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| Oggetto | : | UniCredit: 3Q21 & 9M21 Group Results. Continued strong commercial performance supports profitability |

*Testo del comunicato*

Vedi allegato.

Banking that matters. UniCredit

MILAN, 28 OCTOBER 2021

# UNICREDIT: 3Q21 & 9M21 GROUP RESULTS

## CONTINUED STRONG COMMERCIAL PERFORMANCE SUPPORTS PROFITABILITY

**Further progress in simplifying and empowering the organisation, building momentum in executing on our strategic levers**

**3Q21 underlying net profit[1] of €1.1 billion, with revenues at €4.4 billion, and costs at €2.4 billion. 9M21 gross operating profit at €6.2 billion up 11.5 per cent 9M/9M and underlying RoTE[2] at 7.9 per cent**

**Confirmed strong capital and liquidity position, with 3Q21 fully loaded CET1 ratio at 15.5 per cent[3] and a fully loaded CET1 MDA buffer at 647 basis points[4]**

**FY21 total revenues guidance updated to circa €17.5 billion and costs in line with previous guidance confirmed at €9.9 billion**

**FY21 underlying Cost of Risk[5] guidance further improved to circa 30 basis points. FY21 underlying net profit guidance increased to above €3.7 billion**

On 27 October 2021, the Board of Directors of UniCredit S.p.A. ("UniCredit" or "the Group") approved the 3Q21 and 9M21 Consolidated Results as at 30 September 2021.

The Bank's ambition remains to deliver sustainable returns above the cost of equity over the cycle, by optimising the combination of risk-adjusted revenue growth, operational efficiency and capital efficiency. Simplification, client centricity and digitalisation remain our three guiding principles. The new strategic plan will be presented at our virtual Strategy Day on 09 December 2021.

In 3Q21 underlying net profit[1] reached €1.1 billion, up 0.5 per cent quarter on quarter, and €3.1 billion in the first nine months, equivalent to an underlying 9M21 RoTE[2] of 7.9 per cent. The excellent commercial performance, reflecting the strengths of our unique pan-European franchise, led to €4.4 billion of revenues in 3Q21. Fees delivered another very robust result, despite the third quarter being usually seasonally weak, and NII[6] had a positive quarter sequentially.

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[1] Underlying net profit is the basis for the ordinary capital distribution policy. Underlying net profit normalised for 3Q21 one-offs (-€48 m).
[2] Based on underlying net profit.
[3] CET1 fully loaded includes the deduction for the accrued cash components of ordinary capital distribution (30 per cent of underlying net profit). Indeed, ordinary capital distribution policy is equal to 50 per cent of underlying net profit, o/w max 30 per cent cash and min 20 per cent share buyback; however, since the authorisation for share buyback will be requested in 2022, the Own Funds deduction does not include the related amount.
[4] MDA buffer is relevant for regulatory purposes only versus the CET1 ratio transitional. 3Q21 CET1 MDA transitional buffer at 711 bps. CET1 MDA requirements at 9.03 per cent in 3Q21.
[5] Underlying CoR: defined as stated CoR excluding regulatory headwinds.
[6] Net contribution from hedging strategy of non-maturity deposits in 3Q21 at €359.7 m, -€8.4 m Q/Q and +€4.7 m Y/Y.

Year on year costs were largely stable at €2.4 billion in 3Q21 due to a continued focus on cost efficiency and strong cost discipline with cost/income ratio at 55.2 per cent.

Stated cost of risk stood at 27 basis points in 3Q21, thanks to better asset quality and limited impact from regulatory headwinds[7].

Asset quality improved despite Covid-19, with Group gross NPE ratio at 4.5 per cent. The fully loaded CET1 ratio stood at 15.5 per cent[3] at the end of the quarter, with a fully loaded CET1 MDA buffer at 647 basis points[4]. Tangible equity stands at €53.4 billion increasing 2.0 per cent quarter on quarter mainly thanks to net profit.

FY21 total revenues guidance is updated to circa €17.5 billion and costs are in line with previous guidance confirmed at €9.9 billion. FY21 underlying Cost of Risk[5] guidance further improved to circa 30 basis points. FY21 underlying net profit guidance increased to above €3.7 billion.

The key recent events include the following:

- Regulatory approval for the “Second Share Buy-Back Programme 2021” of €652 million
- Cancellation of the 17.4 million shares repurchased in the 1H21 “First Buy-Back Programme 2021”, in accordance with the resolution passed at the shareholders' meeting on 15 April 2021
- Issuance of UniCredit Bank AG inaugural €500 million green mortgage covered bond
- UniCredit Ireland to be merged into UniCredit SpA as part of the strategy to streamline operations

**Andrea Orcel, Chief Executive Officer of UniCredit S.p.A. :**

*“I am pleased to report a robust set of results for the third quarter, reflecting the strength of our franchise, supportive market conditions, increased client activity across all business lines and a powerful economic recovery, which is expected to moderate. We continue to execute on our three priorities – simplification, digitalisation and client centricity – which will form the core of UniCredit’s new strategic plan to be unveiled on 09 December 2021, and will underpin our commitment to the long-term strength, stability and growth of the Group. Our liquidity and balance sheet remain strong, providing a solid foundation as we continue to unlock the full potential of UniCredit.”*

[7] Including new Definition of Default, where relevant.

