) establishes its qualitative and quantitative composition deemed optimal for the effective completion of the duties and responsibilities vested in the body with strategic supervisory functions by law, by the Supervisory Provisions and by the UniCredit Articles of Association, and (ii) informs shareholders about such composition in order for them to select candidates taking into consideration the expertise required;
- the presence of a structured process aimed at managing and developing the Leadership Pipeline across the Group, called Executive Development Plan, related to all Group Executives, including the Chief Executive Officer position;
- the presence of UniCredit's remuneration and incentive policies that already comply with the recommendations made from time to time by the Corporate Governance Committee.

With reference to the above, the Board of Statutory Auditors agrees with the considerations expressed by the Bank in its latest Corporate Governance Report regarding the good quality of the UniCredit corporate governance, that is already compliant with the recommendations outlined in the above-mentioned letter and thus in the new Code. The Board of Statutory Auditors has also constantly monitored how the recommendations of the Corporate Governance Code are actually implemented, intervening with specific requests where deemed appropriate. The Corporate Governance Report acknowledges room for improvement referring to the pre-meeting information timeliness, and improvements are also expected with reference to sustainability, an area to which the new Code pays particular attention. With reference to these issues, the Board of Statutory Auditors will pay due attention during 2021, the first year of application of the new edition of the Corporate Governance Code.

The Board of Statutory Auditors reported every six months to the Board of Directors and the IC&RC 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 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.

The aforementioned Regulation, approved by the Board of Directors in 2018, provides for the participation of the Chairman of the Board of Statutory Auditors in the meetings of the Internal Controls and Risks Committee, without prejudice to the right of each member of the Board of Statutory Auditors to attend specific meetings of the Board Committees; the Chairman of each Committee may invite the Chairman of the Board of Statutory Auditors, or another Statutory Auditor designated by him, to attend the meetings.

Starting from May 2020, the attendance of the Members of the Board of Statutory Auditors at the meetings of the Board Committees has increased in the manner indicated in the above-mentioned paragraph 1. The Board of Statutory Auditors has verified how the increase in its participation at the Committees in question has contributed to its effectiveness.

The BoSA carried out 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. At the request of the BoSA the relevant procedure is being revised, in order to make it more consistent with the definition of significant transactions set out in the above-mentioned statutory provision and in the provisions of law on which it is based, hoping the new procedure to be adopted soon.

With specific reference to the assignment to the **Board of Statutory Auditors** also of the functions of **Supervisory Body pursuant to Italian Legislative Decree No.231/2001** ("OdV 231") starting from the renewal of its mandate which took place with the Shareholders' Meeting of 11 April 2019, the Board of Statutory Auditors, charged with functions of Supervisory Body, reported to the Board of Directors every six months on the activities carried out on the implementation of the Organisational and Management Model adopted by UniCredit S.p.A. pursuant to the aforementioned Legislative Decree (at the meetings held on 5 August 2020, and 5 March 2021, respectively).

During the reference period, the Board of Statutory Auditors, acting as 231 Supervisory Body's, oversaw the functioning and compliance with the Model, and the verification and control activity, based on the information made available to it, and it was functional to the objectives of its effective implementation. The 231 Supervisory Body 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.

The Board of Statutory Auditors has adopted specific operating practices in order to perform its ordinary role in synergy with the one acting as 231 Supervisory Body.

## Report of the Board of Statutory auditors

### Conclusions

The oversight of the Board of Statutory Auditors revealed no censurable actions, omissions or irregularities requiring to be noted in this Report.

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 operations during the period covered by this report performed not in compliance with the principles of proper management, resolved and carried out not in accordance with the law and the Company Bylaws, not in the Company's interest, not in accordance with Shareholders' resolutions, manifestly imprudent or reckless, 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 Financial Reporting Manager, does not find in the areas under its remit any impediment to the approval of the proposal of the financial statements as at 31 December 2020 and of the remuneration proposal submitted by the Board of Directors, as presented below.

The Board of Statutory Auditors has noted that the Directors observed that the emergence of Covid-19 pandemic during the financial year 2020 and the associated lock-down measures, have determined, negative effects that are offset, only in part, by the economic relief measures put in place by the Governments. The Directors have considered these circumstances in the assessments of significant items of the financial statements, and on the basis of these assessments, also acknowledging the current uncertainty surrounding the economic recovery and the long-term impact of the lock-down measures adopted, believe with reasonable certainty that the Group will continue to operate profitably in the foreseeable future; as a result, in accordance with the provisions of IAS1, the document "Consolidated financial statements as at 31 December 2020" was prepared on a going concern basis.

Based upon the aforementioned evaluations, as stated in the financial statements report, the main regulatory ratios have been taken into account at 31 December 2020, in terms of: (i) the exact figures at 31 December 2020 (CET1 ratio transitional equal to 15.96%; TLAC Total-Loss Absorbing Capacity ratio equal to 26.97%; Liquidity Coverage Ratio equal to 171% 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 693 basis points; TLAC Ratio: excess of 743 basis points; Liquidity Coverage Ratio: excess of more than 71 percentage points); (iii) the expected evolution of the same ratios during 2021.

Consistently with such evidences, taking into consideration the recommendations issued by European Central Bank in December 2020 (Recommendation 2020/62 on "the distribution of dividends during the COVID-19 pandemic and repealing Recommendation ECB/2020/35") and further corroborating the going concern, the Board of Statutory Auditors takes note of the proposal of the Board of Directors at the next Shareholders' Meeting scheduled for 15 April 2021 to authorise the distribution of a remuneration, in part in cash and in part through shares buy back, the latter conditional on the reception of the proper authorization by the European Central Bank.

Lastly, the Board of Statutory Auditors hopes and trusts that UniCredit will also set up the best conditions for the entering in charge of the new Board of Directors, which will be elected during the aforementioned next Shareholders' Meeting and where Mr. Pietro Carlo Padoan and Mr. Andrea Orcel, respectively, are seen as the designated Chairman and the Chief Executive Officer, as per list No.1. presented by the Board of Directors of UniCredit S.p.A.

Milan, 10 March 2021

For the Board of Statutory Auditors

The Chairman  
Marco Rigotti



**INDEPENDENT AUDITOR'S REPORT  
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010  
AND ARTICLE 10 OF THE EU REGULATION 537/2014**

**To the Shareholders of  
UniCredit S.p.A.**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

**Opinion**

We have audited the financial statements of UniCredit S.p.A. (the "Bank"), which comprise the balance sheet as at December 31, 2020, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and the related notes to the accounts.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at December 31, 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and to art. 43 of Italian 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the ethical requirements applicable under Italian law to the audit of the 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 judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Risk of uncorrected classification and valuation of performing customer loans

### Description of the key audit matter

As indicated in the Notes to the accounts *Part B – Balance Sheet Information (Table 4.2 Financial Assets at amortised cost: Breakdown by product of loans and advances to customers)*, loans to customers (stage 1 and stage 2) are equal to 204.612 million Euro.

As more broadly described in the Notes to the accounts and in the Report on operations in 2020 the world economy faced an unprecedented economic contraction, triggered by the Covid-19 pandemic which significantly impacted the Bank's business processes for identifying, monitoring and measuring credit risk.

The context was also characterized by new initiatives and concessions introduced by the government and the monetary and fiscal authorities, whose impacts on the Bank's economic and financial situation are reported in the Notes to the accounts in the following sections:

- *Part B – Balance sheet – Section 4 – Financial assets at amortised cost (4.4a Financial assets at amortised cost subject to Covid-19 measures: gross value and total accumulated impairments);*
- *Part C – Income statements – Section 8 – Net losses/recoveries on credit impairment (8.1a Net impairment losses for credit risk relating to financial assets at amortised cost subject to Covid-19 measures: breakdown);*
- *Part E – Information on risks and hedging policies – Section A – Credit quality (A.1.5a Other loans and advances subject to Covid-19 measures: transfers between impairment stages (gross value) and A.1.7a Other loans and advances subject to Covid-19 measures: gross and net value);*

as required by the Bank of Italy Communication “Integration to Circular No.262 requirements – Banks financial statements: schemes and compilation rules” dated December 15, 2020 to provide the market with information on the effects that the Covid-19 and the measures to support the economy have produced on strategies, objectives and risk management policies, as well as on the economic and financial situation of intermediaries.