## 3Q21 KEY FIGURES

- **Revenues:** €4.4 bn, up 0.8 per cent Q/Q and up 1.9 per cent Y/Y, driven by strong fees Y/Y and positive net interest income Q/Q. FY21 total revenues guidance updated to circa €17.5 bn
- **Net interest income (NII)**[6]: €2.3 bn, up 3.1 per cent Q/Q, down 1.4 per cent Y/Y, supported by non-commercial dynamics
- **Fees:** €1.7 bn, down 1.4 per cent Q/Q and up 12.5 per cent Y/Y
  - **Investment fees**: €655 m, down 8.8 per cent Q/Q and up 20.0 per cent Y/Y
  - **Financing fees**: €408 m, down 1.2 per cent Q/Q and up 10.0 per cent Y/Y
  - **Transactional fees**: €587 m, up 8.2 per cent Q/Q and up 6.7 per cent Y/Y
- **Trading income**: €354 m, down 16.7 per cent Q/Q and down 22.2 per cent Y/Y, in line with quarterly run rate guidance
- **Dividends**[8]: €169 m, up 35.1 per cent Q/Q and up 32.7 per cent Y/Y, mainly thanks to positive contributions from Yapi Kredi and other equity investments
- **Operating costs:** €2.4 bn, down 0.5 per cent Q/Q and up 1.7 per cent Y/Y. 9M21 costs down 0.2 per cent 9M/9M, with cost/income ratio at 54.2 per cent. FY21 guidance confirmed with total costs at €9.9 bn
- **Cost of risk (CoR)**: 3Q21 stated CoR at 27 bps, down 6 bps Q/Q and down 36 bps Y/Y. FY21 guidance of underlying CoR[5] reduced to circa 30 bps and stated CoR below 40 bps
- **Underlying net profit**[1]: €1.1 bn, up 0.5 per cent Q/Q and up 60.0 per cent Y/Y. FY21 underlying net profit guidance increased to above €3.7 bn
- **Underlying RoTE**[2]: 8.4 per cent, down 0.1 p.p. Q/Q and up 2.9 p.p. Y/Y

## 3Q21 CAPITAL & RISK POSITION

- **Capital**: Fully loaded CET1 ratio at 15.5 per cent[3]
- **CET1 MDA buffer fully loaded**: 647 bps[4], flat Q/Q
- **Group gross NPE ratio:** 4.5 per cent, improving (-0.2 p.p. Q/Q and -0.1 p.p. Y/Y)

## KEY HIGHLIGHTS

**NII**[6] was up 3.1 per cent Q/Q supported by days effect (+€13 m Q/Q) and a non-recurring item in Germany (+€38 m), with a positive contribution from loan volumes mainly in Eastern Europe. Customer loan rates were impacted by front book pricing continuing to be lower than back book, especially in Italy.

**Fees** were up 12.5 per cent Y/Y as result of continued strong commercial activity. **Investment fees** were up 20.0 per cent Y/Y, with AuM upfront fees continuing to perform well and AuM management fees benefiting from higher average volumes, up 12.3 per cent Y/Y, mainly in Italy and Germany. **Financing fees** were up 10.0 per cent Y/Y thanks to Equity/Debt Capital Markets (ECM/DCM) activity, credit protection insurance in Italy and guarantees in Germany and Italy. **Transactional fees** were up 6.7 per cent Y/Y also supported by recovery in cards and payments in Italy and Eastern Europe.

**Trading income** was €354 m in 3Q21, with a negligible effect from XVA[9], in line with our confirmed guidance of around €350 m on average per quarter excluding XVA[9]. 9M21 trading income stood at €1.4 bn, up 43.9 per cent 9M/9M, thanks to client driven component up 26.6 per cent 9M/9M with strong performance mainly from fixed income, currencies and FV valuations as well as positive contribution from XVA[9].

[8] Include dividends and equity investments. Yapi Kredi is valued by the equity method (at 32 per cent stake for Jan 20 and at 20 per cent thereafter) and contributes to the dividend line of the Group P&L based on managerial view.
[9] Valuation adjustments (XVA) include: Debt/Credit Value Adjustment (DVA/CVA), Funding Valuation Adjustments (FuVA) and Hedging desk.

**Dividends**[8] at €169 m in 3Q21, up 35.1 per cent Q/Q and up 32.7 per cent Y/Y with positive contribution both from Yapi Kredi (+€33 m Y/Y) and other equity investments (+€9 m Y/Y). 9M21 dividends were up 39.4 per cent 9M/9M to €406 m.

**Operating costs** amounted to €2.4 bn in 3Q21, 0.5 per cent lower than the previous quarter, resulting in a quarterly cost/income ratio of 55.2 per cent. 9M/9M HR costs lower by 0.5 per cent due to FTEs reduction (-4.1 per cent 9M/9M) mainly in Italy. 9M/9M Non HR[10] costs flat with lower credit recovery expenses, real estate costs and consulting partially offsetting higher IT expenses and depreciation. FY21 costs in line with the previous guidance confirmed at €9.9 bn, flat relative to FY19.

**Group stated cost of risk (CoR)** stood at 27 bps in 3Q21, thanks to better asset quality and limited impact from regulatory headwinds[7]. FY21 guidance of underlying CoR[5] reduced to circa 30 bps and stated CoR is below 40 bps.

UniCredit reported **underlying net profit**[1] of €1.1 bn in 3Q21, up 0.5 per cent Q/Q and up 60.0 per cent Y/Y. With €3.1 bn underlying net profit in the first nine months of the year, FY21 underlying net profit guidance has increased to above €3.7 bn. Stated net profit at €1.1 bn in 3Q21, up 2.4 per cent Q/Q and up 55.6 per cent Y/Y.

UniCredit had a very strong **fully loaded CET1 capital ratio** of 15.5 per cent[3]. **CET1 MDA buffer fully loaded** remained stable at 647 bps[4] in 3Q21, flat Q/Q, including extraordinary share buyback (Second Share Buy-Back Programme 2021) deductions (-20 bps). The **FY21 CET1 MDA buffer** is expected to remain well above 400 bps. Tangible equity is at €53.4 bn, increasing 2.0 per cent Q/Q mainly thanks to net profit.

**Group gross NPEs**[11] were €20.7 bn in 3Q21 (-4.0 per cent Q/Q and -8.9 per cent Y/Y) leading to a gross NPE ratio of 4.5 per cent (-0.2 p.p. Q/Q, -0.1 p.p. Y/Y), while the net NPE ratio stood at 2.0 per cent (-0.1 p.p. Q/Q, +0.1 p.p. Y/Y). The coverage ratio was 57.1 per cent (-0.5 p.p. Q/Q and -4.1 p.p. Y/Y), mainly due to a mix effect.

**Group gross bad loans** amounted to €6.7 bn in 3Q21 (-5.9 per cent Q/Q, -33.2 per cent Y/Y) with a coverage ratio of 76.2 per cent (-1.5 p.p. Q/Q, +1.6 p.p. Y/Y). **Group gross unlikely to pay** stood at €13.1 bn (-2.4 per cent Q/Q, +10.8 per cent Y/Y), with a coverage ratio of 48.8 per cent (+0.0 p.p. Q/Q, -3.0 p.p. Y/Y).

**Non Core gross NPEs**[12] amounted to €2.7 bn, down 17.9 per cent Q/Q and 54.1 per cent Y/Y. Coverage ratio stood at 78.7 per cent in 3Q21 (+0.5 p.p. Q/Q, +2.5 p.p. Y/Y). Non Core FY21 full runoff is confirmed, with the remainder of the rundown taking place in 4Q21.

In line with our commitment to a climate-positive future, on 20 October 2021, UniCredit joined the Net-Zero Banking Alliance (NZBA), an industry-led, UN-convened alliance of banks worldwide, committed to aligning their lending and investment portfolios with net-zero emissions by 2050 or sooner, in line with the most ambitious targets set by the Paris Climate Agreement. UniCredit is determined to take verifiable action to mitigate both its own climate change risk and to support clients in their transition to a low carbon economy. Further detail on the Group's ESG strategy will be disclosed as part of the new strategic plan during on 09 December 2021.

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[10] Non HR costs include "other administrative expenses", "recovery of expenses" and "amortisation, depreciation and impairment losses on intangible and tangible assets".
[11] Gross non performing exposure end-of-period including gross bad loans, gross unlikely to pay and gross past due. Gross past due at €907 m in 3Q21 (-11.2 per cent Q/Q and +3.7 per cent Y/Y).
[12] Gross non performing exposure end-of-period including gross bad loans, gross unlikely to pay and gross past due.