In relation to the context described above and as more broadly illustrated in the Notes to the accounts *Part E – Information on risks and hedging policies – Section 1 – Credit risk – Paragraph 2.3 Measurement methods for expected losses*, as at December 31, 2020 performing loans valuation, compared to previous years, was characterized by some new methodological aspects such as:



- specific valuations adopted for the exposures, also subject to concession (moratoria), in order to verify the significant increase in credit risk, considering not only rating indicators but also prospective indicators and sector analyses;
- the new definition of default, whose more stringent classification criteria are applicable starting from January 1, 2021, which the Bank has already taken into account for the purpose of evaluating the credit risk of the counterparties.

The valuation of performing portfolio has been furthermore significantly affected by the update of the macroeconomic scenarios and of the estimates of the likelihood of defaults (the “*default rate*”) which are expected to rise when the government protection schemes will expire; this in order to take into account the persistence of a high degree of uncertainty and economic forecasts that show a high volatility mainly linked to the effects of the Covid-19 pandemic. For a more exhaustive information please refer to the Notes to the accounts *Part A – Accounting policies – Section 2 – General Preparation Criteria – Measurement of Credit Exposures* and to the *Part E – Information on risks and hedging policies – Section 1 – Credit risk – Paragraph 2.3 Measurement methods for expected losses*.

Considering the significance of the amount of the performing loans recorded in the financial statements, the increased complexity in the estimation processes adopted by the Bank also to take into account the effects of the Covid-19 pandemic, we have identified the classification of performing loans - with particular reference to performing credit exposures with higher levels of management risk (“watchlist” exposures) and to exposures subject to concession - as well as the related process for determining collective loan loss provisions, as a key audit matter of the financial statements of the Bank as at December 31, 2020.

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**Audit procedures performed**

The audit procedures performed, planned also considering the exceptional macroeconomic environment and related Covid-19 impacts, included, among others, the following:

- analysis and understanding of the Bank's internal control system and the relative internal regulations concerning to the credit process, and in particular, the identification of the organizational and procedural safeguards implemented by the Bank for monitoring credit quality, for the adequacy of the classification according to the provisions of the sector legislation and for the credit valuation in compliance with the applicable accounting standards; such analyses were focused on the main aspects referred to by the Supervisory Authorities following the Covid-19 pandemic;

- analysis and understanding of the IT systems and applications used and test of the operational effectiveness of relevant controls, also with the support of IT experts belonging to the Deloitte network;
- analysis of the implementation of the procedures and Bank's processes, as well as test of the operational effectiveness of the relevant controls for the purposes of the classification and valuation processes;
- analysis and understanding of the main valuation models adopted by the Bank and of the related updates, as well as check on a sample basis of the reasonableness of the parameters subject to estimation, also with the support of credit model experts and IT experts belonging to the Deloitte network;
- analysis and verification of further assessments made by the Bank for the classification of Stage 2 exposures and for the valuation of counterparties risk, with particular reference to sector analyses and to the new definition of default;
- checks on a sample basis of the classification according to the provisions of the internal and sector legislation as well as of the related valuation in compliance with the applicable accounting standards;
- analysis and check of the collective valuation of performing loans, also through the development of independent estimates;
- comparative and trend analyses on the volumes of loans to customers and on related coverage ratios, through comparison with the data of the previous year and with sector data;
- examination of the sensitivity analyses carried out by the Bank on the expected losses accounted for at year end to changes in macroeconomic scenarios;
- analysis of events occurring after the reference date of the financial statements.

Finally, we have verified the adequacy and compliance of the disclosures provided in the Notes to the accounts with respect to the requirements of the applicable accounting standards and reference legislation, as well as the contents of the interpretative and supporting documents for the application of the accounting standards in relation to the impacts of Covid-19, issued by the European regulatory and supervisory bodies.

**Risk of uncorrected classification and valuation of non-performing loans to customers (“bad loans” and “unlikely to pay”)****Description of the key audit matter**

As indicated in the Notes to the accounts *Part B – Balance Sheet (4.2 Financial assets at amortised cost: breakdown by product of loans and advances to customers)*, the net carrying amount of non-performing loans to customers (stage 3) is equal to 3,646 million Euro.

The Report on operations shows that non-performing loans coverage ratio as at December 31, 2020 for bad loans is equal to 85.68% with a net carrying value of 624 million Euro, for unlikely to pay is equal to 58.80% with a net carrying value of 2,790 million Euro and for non-performing past-due is equal to 37.30% with a net carrying value of 252 million Euro.

In the Notes to the accounts *Part A – Accounting Policies – Section A.2 – Main items of the accounts Paragraph 15 – Other Information Impairment* is described that the valuation of bad loans and unlikely to pay takes place:

- on an analytical basis, on the basis of the estimated recoverable cash flows, discounted at the original interest rate of the financial asset;
- on a statistical basis, through the acknowledgment of coverage levels defined for credit portfolios below a predefined threshold;

and that, in accordance with the IFRS 9, the valuation of non-performing loans was determined by including also the multiple scenarios applicable to this type of exposures including any sale scenario where the Bank's non-performing loans asset strategy foresees the recovery through their disposal on the market.

In addition, in the Notes to the accounts *Part E – Information on risks and hedging policies – Section 1 – Credit Risk – Paragraph 2.3 Measurement methods for expected losses*, it is reported that during December 2020, the management of the Bank updated its disposal plan 2021-2023 by providing, in addition to the full rundown of the “Non-Core” portfolio (gross carrying amount as at December 31, 2020 of 1.7 billion Euro), the disposal of non-performing loans belonging to the “Core” perimeter for a gross carrying amount of 2.6 billion Euro at December 31, 2020, which were evaluated on the basis of recovery through their disposal on the market (“Selling scenario”). This led to the inclusion of additional loan loss provisions for 453 million Euro related to these exposures, in order to align recovery forecasts with expected market prices (defined by observable internal or market benchmarks, depending on the availability of the information and in compliance with internal regulations).

Considering the significance of non-performing loans amount recorded in the financial statements and the complexity of the estimation processes adopted by the Bank which implied a complex classification activity into homogeneous risk categories and the use of some variables characterized by a high subjectivity (such as the estimates of expected cash flows, the related recovery times, the value of any guarantees and the recovery strategies, including the disposal on the market) for the determination of the related recoverable amount, we have identified the classification of non-performing loans (bad loans and unlikely to pay) and their valuation as a key audit matter of the financial statements of the Bank as at December 31, 2020.

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**Audit procedures performed**

The audit procedures performed included, among others, the following:

- analysis and understanding of the internal control system as well as the related internal regulations regarding: (i) the monitoring of credit quality (ii) the management of non-performing loans (iii) the adequacy of the classification according to the provisions of the sector legislation and (iv) the credit valuation in compliance with the applicable accounting principles;
- analysis and understanding of the IT systems and applications used and test of the operational effectiveness of relevant controls, also with the support of IT experts belonging to the Deloitte network;
- verification of the implementation of the procedures and Bank's processes, as well as test of the operational effectiveness of the relevant controls for the purposes of the classification and valuation processes;
- analysis and understanding of the approval process by the competent bodies of the Bank of the actions to strengthen the strategy of reducing non-performing credit exposures included in the "Core" perimeter;
- analysis and understanding of the valuation model adopted for the determination of the additional loan loss provisions relating to non-performing loans belonging to the "Core" perimeter, valued on the basis of the recovery expectations through the sale and verification of the reasonableness of the expected market prices, also through the development of independent estimates;
- checks on a sample basis, for each category of non-performing loans, of the classification and of the related valuation in compliance with the Bank internal regulations;

- comparative and trend analyses, for each category of non-performing loans, on the volumes and on related coverage ratios, through comparison with the data of the previous year and with sector data;
- analysis of events occurring after the reference date of the financial statements.

Finally, we have verified the adequacy and compliance of the disclosures provided in the Notes to the accounts with respect to the requirements of the applicable accounting standards and reference legislation, as well as the contents of the interpretative and supporting documents for the application of the accounting standards in relation to the impacts of Covid-19, issued by the European regulatory and supervisory bodies.