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**UNICREDIT 3Q21 & 9M21 GROUP RESULTS – DETAILS OF CONFERENCE CALL**

MILAN, 28 OCTOBER 2021 – 10.00 CET

**ITALY: +39 02 802 09 11**

**UK: +44 1212 818004**

**USA: +1 718 7058796**

THE **CONFERENCE CALL** WILL ALSO BE **AVAILABLE** VIA **LIVE AUDIO WEBCAST** AT

https://www.unicreditgroup.eu/en/investors/group-results.html, WHERE THE SLIDES WILL BE DOWNLOADABLE

## UNICREDIT GROUP CONSOLIDATED RESULTS

| (€ million) | 3Q20 | 2Q21 | 3Q21 | Q/Q | Y/Y |
|---|---|---|---|---|---|
| Total revenues | 4,352 | 4,398 | 4,435 | *+0.8%* | *+1.9%* |
| o/w Net interest | 2,303 | 2,203 | 2,271 | *+3.1%* | *-1.4%* |
| o/w Fees | 1,467 | 1,674 | 1,650 | *-1.4%* | *+12.5%* |
| o/w Trading | 455 | 425 | 354 | *-16.7%* | *-22.2%* |
| Operating costs | -2,408 | -2,461 | -2,450 | *-0.5%* | *+1.7%* |
| Gross operating profit | 1,945 | 1,937 | 1,985 | *+2.5%* | *+2.1%* |
| Net operating profit | 1,204 | 1,577 | 1,688 | *+7.1%* | *+40.2%* |
| Stated net profit/loss | 680 | 1,034 | 1,058 | *+2.4%* | *+55.6%* |
| Underlying net profit/loss | 692 | 1,101 | 1,106 | *+0.5%* | *+60.0%* |
| CET1 MDA buffer (bps) | 538 | 647 | 647 | *-* | *+109* |
| Underlying RoTE | 5.4% | 8.5% | 8.4% | *-0.1 p.p.* | *+2.9 p.p.* |
| Customers loans excl. repos and IC - bn | 422 | 419 | 420 | *+0.1%* | *-0.4%* |
| Gross NPE - bn | 23 | 22 | 21 | *-4.0%* | *-8.9%* |
| Deposits (excl. repos) - bn | 445 | 457 | 467 | *+2.0%* | *+4.8%* |
| Cost/income ratio | 55.3% | 56.0% | 55.2% | *-0.7 p.p.* | *-0.1 p.p.* |
| Stated cost of risk (bps) | 63 | 33 | 27 | *-6* | *-36* |

**Note:** Group underlying net profit and RoTE exclude the regulatory headwinds impact on CoR (-€3 m in 3Q20, -€85 m in 2Q21 and -€52 m in 3Q21), revaluation of real estate (-€5 m in 3Q20, +€18 m in 2Q21 and +€4 m in 3Q21) and Non Core rundown (-€4 m in 3Q20).

**Revenues** were up 0.8 per cent Q/Q and up 1.9 per cent Y/Y to €4.4 bn in 3Q21, with strong fees (-1.4 per cent Q/Q, +12.5 per cent Y/Y) and positive NII (+3.1 per cent Q/Q, -1.4 per cent Y/Y). The largest revenue contributions came from Italy, Germany and Central Europe. The revenue performance in 9M21, up 4.8 per cent 9M/9M, was particularly noteworthy, reflecting very robust fees and a rebound in trading income which, together, more than offset some weakness in NII. FY21 total revenues guidance updated to circa €17.5 bn.

In 3Q21 **NII**[6] was up 3.1 per cent to €2.3 bn over the quarter, a quarter again characterised by massive excess liquidity in the system.

All divisions, with the exception of Central Europe, delivered growth in average loan volumes in the quarter, with the economic recovery feeding through to the demand of credit. Customer loan rates impacted by front book pricing continuing to be lower than back book, especially in Italy.

Markets rates, however, were relatively stable and did not significantly impact the quarter.

**Fees and commission** delivered another very robust performance at €1.7 bn in 3Q21, up 12.5 per cent Y/Y, supported by a rebound of client activity as restrictions eased further:

- **Investment fees**, generated another stand-out performance, 20.0 per cent higher than a year ago, driven by AuM upfront fees, up 39.3 per cent Y/Y. AuM management fees were up 10.2 per cent Y/Y benefitting from higher average volumes by 12.3 per cent Y/Y, mainly in Italy and Germany;
- **Financing fees** have continued their recovery from the lows seen in 3Q20 and are now 10.0 per cent above the level of a year ago. This was thanks to ECM/DCM activity, credit protection insurance in Italy and guarantees in Germany and Italy;
- **Transactional fees** were up 8.2 per cent Q/Q and up 6.7 per cent Y/Y, also supported by recovery in cards and payments in Italy and Eastern Europe, as these GDP sensitive subcategories continue responding to a pick-up in economic activity, and by Current Accounts fees, mainly in Italy, thanks to the repricing actions in July.

**Trading income** in 9M21 was strong, up 43.9 per cent 9M/9M at €1.4 bn, thanks to an excellent client driven trading up 26.6 per cent 9M/9M with strong performance mainly from fixed income, currencies and FV valuations as well as positive contribution from XVA[9]. Non-client driven trading income was down 3.9 per cent 9M/9M, due to weaker results from strategic FX hedging dividends and earnings.

**Dividends**[8] were up 32.7 per cent Y/Y to €169 m in 3Q21 with positive contribution both from Yapi Kredi (+€33 m Y/Y) and other equity investments (+€9 m Y/Y).