### **Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements**

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and to art. 43 of Italian Legislative Decree no. 136/15 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Bank or for the termination of the operations or have no realistic alternative to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Bank's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 International Standards on Auditing (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 financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the 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 management's 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 auditor's report to the related disclosures in the 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 auditor's 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as 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 relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

#### **Other information communicated pursuant to art. 10 of the EU Regulation 537/2014**

The Shareholders' Meeting of UniCredit S.p.A. has appointed us on May 11, 2012 as auditors of the Bank for the years from December 31, 2013 to December 31, 2021.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Bank in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### **Opinion pursuant to art. 14, paragraph 2 (e), of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98**

The Directors of UniCredit S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure of UniCredit S.p.A. as at December 31, 2020, including their consistency with the related financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the financial statements of UniCredit S.p.A. as at December 31, 2020 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and information contained in the report on corporate governance and ownership structure are consistent with the financial statements of UniCredit S.p.A. as at December 31, 2020 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by  
**Maurizio Ferrero**  
Partner

Milan, Italy  
March 9, 2021

*This report has been translated into the English language solely for the convenience of international readers.*





## Ordinary Shareholders' Meeting resolution of 15 April 2021

The UniCredit S.p.A. Ordinary Shareholders' Meeting approved the 2020 Financial Statements of UniCredit S.p.A., comprising the Balance Sheet, Income Statement, Statement of Comprehensive Income, Statement of Changes in Shareholders' Equity, Cash Flow Statement and Notes to the accounts, as presented by the Board of Directors as a whole and with regard to the individual entries and thereby resolved to allocate to the Legal reserve the amount of €55,000,000.00 withdrawn from Share Premium Reserve the use of which has been previously authorised by the European Central Bank and also the coverage of the negative reserves totaling €449,265,163.15 through use of i) Share Premium Reserve for the amount of €322,874,263.90, preventively authorised by the European Central Bank, with reference to the negative Reserve for coupon payments related to AT1 capital instruments, and ii) Statutory Reserve for the amount of €126,390,899.25 with reference to the negative Reserves arising from the payment of usufruct fees related to the Cashes financial instruments.

The Ordinary Shareholders' Meeting also resolved:

- to cover the entire loss from the 2020 financial year through the use of the Share Premium Reserve for the amount of €2,731,812,285.53; the use of the Share Premium Reserve has been previously authorised by the European Central Bank;
- to distribute a dividend of €0.12 for each share outstanding to Shareholders, holders of ordinary shares and entitled to receive dividend at payment date, for a maximum amount of €268,100,000.00, by using a portion of the profit reserve called "Statutory reserve";
- to authorise, aiming at increasing shareholders' remuneration, the Board of Directors, pursuant to articles 2357 et seq. of the Italian Civil Code and article 132 of the Italian Consolidated Financial Act, to carry out the purchases, in one or more transactions, of the Company's ordinary shares, equal to a total expenditure up to €178,688,534.90 and, in any case, not exceeding No.30,000,000 of UniCredit ordinary shares (representing approximately 1.34% of UniCredit's share capital). The transaction was authorised by the European Central Bank. For the same purposes, the Shareholders' Meeting also authorised the Board of Directors, pursuant to articles 2357 et seq. of the Italian Civil Code and article 132 of the Italian Consolidated Financial Act, to carry out the purchases, in one or more transactions, of the Company's ordinary shares equal to a total expenditure up to €651,573,111.00 and, in any case, not higher than No.110,000,000 of UniCredit's ordinary shares, provided however that the Board of Directors will proceed with the purchases according to the Shareholders' Meeting's authorisation in compliance with any measures issued by the European Central Bank subject, in any event, to the ECB's authorisation. The purchases of UniCredit's ordinary shares may be carried out within the earliest of: (i) the term of the 18th (eighteenth) month from today; and (ii) the date of the shareholders' meeting which will be called to approve the financial statements for the year ending on 31 December 2021.
- to set at thirteen the number of Directors;
- to appoint on the basis of the voting list system for the 2021-2023 financial years, with a term of office expiring on the date of the approval of the 2023 financial statements, as members of the Board of Directors, Mr. Pietro Carlo Padoan, Mr. Andrea Orcel, Mr. Lamberto Andreotti, Ms. Elena Carletti, Ms. Jayne-Anne Gadhia, Mr. Jeffrey Alan Hedberg, Ms. Beatriz Ángela Lara Bartolomé, Mr. Luca Molinari, Ms. Maria Pierdicchi, Ms. Renate Wagner and Mr. Alexander Wolfgring, taken from the list No.1 submitted by the outgoing Board of Directors and Mrs. Francesca Tondi and Mr. Vincenzo Cariello, taken from the list No.2 submitted by several institutional Investors;
- to set in €1,805,000 the remuneration due for each year in office, to the Directors for the activities they perform in relation to the Board of Directors and the Board Committees meetings, setting also an attendance fee for each single meeting formally convened;
- to integrate the Board of Statutory Auditors, by appointing as substitute Statutory Auditor Mr. Ciro Di Carluccio, in place of Mr. Roberto Franchini. Mr. Di Carluccio shall remain in office until the end of term of the current Board of Statutory Auditors and, therefore, until the Shareholders' Meeting called to approve the 2021 financial statements;
- to approve the 2021 Group Incentive System;
- to approve the 2021 Group Remuneration Policy and the Remuneration Report which forms an integral part of it;
- to approve the Group Termination Policy;
- to authorise the Board of Directors to purchase and dispose of a maximum No.20,000,000 UniCredit ordinary shares (equal to approximately 0.89 per cent of UniCredit's share capital), also partially and/or in one or more transactions, subject to the European Central Bank's authorisation, in order to initiate the procedure aimed at obtaining the delisting of UniCredit's shares from the trading on the Warsaw Stock Exchange.

15 April 2021



# 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

	AMOUNTS AS AT	
	12.31.2020	12.31.2019
(€ million)		
<b>ASSETS</b>		
Cash and cash balances	61,416	2,395
10. Cash and cash balances	61,416	2,395
Financial assets held for trading	11,238	12,678
20. Financial assets at fair value through profit and loss: a) Financial assets held for trading	11,238	12,678
Loans to banks	35,285	38,637
40. Financial assets at amortised cost: a) Loans and receivables with banks	41,816	42,068
less: Reclassification of debt securities in Other financial assets	(6,532)	(3,431)
Loans to customers	208,244	229,625
40. Financial assets at amortised cost: b) Loans and receivables with customers	238,410	259,095
less: Reclassification of debt securities in Other financial assets	(30,152)	(29,488)
less: Reclassification of leasing assets IFRS16 in Other financial assets	(57)	(76)
+ Reclassification of loans from Other financial assets - Item 20 c)	43	94
Other financial assets	108,721	104,199
20. Financial assets at fair value through profit and loss: b) Financial assets designated at fair value	109	-
20. Financial assets at fair value through profit and loss: c) Other financial assets mandatorily at fair value	4,352	2,019
less: Reclassification of loans in Loans to customers	(43)	(94)
30. Financial assets at fair value through other comprehensive income	33,837	31,407
70. Equity investments	33,725	37,873
+ Reclassification of debt securities from Loans to banks - Item 40 a)	6,532	3,431
+ Reclassification of debt securities from Loans to customers - Item 40 b)	30,152	29,488
+ Reclassification of leasing assets IFRS16 from Loans to customers - Item 40 b)	57	76
Hedging instruments	8,567	7,311
50. Hedging derivatives	6,132	5,223
60. Changes in fair value of portfolio hedged items (+/-)	2,435	2,089
Property, plant and equipment	3,999	4,172
80. Property, plant and equipment	3,999	4,172
Goodwill	-	-
90. Intangible assets of which: goodwill	-	-
Other intangible assets	6	4
90. Intangible assets net of goodwill	6	4
Tax assets	10,664	10,405
100. Tax assets	10,664	10,404
Non-current assets and disposal groups classified as held for sale	255	1,142
110. Non-current assets and disposal groups classified as held for sale	255	1,142
Other assets	3,674	3,906
120. Other assets	3,675	3,906
<b>Total assets</b>	<b>452,069</b>	<b>414,474</b>