The first nine months were characterised by lower **operating costs**, down 0.2 per cent 9M/9M to €7.3 bn resulting in a cost/income ratio of 54.2 per cent, an improvement of 2.7 p.p. versus 9M20:

- **HR costs** were 0.5 per cent lower in 9M/9M thanks to FTE reductions (-4.1 per cent 9M/9M) mainly in Italy
- **Non HR costs**[10] were 0.2 per cent up 9M/9M, with lower credit recovery expenses, real estate costs and consulting partially offsetting higher IT expenses and depreciation

3Q21 total costs amounted to €2.4 bn, 0.5 per cent lower than the previous quarter. Covid-19 has had a limited impact on the cost base year-to-date, with €32 m of Covid-19 related costs, mainly for security and real estate expenses, €59 m less than in 9M20. FY21 costs in line with the previous guidance confirmed at €9.9 bn, flat relative to FY19.

**LLPs** totalled €297 m in 3Q21 (-17.6 per cent Q/Q, -59.9 per cent Y/Y), of which €241 m were overlays on LLPs[13], -€16 m were write-backs on specific LLPs[14] and €72 m were regulatory headwinds.

The **stated cost of risk** reached 27 basis points in 3Q21, thanks to better asset quality and limited impact from regulatory headwinds[7]. Specifically, the quarterly cost of risk was made up of 22 basis points of overlay provisions, 7 basis points of regulatory headwinds less 1 basis points of specific provisions. Therefore, our Group underlying cost of risk[5] was 20 basis points in 3Q21 and 18 basis points in the 9M21. FY21 guidance of underlying CoR[5] reduced to circa 30 bps, and stated CoR is below 40 bps.

3Q21 **profit from investments** mainly includes -€26 m of Yapi Kredi Fair Value evaluation.

3Q21 **stated tax rate** is 25.3 per cent.

**Underlying net profit**[1] stood at €1.1 bn in 3Q21, up 0.5 per cent Q/Q and up 60.0 per cent Y/Y, equivalent to an **underlying RoTE**[2] of 8.4 per cent, down 0.1 p.p. Q/Q and up 2.9 p.p. Y/Y. 9M21 underlying net profit at €3.1 bn, equivalent to an underlying RoTE[2] of 7.9 per cent. FY21 underlying net profit guidance increased to above €3.7 bn. Stated net profit at €1.1 bn in 3Q21, up 2.4 per cent Q/Q and up 55.6 per cent Y/Y.

[13] Includes among others: IFRS9 macro economic scenario update, sector based provisioning, IFRS9 methodological enhancements, proactive classification and coverage increases in Stage 2, where relevant.
[14] Specific LLPs: analytical and statistical LLPs related to non performing portfolio (stage 3), excluding updates in NPE selling scenario.

## BALANCE SHEET

**Average gross commercial performing loans**[15] were €393.9 bn[16] as of 30 Sep 21 (+0.7 per cent Q/Q, -1.5 per cent Y/Y). The main contributors were Italy (€163.5 bn), Germany (€107.3 bn) and Central Europe (€82.5 bn).

All the divisions, except Central Europe, reported loan growth in their end-of-period balances over the quarter.

**Gross customer performing loan rates**[17] were down 1 bp Q/Q at 1.97 per cent[16] in 3Q21 and down 16 bps Y/Y.

**Group average commercial deposits**[18] increased to €452.5 bn[16] as of 30 Sep 21 (+1.1 per cent Q/Q, +5.9 per cent Y/Y). The main contributors were Italy (€187.1 bn), Germany (€128.0 bn) and Central Europe (€87.4 bn).

**Customer deposits rates**[19] were flat Q/Q at 0.02 per cent[16] in 3Q21 and up 4 bps Y/Y.

All the divisions, except Eastern Europe, reported deposit growth in their end-of-period balances over the quarter.

**Total Financial Assets (TFAs)**[20] increased by 9.9 per cent Y/Y, reaching €788 bn in 3Q21:

- **TFA net sales** were up €4.9 bn, o/w: AuM net sales up €1.7 bn driven by Italy, AuC net sales down €1.7 bn and deposits up €4.8 bn
- **TFA market performance** were up €9.5 bn as an effect of AuM market performance down €0.5 bn and AuC market performance up €10.0 bn

## ASSET QUALITY

**Group gross NPEs**[11] were €20.7 bn in 3Q21 (-4.0 per cent Q/Q and -8.9 per cent Y/Y) leading to a gross NPE ratio of 4.5 per cent (-0.2 p.p. Q/Q, -0.1 p.p. Y/Y), while the net NPE ratio stood at 2.0 per cent (-0.1 p.p. Q/Q, +0.1 p.p. Y/Y). Gross NPE ratio for Group excluding Non Core remains in line with European average. The coverage ratio was 57.1 per cent (-0.5 p.p. Q/Q and -4.1 p.p. Y/Y) mainly due to a mix effect.

**Group gross bad loans** amounted to €6.7 bn in 3Q21 (-5.9 per cent Q/Q, -33.2 per cent Y/Y) with a coverage ratio of 76.2 per cent (-1.5 p.p. Q/Q, +1.6 p.p. Y/Y). **Group gross unlikely to pay** stood at €13.1 bn (-2.4 per cent Q/Q, +10.8 per cent Y/Y), with a coverage ratio of 48.8 per cent (+0.0 p.p. Q/Q, -3.0 p.p. Y/Y).

**Non Core gross NPEs**[12] amounted to €2.7 bn, down 17.9 per cent Q/Q and 54.1 per cent Y/Y. Coverage ratio stood at 78.7 per cent in 3Q21 (+0.5 p.p. Q/Q, +2.5 p.p. Y/Y). Non Core FY21 full runoff is confirmed, with the remainder of the rundown taking place in 4Q21.

[15] Average gross commercial performing loans excluding repos are managerial figures and are calculated as daily averages.
[16] Includes Group Corporate Centre and Non Core.
[17] Gross customer performing loan rates calculated assuming 365 days convention, adjusted for 360 days convention where analytically available, and based on average gross balances.
[18] Average commercial deposits excluding repos are managerial figures and are calculated as daily averages. Deposits net of Group Bonds are placed by the network.
[19] Gross customer performing deposits rates calculated assuming 365 days convention, adjusted for 360 days convention where analytically available, and based on average gross balances.
[20] Refers to Group commercial Total Financial Assets. Non-commercial elements, i.e. CIB, Group Corporate Centre, Non Core and Leasing/Factoring are excluded. Numbers are managerial figures.

## CAPITAL & FUNDING

The Group 3Q21 fully loaded **CET1 ratio** was flat Q/Q at 15.5 per cent[3], mainly driven by -20 bps from extraordinary share buyback (Second Share Buy-Back Programme 2021), -11 bps from AT1 coupon and dividend accrual[21], -5 bps from other items[22] and -1 bp from RWA dynamic. This was offset by +34 bps from underlying net profit, and +3 bps from FVOCI[23], FX[24], DBO[25].

In 3Q21 the **fully loaded CET1 MDA buffer** stood at 647 bps[4], flat Q/Q, including extraordinary share buyback (Second Share Buy-Back Programme 2021) deductions (-20 bps). The FY21 fully loaded CET1 MDA buffer is expected to remain well above 400 bps.

Our capital distribution policy is confirmed, with an ordinary distribution of 50 per cent of underlying net profit, comprising cash dividends and share buybacks. We are currently accruing for the cash dividend at a rate of 30 per cent. We have received supervisory approval for the Second Share Buy-Back Programme 2021 for €652 m, which is therefore already deducted and factored in the 15.5 per cent CET1 ratio[3], and is expected to commence in 4Q21. The total capital distribution for 2021 amounts to €1.1 bn, including this Share Buy-back.

In 3Q21, the **transitional capital ratios** were: **CET1** 16.14 per cent, **Tier 1** 18.23 per cent and **total capital** 20.60 per cent. All ratios are all well above the minimum regulatory capital requirements.

**Transitional RWAs** totalled €328.0 bn in 3Q21, up €0.3 bn Q/Q. In particular, credit RWAs amounted to €287.8 bn and increased by €1.2 bn Q/Q, driven by regulatory headwinds (+€3.7 bn Q/Q including procyclicality) compensated by business evolution[26] (-€3.7 bn Q/Q mainly due to new state guarantees and loan dynamics). Market RWAs were down €0.9 bn Q/Q to €8.8 bn. Operational RWAs were flat Q/Q at €31.4 bn.

In Sep 21, UniCredit Bank AG successfully issued its first green mortgage covered bond for €500 m and UniCredit Spa its first social retail senior preferred bond for €155 m, under the newly established group wide Sustainability Bond Framework (SBF). The 2021 Funding Plan remains more skewed towards MREL instruments in preparation of the upcoming intermediate requirement in 2022, while bank capital needs are quite limited given the bank's very substantial capital buffers. UniCredit is **fully compliant with its TLAC requirement** of greater than 19.5 per cent[27] with a 3Q21 TLAC transitional ratio of 26.2 per cent and a TLAC MDA transitional buffer of 668 bps.

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[21] Payment of coupon on AT1 instruments at -€34 m pre tax in 3Q21. Dividend accrual based on 30 per cent of 3Q21 underlying net profit. Payment of coupon on CASHES at €0 m pre and post tax in 3Q21.

[22] Including non-operating items.

[23] In 3Q21 CET1 ratio impact from FVOCI 0 bps, o/w +1 bps due to BTP. BTP sensitivity: +10 bps parallel shift of BTP asset swap spreads has a -2.5 bps pre and -1.8 bps post tax impact on the fully loaded CET1 ratio as at 30 Sep 21.