# Annex 1 - Reconciliation between reclassified balance sheet and income statement accounts and mandatory reporting schedules

continued: Balance sheet

	(€ million)	
	AMOUNTS AS AT	
	12.31.2020	12.31.2019
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Deposits from banks	89,279	57,571
10. Financial liabilities at amortised cost: a) Deposits from banks	89,286	57,578
less: Reclassification of leasing liabilities IFRS16 in Other financial liabilities	(7)	(7)
Deposits from customers	219,717	215,696
10. Financial liabilities at amortised cost: b) Deposits from customers	220,921	217,039
less: Reclassification of leasing liabilities IFRS16 in Other financial liabilities	(1,204)	(1,343)
Debt securities issued	59,019	54,509
10. Financial liabilities at amortised cost: c) Debt securities in issue	59,019	54,509
Financial liabilities held for trading	9,671	13,403
20. Financial liabilities held for trading	9,671	13,403
Other financial liabilities	6,074	5,090
30. Financial liabilities designated at fair value	4,863	3,740
+ Reclassification of leasing liabilities IFRS16 from Deposits from customers - Item 10 b)	1,204	1,343
+ Reclassification of leasing liabilities IFRS16 from Deposits from banks	7	7
Hedging instruments	9,462	7,608
40. Hedging derivatives	6,031	4,882
50. Value adjustment of hedged financial liabilities (+/-)	3,432	2,726
Tax liabilities	3	1
60. Tax liabilities	3	1
Liabilities included in disposal group classified as held for sale	-	-
70. Liabilities referable to disposal groups classified as held for sale	-	-
Other liabilities	9,351	9,077
80. Other liabilities	6,731	6,155
90. Provision for employee severance pay	557	623
100. Provisions for risks and charges	2,065	2,299
Shareholders' equity:	49,493	51,519
- Capital and reserves	52,225	52,074
110. Valuation reserves	395	472
120. Redeemable shares	-	-
130. Equity instruments	6,841	5,602
140. Reserves	14,545	11,783
150. Share premium	9,386	13,225
160. Share capital	21,060	20,995
170. Treasury shares (-)	(2)	(2)
- Net profit (loss)	(2,732)	(555)
180. Profit (Loss) of the period (+/-)	(2,732)	(555)
<b>Total liabilities and shareholders' equity</b>	<b>452,069</b>	<b>414,474</b>

## Annex 1 - Reconciliation between reclassified balance sheet and income statement accounts and mandatory reporting schedules

## Income statement

	YEAR	
	2020	2019
	(€ million)	
Net interest	3,461	3,818
30. Net interest margin	3,432	3,819
+ Derivatives instruments - Economic Hedges - Others - Interest component	9	31
less: Net interest from trading book instruments	21	(31)
Dividends and other income from equity investments	3,669	1,844
70. Dividend income and similar revenue	3,693	1,906
less: Dividends on equity investments, shares and equity instruments mandatorily at fair value	(24)	(62)
Net fees and commissions	3,559	3,802
60. Net fees and commissions	3,537	3,802
+ Commission: Settlement of specific accruals referred to previous years operations	22	-
Net trading income	440	358
80. Net gains (losses) on trading	167	443
less: Derivatives instruments - Economic Hedges - Others - Interest component	(9)	(31)
90. Net gains (losses) on hedge accounting	4	(3)
100. Gains (Losses) on disposal and repurchase of: b) financial assets at fair value through other comprehensive income	23	57
100. Gains (Losses) on disposal and repurchase of: c) financial liabilities	10	(11)
110. Net gains (losses) on other financial assets/liabilities at fair value through profit or loss	137	(241)
+ Gains (Losses) on disposal and repurchase of financial assets at amortised cost - debt securities (from Item 100 a)	105	52
+ Dividends on equity investments, shares and equity instruments mandatorily at fair value (from Item 70)	24	62
+ Net interest from trading book instruments	(21)	31
Net other expenses/income	(168)	(91)
200. Other operating expenses/income	210	292
less: Recovery of expenses	(442)	(480)
less: Leasehold improvements	32	25
less: Integration costs	49	-
less: Net results from trading of physical gold, precious stones and metals	8	78
less: Commission: Settlement of specific accruals referred to previous years operations	(22)	-
+ Gains (Losses) on disposal and repurchase of financial assets at amortised cost - performing loans (from Item 100 a)	(2)	(8)
<b>OPERATING INCOME</b>	<b>10,961</b>	<b>9,731</b>
Payroll costs	(2,692)	(2,756)
160. Administrative expenses: a) staff costs	(3,937)	(2,760)
less: Administrative expenses - staff costs - integration costs	1,245	4
Other administrative expenses	(1,959)	(2,130)
160. Administrative expenses: b) Other administrative expenses	(2,431)	(2,603)
less: Other administrative expenses contributions to Resolution Funds and Deposit Guarantee Schemes (DGS) and Guarantee fees for DTA	453	386
less: Other administrative expenses - integration costs	52	111
+ Other operating expenses/income - leasehold improvements (from Item 200)	(32)	(25)
Recovery of expenses	442	480
+ Other operating expenses/income - recovery of expenses (from Item 200)	442	480
Amortisation, depreciation and impairment losses on intangible and tangible assets	(335)	(319)
180. Net value adjustments/write-backs on property, plant and equipment	(354)	(316)
less: Impairment/write-backs of right of use of land and buildings used in the business	22	-
190. Net value adjustments/write-backs on intangible assets	(2)	(2)
<b>Operating costs</b>	<b>(4,544)</b>	<b>(4,725)</b>
<b>OPERATING PROFIT (LOSS)</b>	<b>6,417</b>	<b>5,006</b>

## Annex 1 - Reconciliation between reclassified balance sheet and income statement accounts and mandatory reporting schedules

continued: Income statement

	(€ million)	
	YEAR	
	2020	2019
<b>OPERATING PROFIT (LOSS)</b>	<b>6,417</b>	<b>5,006</b>
Net impairment losses on loans and provisions for guarantees and commitments	(2,737)	(2,659)
100. Gains (Losses) on disposal and repurchase of: a) financial assets at amortised cost	124	76
less: Gains (Losses) on disposal and repurchase of financial assets at amortised cost - performing loans	2	8
less: Gains (Losses) on disposal and repurchase of financial assets at amortised cost - debt securities	(105)	(52)
130. Net losses/recoveries on impairment relating to: a) financial assets at amortised cost	(2,733)	(2,740)
less: Net losses/recoveries on impairment relating to financial assets at amortised cost - debt securities	9	(7)
130. Net losses/recoveries on impairment relating to: b) financial assets at fair value through other comprehensive income	(11)	(16)
less: Net losses/recoveries on impairment relating to financial assets at fair value through other comprehensive income - debt securities	11	16
140. Gains/Losses from contractual changes with no cancellations	(7)	(21)
170. Net provisions for risks and charges: a) commitments and financial guarantees given	(27)	77
<b>NET OPERATING PROFIT (LOSS)</b>	<b>3,680</b>	<b>2,347</b>
Other charges and provisions	(583)	(752)
170. Net provisions for risks and charges: b) other net provisions	(130)	(365)
+ Administrative expenses - other administrative expenses contributions to Resolution Funds and Deposit Guarantee Schemes (DGS) and Guarantee fees for DTA (from Item 160 b)	(453)	(386)
Integration costs	(1,345)	(114)
+ Administrative expenses - staff costs - integration costs (from Item 160 a)	(1,245)	(4)
+ Administrative expenses - other administrative expenses - integration costs (from Item 160 b)	(52)	(111)
+ Other operating income/expenses - integration costs (from Item 200)	(49)	-
Net income from investments	(4,793)	(1,737)
220. Profit (Loss) of equity investments	(4,742)	(1,397)
230. Net gains (losses) on tangible and intangible assets measured at fair value	(7)	(251)
250. Gains (Losses) on disposal of investments	5	-
+ Net losses/recoveries on impairment relating to financial assets at amortised cost - debt securities (from Item 130 a)	(9)	7
+ Net losses/recoveries on impairment relating to financial assets at fair value through other comprehensive income - debt securities (from Item 130 b)	(11)	(16)
+ Impairment/write-backs of right of use of land and buildings used in the business (from Item 180)	(22)	-
+ Net results from trading of physical gold, precious stones and metals (from Item 200)	(8)	(78)
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>(3,041)</b>	<b>(256)</b>
Income tax	309	(299)
270. Tax expenses (income) from continuing operations	309	(299)
<b>PROFIT (LOSS) AFTER TAX</b>	<b>(2,732)</b>	<b>(555)</b>
Profit (Loss) from non-current assets held for sale after tax	-	-
290. Profit (Loss) after tax from discontinued operations	-	-
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>(2,732)</b>	<b>(555)</b>
Goodwill impairment	-	-
240. Goodwill impairment	-	-
<b>NET PROFIT (LOSS)</b>	<b>(2,732)</b>	<b>(555)</b>
300. Net profit (loss) for the period	(2,732)	(555)