[24] TRY sensitivity: 10 per cent depreciation of the TRY has around -0.8 bps net impact on the fully loaded CET1 ratio. Managerial data as at 30 Sep 21.

[25] DBO sensitivity: 10 bps decrease in discount rate has a -4.4 bps pre and -3.1 bps post tax impact on the fully loaded CET1 ratio as at 30 Sep 21.

[26] Business evolution: changes related to customer driven activities (mainly loans. Including guaranteed loans). Regulatory headwinds includes: regulatory changes (eg. CRR or CRD) determining variations of RWA; Procyclicality: change in macroeconomy or client's credit worthiness; Models: methodological changes to existing or new models. Business actions: initiatives to decrease RWA (e.g. securitisations, collateral related actions). FX effect: impact from exposures in foreign currencies. Other credit includes extraordinary/non-recurring disposals.

[27] 3Q21 TLAC transitional ratio 26.23 per cent (o/w 23.73 per cent TLAC subordination ratio and 2.5 per cent senior preferred exemption) and MDA buffer of 668 bps. Current requirement 19.55 per cent (assuming combined capital buffer as of 3Q21) with 2.50 per cent senior exemption. Starting from 01 Jan 22, fully loaded requirement 21.55 per cent (assuming combined capital buffer as of 3Q21) with 3.50 per cent senior exemption.

# DIVISIONAL HIGHLIGHTS[28]

## ITALY

| (€ million) | 3Q20 | 2Q21 | 3Q21 | Q/Q | Y/Y |
|---|---|---|---|---|---|
| Total revenues | 2,035 | 2,120 | 2,054 | *-3.1%* | *+0.9%* |
| o/w Net Interest | 985 | 905 | 892 | *-1.4%* | *-9.4%* |
| o/w Fees | 908 | 1,064 | 1,037 | *-2.5%* | *+14.2%* |
| Operating costs | -990 | -1,014 | -994 | *-2.0%* | *+0.4%* |
| Gross operating profit | 1,045 | 1,105 | 1,060 | *-4.1%* | *+1.4%* |
| Net operating profit | 559 | 787 | 853 | *+8.3%* | *+52.6%* |
| Stated Net profit/loss | 327 | 510 | 482 | *-5.5%* | *+47.2%* |
| Underlying Net Profit | 330 | 493 | 510 | *+3.5%* | *+54.5%* |
| Stated RoAC | 7.8% | 13.9% | 12.8% | *-1.1 p.p.* | *+5.0 p.p.* |
| Underlying RoAC | 7.9% | 13.4% | 13.6% | *+0.1 p.p.* | *+5.7 p.p.* |
| Cost/income ratio | 48.7% | 47.9% | 48.4% | *+0.5 p.p.* | *-0.3 p.p.* |
| Cost of risk (bps) | 93 | 68 | 45 | *-23* | *-48* |

## GERMANY

| (€ million) | 3Q20 | 2Q21 | 3Q21 | Q/Q | Y/Y |
|---|---|---|---|---|---|
| Total revenues | 1,070 | 1,054 | 1,078 | *+2.4%* | *+0.7%* |
| o/w Net Interest | 573 | 589 | 639 | *+8.5%* | *+11.6%* |
| o/w Fees | 224 | 277 | 257 | *-7.3%* | *+14.5%* |
| Operating costs | -659 | -672 | -650 | *-3.3%* | *-1.4%* |
| Gross operating profit | 411 | 382 | 429 | *+12.3%* | *+4.2%* |
| Net operating profit | 324 | 365 | 375 | *+2.8%* | *+15.7%* |
| Stated Net profit | 183 | 184 | 228 | *+23.7%* | *+24.5%* |
| Underlying Net Profit | 186 | 219 | 228 | *+4.4%* | *+22.5%* |
| Stated RoAC | 7.0% | 7.7% | 9.6% | *+1.8 p.p.* | *+2.6 p.p.* |
| Underlying RoAC | 7.1% | 9.2% | 9.6% | *+0.4 p.p.* | *+2.5 p.p.* |
| Cost/income ratio | 61.6% | 63.8% | 60.3% | *-3.5 p.p.* | *-1.3 p.p.* |
| Cost of risk (bps) | 27 | 5 | 17 | *+12* | *-9* |

[28] Please consider that (i) all divisional figures in "Divisional Highlights" represent the contribution of each division to Group data; (ii) Return on Allocated Capital (RoAC) related to each division and shown in this section is calculated as: annualised net profit / allocated capital. Allocated capital based on RWA equivalent figures calculated with a CET1 ratio target of 11.75 per cent as for plan horizon, including deductions for shortfall and securitisations.