## 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 2020 - DELOITTE NETWORK					
As prescribed by §149-duodecies of the Consob Issuers Regulation, the following table gives fees paid in 2020 for audit services rendered by the Auditor and firms in its network.					
EXTERNAL AUDITING	UNICREDIT GROUP SUBSIDIARY ASSIGNING THE SERVICE		DESCRIPTION OF SERVICE	TYPE	FEES <sup>(1)</sup>
	SERVICE PROVIDER	COMPANY NAME			
NAME OF AUDITING FIRM	COMPANY NAME	DESCRIPTION OF SERVICE			
Auditing Firm	Deloitte & Touche S.p.A.	UniCredit S.p.A.	Audit of Company and Consolidated Accounts and First Half Report, accounting checks and foreign branches <sup>(2)</sup>		3.4
<b>Auditing Firm Total</b>					<b>3.4</b>
<b>External Auditing Total</b>					<b>3.4</b>
CHECKING FOR THE PURPOSES OF OTHER OPINIONS	UNICREDIT GROUP SUBSIDIARY ASSIGNING THE SERVICE		DESCRIPTION OF SERVICE	TYPE	FEES <sup>(1)</sup>
	SERVICE PROVIDER	COMPANY NAME			
NAME OF AUDITING FIRM	COMPANY NAME	DESCRIPTION OF SERVICE			
Auditing Firm	Deloitte & Touche S.p.A.	UniCredit S.p.A.	Limited review on 2020 non financial information, Limited review on 1Q 2020 and 3Q 2020 Company and Consolidated Reports, Comfort Letter for the inclusion of year-end net profit in Common Equity Tier 1 Capital, ISAE 3000 Revised Mifid II, ISAE 3000 Revised TLTRO III, ISAE 3000 Revised OBG, Issuing Comfort Letters concerning bond issues, Signing the Italian tax declaration forms, Supervisory Fees ECB ISA805, English translation of the Auditor's Reports		3.5
<b>Auditing Firm Total</b>					<b>3.5</b>
Network Auditing Firm(s)	Deloitte Touche Tohmatsu CPA LLP, Deloitte & Touche Middle Est LLP, Deloitte SL	UniCredit S.p.A.	Statutory audit of foreign branches Shanghai, Abu Dhabi and Madrid financial statements according to local regulations		0.1
<b>Network Auditing Firm(s) Total</b>					<b>0.1</b>
<b>Data Checking Total</b>					<b>3.6</b>
OTHER NON-AUDITING SERVICES	UNICREDIT GROUP SUBSIDIARY ASSIGNING THE SERVICE		DESCRIPTION OF SERVICE	TYPE	FEES <sup>(1)</sup>
	SERVICE PROVIDER	COMPANY NAME			
NAME OF THE AUDITING FIRM	COMPANY NAME	DESCRIPTION OF SERVICE			
Auditing Firm	Deloitte & Touche 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 Cordusio RMBS	Other services	0.2
<b>Auditing Firm Total</b>					<b>0.2</b>
Network Auditing Firm(s)	Deloitte Consulting S.r.l.	UniCredit S.p.A.	Support to Projects "Bail in - model enhancement consistently with liquidity approach", "Data quality reporting enrichment for TLAC/Bail-in consistently with Liquidity approach", "My Credit Program prosecution" and "Mobile Leadership Evolution prosecution"	Other services	0.7
<b>Network Auditing Firm(s) Total</b>					<b>0.7</b>
<b>Other Non-Auditing Services Total</b>					<b>0.9</b>
<b>Grand Total</b>					<b>7.9</b>

## Notes:

(1) Excluding VAT and expenses.

(2) Contract authorised by the Resolution of the Shareholders' Meeting of 11 May 2012 for a total amount of €2,206,600 (integrated by €150,000 in 2013, by €250,000 in 2016, by €250,000 in 2017, €224,000 in 2018 and by €196,000 in 2019), plus ISTAT indexation amounting to €128,610.

## Annex 3 - Internal pension funds: statement of changes in the year and final accounts

### Internal Pension Funds

As at 31 December 2020 UniCredit S.p.A. with regard to internal pension funds maintain commitments to the funds set up for the employees of the London and the Munich branch - of which the main details follow:

#### Statement of changes in internal pension funds

(€ million)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. OF RETIREES AS AT 12.31.2020	NO. OF MEMBERS AS AT 12.31.2020	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
<b>Statement of the "Pension fund for employees of the former Banca di Roma - London Branch"</b>	<b>7</b>	<b>20<sup>(*)</sup></b>	Defined benefit		
<b>Opening balance as at 12.31.2019</b>				<b>3.2</b>	
Provisions for the year:					
- Past service cost				-	
- Interest cost on defined benefit obligations				0.1	
- Interest Income on plan assets				(0.1)	
Administrative expenses paid from plan assets				0.1	
Employer Contributions				(0.3)	-
Exchange rate effect				(0.2)	
Actuarial (gains)/losses recognised in the year				1.6	
<b>Balance as at 12.31.2020</b>				<b>4.4</b>	
<b>Present value of the liabilities</b>				<b>11.7</b>	
<b>Present value of plan assets</b>				<b>7.3</b>	
<b>Net Liability as at 12.31.2020</b>				<b>4.4</b>	

Note:

(\*) of which 20 deferred benefit.

<b>"Pension fund for the employees of the London Branch" (ex Credito Italiano)</b>	<b>9</b>	<b>59<sup>(*)</sup></b>	Defined benefit		
<b>Opening balance as at 12.31.2019</b>				<b>-</b>	
Provisions for the year:					
- Current service cost (gross)				0.2	
- Past service cost				-	
- Interest cost on defined benefit obligations				0.6	
- Interest Income on plan assets				(0.6)	
Employer Contributions				(1.9)	-
Exchange rate effects				(0.0)	
Actuarial (gains)/losses recognised in the year				(0.2)	
<b>Balance as at 12.31.2020</b>				<b>(1.9)</b>	
<b>Present value of the liabilities</b>				<b>28.5</b>	
<b>Present value of plan assets</b>				<b>30.4</b>	
<b>Net Liability as at 12.31.2020</b>				<b>(1.9)</b>	

Note:

(\*) of which 66 deferred benefit.



## Annex 3 - Internal pension funds: statement of changes in the year and final accounts

<b>"Pension fund for the employees of Munich Branch</b>	<b>1</b>	<b>42<sup>(*)</sup></b>	<b>Defined benefit</b>	
<b>Opening balance as at 12.31.2019</b>				<b>1.0</b>
Provisions for the year:				-
- Current service cost (gross)				0.3
- Interest cost on defined benefit obligations				0.0
- Interest Income on plan assets				(0.0)
Employer Contributions				(0.4)
Other increases (decreases)				0.1
Actuarial (gains)/losses recognised in the year				0.5
<b>Balance as at 12.31.2020</b>				<b>1.6</b>
<b>Present value of the liabilities</b>				<b>2.9</b>
<b>Present value of plan assets</b>				<b>1.3</b>
<b>Net Liability as at 12.31.2020</b>				<b>1.6</b>

Note:

(\*) of which 3 deferred benefit.

## Annex 4 - Securitisation - qualitative tables

Reference is made to the Annexes - Annex 3 - Securitisations - qualitative tables of Consolidated financial statements of UniCredit group with specific reference to UniCredit S.p.A. as Originator 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

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 with specific reference to UniCredit S.p.A. as originator which is herewith quoted entirely.



# 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
Part B - Information on consolidated balance sheet - Assets, Section 2 - Financial assets at fair value through profit or loss - Item 20	The paragraph "Information about the units of Atlante Fund and Italian Recovery Fund" is 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. The paragraph "Information about the investments in the "Schema Volontario" (Voluntary Scheme) is 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.
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.
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.
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", "12.2 Share capital - Number of shares", "12.3 Capital: other information" and "12.5 Equity instruments: breakdown 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.
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.
Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Qualitative information	The qualitative disclosure with reference to the effects arising from Covid-19 pandemic, governance issues, commercial policies and credit strategies relating to the UniCredit S.p.A. perimeter, is incorporated by reference to paragraph of Part E - Information on risks and hedging policies, Section 1 - Credit Risk, Qualitative information, 1. General Aspects of the Notes to the accounts. The qualitative disclosure with reference to the Italian perimeter of UniCredit S.p.A., reporting specific credit risks committees, is incorporated by reference to Part E - Information on risks and hedging policies, Section 1 - Credit Risk, Qualitative information, 2. Credit risk management policies, 2.1 Organisational aspects of the Notes to the accounts.
Part E - Information on risks and 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 hedging policies, Section 1 - Credit Risk, Quantitative information, F. Credit risk measurement models of the Notes to the accounts.
Part E - Information on risks and 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 the similar paragraphs of Part E - Information on risks and hedging policies - Section 5 - Operational risks of the Notes to the accounts. The paragraph "Quantitative information" is partly incorporated by reference to paragraph of Part E - Information on risks and 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 REFERENCE
Report on operations - Introduction and highlights	<p>The paragraph "Share information" is presented by reference to the paragraph "Share information" - Group and UniCredit share historical data series of the Consolidated report on operations.</p> <p>The paragraph "Macroeconomic situation, banking and financial markets" is presented by reference to the paragraph "Macroeconomic situation, banking and financial markets" - Group results of the Consolidated report on operations.</p> <p>References of UniCredit official website where can be found Report on corporate governance and ownership structure, Report on remuneration and Non-financial information are reported in Other information of the Consolidated report on operations.</p> <p>The paragraph "Research and development projects" is presented by reference to the paragraph "Research and development projects" - Other information of the Consolidated report on operations.</p> <p>Information of significant organizational changes and organizational structure are presented by reference to the paragraph "Organisational model" - Other information of the Consolidated report on operations.</p>
Report on operations - Results of the year - Capital and value management	<p>The qualitative disclosure of "Principles of value creation and disciplined capital allocation", "Capital ratios" for information relating to transitional capital requirements and buffers for UniCredit group and "Capital strengthening" are incorporated by reference to the same paragraphs in "Capital and value management" - Group results of the Consolidated report on operations.</p>
Report on operations - Other information	<p>The paragraph "Group activities development operations and other corporate transactions", with specific reference to events relating to the parent company UniCredit S.p.A., is incorporated by reference to the same paragraph "Group activities development operations and other corporate transaction" - Other information of the Consolidated report on operations.</p> <p>The paragraph "Certifications and other communications" is incorporated by reference to the same paragraph "Certifications and other communications" - Other information of the Consolidated report on operations.</p>
Report on operations - Subsequent events and Outlook	<p>The paragraph "Subsequent events", with specific reference to events relating to the parent company UniCredit S.p.A., is incorporated by reference to the paragraph "Subsequent events" - Other information of the Consolidated report on operations.</p> <p>The paragraph "Outlook" is incorporated by reference to the paragraph "Outlook" of the Consolidated report on operations.</p>
Part A - Accounting policies, A.2. Main items of the accounts	<p>The paragraphs relating to main items of the accounts, where applicable, are incorporated by reference to the same paragraphs of Part A - Accounting policies, A.2 Main items of the accounts of the Notes to consolidated accounts.</p>
Part B - Balance sheet - Assets, Section 8 - Property, plant and equipment - Item 80	<p>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</p>
Part C - Income statement - Section 10 - Other administrative expenses - Item 160	<p>The paragraph "Contributions to Resolution and Guarantee Funds" is incorporated by reference to the paragraph "Contributions to Resolution and Guarantee Funds Part C - Consolidated income statement - Section 12 Administrative expenses - Item 190 of the Notes to consolidated accounts.</p>

# Incorporations of qualitative information by reference

Part E - Information on risks and hedging policies - Introduction	The paragraph "Introduction" is incorporated by reference to the paragraph "Introduction" of Part E - Information on risks and hedging policies of the Notes to consolidated accounts.
Part E - Information on risks and 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 forbore exposures" is partially incorporated by reference to the same paragraphs of Part E - Information on risks and hedging policies Section 2 - Risks of prudential perimeter - 2.1 Credit risk - Qualitative information of the Notes to consolidated accounts.
Part E - Information on risks and hedging policies - Section 1 - Credit risk - Quantitative information	<p>The paragraph "Further aspects relating to the valuation of credit exposures as at 31 December 2020" is incorporated by reference to the correspondent paragraph in Part E - Information on risks and hedging policies - Section 1 Risks of the accounting consolidated perimeter of the Notes to consolidated accounts.</p> <p>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 reference is made to the paragraph of Part E - Information on risks and hedging policies - Section 2 - Risks of the prudential consolidated perimeter of the Notes to consolidated accounts.</p> <p>Quantitative information regarding the sales of financial assets to Investment Funds, receiving as consideration units issued by the same Funds in entirely incorporated by reference to Part E - Information on risks and hedging policies, Section 2 - Risks of the prudential consolidated perimeter of the Notes to consolidated accounts.</p> <p>The paragraph "E.4 Covered bond transaction" is incorporated by reference to the paragraph "D.4 Covered bond transaction" Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Qualitative information of Part E - Information on risks and hedging policies of the Notes to consolidated accounts.</p>
Part E - Information on risks and hedging policies, Section 2 - Market risk	<p>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 paragraph of Part E - Information on risks and hedging policies, Section 2 - Risk of the prudential consolidated perimeter, 2.2 Market risk of the Notes to consolidated accounts.</p> <p>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 paragraph of Part E - Information on risks and hedging policies, Section 2 - Risk of the prudential consolidated perimeter, 2.2 Market risk of the Notes to consolidated accounts.</p> <p>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 qualitative information of paragraph of Part E - Information on risks and hedging policies, Section 2 - Risk of the prudential consolidated perimeter, 2.2 Market Risk of the Notes to consolidated accounts.</p> <p>Information on "Credit spread risk" and "Stress test" are incorporated by reference to the relevant paragraphs in Section 2 - Risk of the prudential consolidated perimeter, 2.2 Market risk of the Notes to consolidated accounts.</p>
Part E - Information on risks and hedging policies, Section 4 - Liquidity risks	Qualitative information is incorporated by reference to qualitative information of paragraph of Part E Information on risks and hedging policies Section 2 - Risk of the prudential consolidated perimeter - 2.4 Liquidity risk of the Notes to consolidated accounts.

# Incorporations of qualitative information by reference

<p>Part E - Information on risks and hedging policies, Section 5 - Operational risk, Qualitative information</p>	<p>The paragraph "A. General aspects, operational processes and methods for measuring operational risk" is incorporated by reference paragraph "A. General aspects, operational processes and methods for measuring operational risk" of Part E - Information on risks and hedging policies, Section 2 - Risk of the prudential consolidated perimeter, 2.5 Operational risks of the Notes to consolidated accounts.</p> <p>The paragraph "B. Risks arising from legal disputes" is incorporated by reference to paragraph "B. Risks arising from legal disputes" of Part E - Information on risks and hedging policies, Section 2 - Risk of the prudential consolidated perimeter, 2.5 Operational risks of the Notes to consolidated accounts.</p> <p>The paragraph "C. Risks arising from employment law cases" is incorporated by reference to paragraph "Risks arising from employment law cases" of Part E - Information on risks and hedging policies, Section 2 - Risk of the prudential consolidated perimeter, 2.5 Operational risks of the Notes to consolidated accounts.</p> <p>The paragraph "D. Risks arising from tax disputes" is incorporated by reference to paragraph "D. Risks arising from tax disputes" of Part E - Information on risks and hedging policies, Section 2 - Risk of the prudential consolidated perimeter, 2.5 Operational risks of the Notes to consolidated accounts.</p>
<p>Part E - Information on risks and hedging policies, Section 5 - Operational risk, Quantitative information</p>	<p>Quantitative information is incorporated by reference to the relevant paragraph in Part E - Information on risks and hedging policies - Section 2 - Risk of the prudential consolidated perimeter - 2.5 Operational risks of the Notes to consolidated accounts.</p>
<p>Part E - Information on risks and hedging policies, Section 6 - Other risk</p>	<p>Qualitative information of paragraphs "Other risks included in Economic Capital", "Reputational risk" and "Top and emerging risk" is incorporated by reference to qualitative information in different paragraph of Part E - Information on risks and hedging policies, Section 2 - Risk of the prudential consolidated perimeter, 2.6 Other risks of the Notes to consolidated accounts.</p>
<p>Part F - Shareholders' equity</p>	<p>The paragraph "A. Qualitative information" is incorporated by reference to paragraph "A. Qualitative information" of Part F - Consolidated shareholders' equity of the Notes to consolidated accounts.</p>
<p>Part H - Related-party transactions</p>	<p>The paragraph "Introduction" and the qualitative information of paragraph "2. Related-party transactions" are incorporated by reference paragraphs "Introduction" and "2. Related-party transactions" of Part H - Related-party transactions of the Notes to consolidated accounts.</p>
<p>Part I - Share-based payments</p>	<p>The paragraph "A. Qualitative information" and paragraph "B. Quantitative information -1. Annual changes" are incorporated by reference to paragraphs "A. Qualitative information" and "1 B. Quantitative information -1. Annual changes" of Part I - Share-based payments of the Notes to consolidated accounts.</p>
<p>Annex 4 - Securitisations - qualitative tables</p>	<p>Information is incorporated by reference to information in Annex 3 - Securitisations - qualitative tables of the consolidated financial statements.</p>
<p>Annex 5 - Sales of financial assets to investment funds, receiving as consideration units issued by the same funds - qualitative tables</p>	<p>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.</p>







# Glossary

## **ABB Accelerated Bookbuild**

An accelerated bookbuild is a form of offering in the equity capital markets of material stake of a company's share to institutional investors.

## **ABCP Conduits - Asset Backed Commercial Paper Conduits**

Asset Backed Commercial Paper Conduits are a type of "SPV - Special Purpose Vehicle" (see item) set up to securitise various types of assets and financed by Commercial Paper (see item).

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" (see 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 (see Leveraged Finance).

## **Affluent**

Banking customer segment whose available assets for investment are regarded as moderate to high.

## **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 risk-weighted assets by target Common Equity tier 1 ratio, plus certain regulatory deductions (e.g. shortfall, securitisations, equity exposures). If calculated as actual figure it can be also titled Capital.

## **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 allocation**

Decisions to invest in markets, geographical areas, sectors or products.

## **Asset management**

Activities of management of the financial investments of third parties.

**ATM - Automated Teller Machine**

Automated machine that allows customers to carry out operations such as withdrawing cash, paying in cash or checks, requesting account information, paying utility bills, topping up mobile phone credits, etc.

The customer activates the terminal by inserting a smart card and entering his/her Personal Identification Number.

**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 ("Sofferenze")**

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 (i.e. irrespective of whether any, secured or personal, guarantees covering the exposures).

**Banking Book**

Used in relation to financial instruments, particularly securities, this term identifies the portion of such portfolios intended for "proprietary" activities.

**Bank Levy**

Charges applied at national level specifically to financial institutions, mainly based on balance sheet figures, or parts of it.

**Basel 2**

New international capital agreement redefining the guidelines for determining the minimum capital requirements for banks.

The new prudential regulations, which came into force in Italy in 2008, are based on three pillars.

- **Pillar 1:** while the objective of a level of capitalisation 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 authorisation 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:** this introduces 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 CRDIV "Package".

**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.

**CBO - Collateralised Bond Obligations**

CDO - Collateralised Debt Obligations (see item) with bonds as underlyings.

# Glossary

## **CCF - Credit Conversion Factor**

Ratio between (a) the unused portion of the line of credit that it is estimated may be used in the event of default and (b) the portion currently unused.

## **CDO - Collateralised Debt Obligations**

Bonds issued by a vehicle with loans, bonds, ABS - Asset Backed Securities (see item) or other CDOs as underlyings. CDOs make it possible to derecognise assets in the bank's balance sheet and also to arbitrage the differences in yield between the securitised assets and the bonds issued by the vehicle.

CDOs may be funded if the vehicle legally acquires title to the assets or unfunded if the vehicle acquires the underlying risk by means of a CDS - Credit Default Swap (see item) or similar security.

These bonds may be further subdivided as follows:

- CDOs of ABSs, which in turn have tranches of ABSs as underlyings;
- Commercial Real Estate CDOs (CRE CDOs), with commercial property loans as underlyings;
- Balance Sheet CDOs which enable the Originator (see item), usually a bank, to transfer its credit risk to third investors, and, where possible under local law and supervisory regulations, to derecognise the assets from its balance sheet;
- Market Value CDOs whereby payments of interest and principal are made not only out of cash flow from the underlying assets, but also by trading the instruments. The performance of the notes issued by the vehicle thus depends not only on the credit risk, but also on the market value of the underlyings;
- Preferred Stock CDOs with hybrid debt/equity instruments or Preference shares (see item) issued by financial institutions;
- Synthetic Arbitrage CDOs which arbitrage the differences in yield between the securitised assets acquired synthetically by means of derivatives and the bonds issued by the vehicle.

## **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.

## **CEO**

Chief Executive Officer.

## **CFO**

Chief Financial Officer.

## **CGU - Cash Generating Unit**

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely 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 Investments in Transferable Securities" 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), an AIF (Alternative Investments Fund) or a non-EU AIF.

## **CLO**

Chief Lending Officer.

## **CLO - Collateralised Loan Obligations**

CDO - Collateralised Debt Obligations (see item) with loans made by authorised lenders such as commercial banks as underlyings.

## **CMBS - Commercial Mortgage Backed Securities**

ABS - Asset Backed Securities (see item) with commercial mortgages as underlyings.

## **Commercial Paper**

Short-term securities issued to raise funds from third-party subscribers as an alternative to other forms of debt.

## **Commodity risk**

The risk that the value of the instrument decreases due to commodity prices (e.g. gold, crude oil) changes.

## **Corporate**

Customer segment consisting of medium to large businesses.

**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.

**Cost of risk**

The annualised ratio between loan loss provisions and average net volumes of loans and receivables with customers. It is one of the indicators of the bank assets' level of risk: the lower the ratio, the less risky the bank assets.

**Counterparty Credit Risk**

The risk that the counterparty to a transaction involving financial instruments might default prior to completing all agreed cash-flows exchanges.

**Covenant**

A loan agreement clause whereby the lender is entitled to restructure or call in the loan on occurrence of the events specified in the clause, which ties changes in the borrower's profits and financial situation to events of default or restructuring (modifying e.g. the repayment schedule or the interest rate charged).

**Covered bond**

A bond which, as well as being guaranteed by the issuing bank, may also be covered by a portfolio of mortgages or other high-quality loans transferred, to this end, to a suitable SPV - Special Purpose Vehicle (see item).

**CRD (Capital Requirement Directive)**

EU directives No.2006/48 and 2006/49, incorporated into Banca d'Italia Circular No.263/2006 of 27 December 2006 as amended.

The CRDIV "Package" has replaced the two aforementioned Directives and consists of the EU Directive 2013/36 on the taking up of the business of credit institutions and prudential supervision and the EU Regulation 575/2013 on prudential requirements, incorporated into Banca d'Italia Circular 285 of 17 December 2013 as amended.

**CRDV**

Amendment to the CRDIV "Package".

**Credit Quality Step**

Step based on external ratings, which is used to assign risk weights under credit risk Standardised Approach.

**Credit risk**

The risk that an unexpected 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.

**Credit Valuation Adjustment (CVA)**

It is the adjustment to the valuation of a portfolio of transactions reflecting the market value of the counterparties' credit risk.

**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.

**CRO**

Chief Risk Officer.

**CRR (Capital Requirements Regulation)**

Regulation EU No.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) No 648/2012.

**CRR2**

Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 ("CRR2") amending Regulation (EU) No 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) No 648/2012 (see also "CRR" definition).

# Glossary

**Currency risk**

The risk that the value of the instrument decreases due to foreign exchange rates changes.

**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.

**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 (see item) advanced approach are allowed to estimate EAD (see item). Other banks are required to refer to regulatory estimations.

**Earnings at risk perspective**

The focus of the analysis is the impact of changes of interest rates on Net Interest Income that is the difference between the revenues generated by interest sensitive assets and the cost relating to interest sensitive liabilities.

**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.

**ECAI**

External Credit Assessment Institution.

**ECB**

The European Central Bank is the 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**

Capital level that is required to cover the bank's losses that may occur with at a time horizon of one year and a certain probability or confidence level. Economic Capital is a measure of the variability of the Expected Loss of the portfolio and depends on the degree of diversification of the portfolio itself.

**Economic value perspective**

Variation in interest rates can affect the economic value of assets and liabilities.

**EL**

Expected Losses are the losses recorded on average over a one year period on each exposure (or pool of exposures).

**EPS - Earnings Per Share**

An indicator of a company's profitability calculated as: Net Profit divided by Average total outstanding shares (excluding treasury shares).

**Equity risk**

The risk that the value of the instrument decreases due to stock or index prices changes.

**Expected Shortfall**

Risk measure representing the expected loss of a portfolio or a counterparty calculated in the scenarios of loss exceeding the VaR.

**EVA - Economic Value Added**

EVA is equal to the difference between the Net Operating Profit After Tax ("NOPAT" Net Operating Profit After Tax - see item) and the cost of the allocated capital. It expresses the ability to create value in monetary terms.

# Glossary

## **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**

Document issued by the Committee of European Banking Supervisors (CEBS). The Committee gives advice to the European Commission on policy and regulatory issues relating to banking supervision; it also promotes cooperation and convergence of supervisory practice across the European Union. The objective of FINREP is to provide guidelines for the implementation of the consolidated Financial Reporting framework for supervisory purposes; it is based on International Financial Reporting Standards (IFRSs).

## **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" (see 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 parameters according to the subject of the contract.

## **FTE - Full Time Equivalent**

The number of a company's full-time employees. Part-time employees are considered on a pro-rata temporis basis.

## **Full Revaluation Approach**

It is 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 preset price at a future date. These contracts are traded on regulated markets, where their execution is guaranteed.

## **FVOCI**

Financial asset at Fair Value through Other Comprehensive Income.

## **FVtPL**

Financial Assets at Fair Value through Profit and Loss.

## **GDP (Gross Domestic Product)**

The total market value of the products and services produced by Country residents in a given time frame.

## **GIV**

Group Internal Validation.

## **GLO**

Group Lending Office.

## **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.



# Glossary

## **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.

## **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 (see item).

## **ICAAP - Internal Capital Adequacy Assessment Process**

See "Basel 2 - Pillar 2".

## **ILC**

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 (see item).

## **Impairment**

Within the framework of the IAS/IFRS (see 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.

## **Index linked**

Policies whose performance at maturity depends on a benchmark parameter that may be a share index, a basket of securities or another indicator.

## **Interest rate risk**

The risk that the value of the instrument decreases due to interest rates changes.

## **Investor**

Any entity other than the Sponsor (see item) or Originator (see item) with exposure to a securitisation.

## **IPRE**

Income Producing Real Estate.

## **IRB - Internal Rating Based**

Method for determining the capital needed to cover credit risk within the framework of Pillar 1 of Basel 2 (see 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 Factors" and, where provided for, "M - Maturity" (see item). The use of IRB methods for the calculation of capital requirements is subject to authorisation of Banca d'Italia.

## **IRC**

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**

See "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)**

The 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.

# Glossary

## **Leveraged finance**

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", see 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, i.e. a limit to the distributable profits in order to preserve the Combined Buffer Requirement.

## **Medium Term Note**

Bond with a maturity of 5 - 10 years.

## **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.

## **NOPAT - Net Operating Profit After Tax**

Net Operating Profit after tax and minority interests, adjusted by elements that would not allow to assess the capability to create value through ordinary operations, such as extraordinary expenses and earnings.

It represents the share of Group Net Profit produced by typical business activities, gross of the costs of capital.

## **Operational risk**

The risk of losses due to errors, violations, interruptions, damages caused by internal processes, personnel or systems, or by external events. This definition includes legal and compliance risk, but excludes strategic and reputational risk.

For example, operational risks include losses deriving from internal or external fraud, employment contracts and employment protection regulations, customer claims, distribution of products, fines and other sanctions arising from breaches of regulations, damages to the company's assets, interruption of operations, malfunction of systems and the management of processes.

# Glossary

## **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 the assets to be securitised or acquired them from others.

## **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**

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.

## **PD - Probability of Default**

Probability of a counterparty entering into a situation of "default" (see item) within a time horizon of one year.

## **PEPP (Pandemic Emergency Purchase Programme)**

Massive new stimulus package from the ECB to support the eurozone economy as a response to the Covid-19 (coronavirus) crisis.

## **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 banking**

Financial services targeting the so-called "high-end" individual customers for the global management of financial needs.

## **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**

Vehicle used by "ABCP Conduits - Asset Backed Commercial Paper Conduits" (see item) to purchase the assets to be securitised and subsequently financed by the Conduit vehicle by means of commercial paper.

## **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.

## **Retail**

Customer segment consisting principally of private individuals, self-employed professionals, traders and artisans.

## **RIC**

IRB calculation model - Integrated Corporate Rating.

# Glossary

**RIP**

IRB calculation model - Integrated Private Rating.

**RISB**

IRB calculation model - Integrated Private Rating.

**RMBS - Residential Mortgage Backed Securities**

Asset Backed Securities (see item) with residential mortgages as underlyings.

**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.

**ROA - Return On Asset**

Annualised ratio between 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 and the average allocated capital. It shows in percentage terms the earning capacity for allocated capital units. A corrective factor is applied to divisional net profit where capitalisation is substantially higher than Group's target.

**ROTE - Return on Tangible Equity**

Annualised ratio between the net profit and the average tangible equity.

**ROTE - Underlying**

Annualised ratio between the underlying net profit and the average tangible equity.

**RWA - Risk Weighted Assets**

On-balance sheet assets and off-balance sheet assets (derivatives and guarantees) classified and weighted by different coefficients referring to risks, following banking rules issued by local Supervisors (i.e. Banca d'Italia, Bafin, etc.), to calculate solvency ratios.

**Securitisation**

Transfer of a portfolio of assets to an "SPV - Special Purpose Vehicle" (see 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" (see 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.

**SFA**

Supervisory Formula Approach.

**SME**

Small and Medium Enterprises.

**Sponsor**

An entity other than the Originator (see item) which sets up and manages an ABCP conduit or other securitisation scheme where assets are acquired from a third entity for securitisation.

## **SPV - Special Purpose Vehicles**

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 (see item) 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 (see 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.

## **Stress Test**

Risk measure complementary to the VaR, that allows a portfolio analysis with stress exercises by the application of simple and complex 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), less AT1 component; dividend pay-out is accounted for on a cash basis.

## **Tier 1 Capital**

The most reliable and liquid part of a bank's capital, as defined by regulatory rules.

## **Tier 1 Capital Ratio**

The percentage of a bank's Tier 1 Capital to its risk weighted assets "RWA - Risk Weighted Assets" (see item).

## **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)**

Open market operations conducted by the ECB for the management of interest rates and liquidity in the Eurozone.

## **TSR - Total Shareholder Return**

It is the full reward, in terms of capital gain and dividends, that a shareholder gets from holding one share.

## **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.

# Glossary

## **UGRM**

The pool of software applications, IT structure and database used by The Group for the financial risk analysis.

## **Underlying Net Profit**

The principle behind the "Underlying Net Profit" is to identify the relevant recurring and sustainable profit base of the bank, which is the base for capital distribution. It is quantified excluding the non-operating items impacting the "ordinary business" executed by the Bank, which is expected to be in-line with assumption behind the MYP. Among the main non-operating items, both positive and negative in terms of income statement, it is worth mentioning the disposal of real estate assets, the sale of companies, the restructuring costs, etc. This approach was considered appropriate by the Remuneration Committee for the subsequent proposal to the Board of Directors.

## **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.

## **US GAAP - United States Generally Accepted Accounting Principles**

Accounting principles issued by the FASB (Financial Accounting Statement Board), generally accepted in the USA.

## **VaR - Value at Risk**

A method used for quantifying risk. It measures potential future losses which will not be exceeded within a specified period and with a specified probability.

## **Vintage**

The year of issue of the collateral underlying bonds created by securitisation. In the case of subprime mortgages this information is an indicator of the riskiness of the bond, since the practice of granting mortgages to subprime borrowers became significant in the US starting in 2005.

## **Warehousing**

A stage in the preparation of a securitisation transaction whereby an "SPV - Special Purpose Vehicle" (see item) acquires assets for a certain period of time until it reaches a sufficient quantity to be able to issue an ABS.





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