## Central Europe

| (€ million) | 3Q20 | 2Q21 | 3Q21 | *Q/Q* | *Y/Y* |
|---|---|---|---|---|---|
| Total revenues | 712 | 738 | 763 | *+3.2%* | *+6.3%* |
| o/w Net Interest | 386 | 395 | 406 | *+2.5%* | *+4.2%* |
| o/w Fees | 216 | 224 | 233 | *+3.6%* | *+7.3%* |
| Operating costs | -400 | -419 | -417 | *-0.6%* | *+3.7%* |
| Gross operating profit | 312 | 319 | 346 | *+8.2%* | *+9.7%* |
| Net operating profit | 251 | 263 | 324 | *+23.0%* | *+28.3%* |
| Stated Net profit/loss | 198 | 237 | 266 | *+12.0%* | *+33.4%* |
| Underlying Net Profit | 199 | 294 | 279 | *-4.9%* | *+40.4%* |
| Stated RoAC | 11.7% | 15.5% | 16.6% | *+1.1 p.p.* | *+4.9 p.p.* |
| Underlying RoAC | 11.8% | 19.4% | 17.5% | *-1.9 p.p.* | *+5.7 p.p.* |
| Cost/income ratio | 56.2% | 56.8% | 54.6% | *-2.2 p.p.* | *-1.5 p.p.* |
| Cost of risk (bps) | 28 | 25 | 10 | *-15* | *-18* |

**Note:** Stated numbers at current FX. Variations Q/Q and Y/Y are at constant FX (underlying net profit, stated RoAC, underlying RoAC, C/I and CoR variations at current FX).

## Eastern Europe

| (€ million) | 3Q20 | 2Q21 | 3Q21 | *Q/Q* | *Y/Y* |
|---|---|---|---|---|---|
| Total revenues | 567 | 585 | 588 | *-0.0%* | *+3.2%* |
| o/w Net Interest | 403 | 381 | 394 | *+2.6%* | *-2.2%* |
| o/w Fees | 117 | 127 | 134 | *+4.9%* | *+13.0%* |
| Operating costs | -248 | -251 | -253 | *+0.1%* | *+2.2%* |
| Gross operating profit | 319 | 334 | 335 | *-0.1%* | *+4.0%* |
| Net operating profit | 187 | 325 | 309 | *-6.7%* | *+66.9%* |
| Stated Net profit | 142 | 256 | 223 | *-14.1%* | *+60.0%* |
| Underlying Net Profit | 142 | 250 | 229 | *-8.2%* | *+61.7%* |
| Stated RoAC | 9.3% | 22.9% | 19.5% | *-3.4 p.p.* | *+10.1 p.p.* |
| Underlying RoAC | 9.3% | 22.3% | 20.0% | *-2.2 p.p.* | *+10.7 p.p.* |
| Cost/income ratio | 43.7% | 42.9% | 43.0% | *+0.1 p.p.* | *-0.7 p.p.* |
| Cost of risk (bps) | 131 | 9 | 26 | *+17* | *-105* |

**Note:** Stated numbers at current FX. Variations Q/Q and Y/Y are at constant FX (underlying net profit, stated RoAC, underlying RoAC, C/I and CoR variations at current FX).

## Group Corporate Centre (GCC)

| (€ million) | 3Q20 | 2Q21 | 3Q21 | Q/Q | Y/Y |
|---|---|---|---|---|---|
| Total revenues | -33 | -89 | -38 | *-57.1%* | *+16.5%* |
| Operating costs | -79 | -84 | -119 | *+41.4%* | *50.4%* |
| Gross operating profit | -112 | -173 | -157 | *-9.2%* | *+40.5%* |
| Stated net loss | -204 | -183 | -121 | *-33.6%* | *-40.6%* |
| Underlying net profit/loss | -203 | -183 | -120 | *-34.3%* | *-40.9%* |
| FTE | 10,281 | 10,248 | 10,123 | *-1.2%* | *-1.5%* |
| Costs GCC/total costs | 3.3% | 3.4% | 4.9% | *+1.4 p.p.* | *+1.6 p.p.* |

## Non Core

| (€ million) | 3Q20 | 2Q21 | 3Q21 | Q/Q | Y/Y |
|---|---|---|---|---|---|
| Total revenues | 1 | -9 | -10 | *+18.0%* | *n.m.* |
| Operating costs | -32 | -21 | -17 | *-18.6%* | *-46.2%* |
| Gross operating profit | -31 | -30 | -27 | *-7.7%* | *-11.2%* |
| LLP | 31 | 42 | 17 | *-59.5%* | *-46.1%* |
| Stated net profit/loss | 34 | 29 | -20 | *n.m.* | *n.m.* |
| Undelying net profit/loss | 38 | 29 | -20 | *n.m.* | *n.m.* |
| Gross customer loans | 5,880 | 3,289 | 2,702 | *-17.9%* | *-54.1%* |
| NPE coverage ratio | *76.2%* | *78.2%* | *78.7%* | *+0.5 p.p.* | *+2.5 p.p.* |
| Net NPEs | 1,402 | 717 | 576 | *-19.6%* | -58.9% |
| RWA | 8,620 | 5,237 | 5,032 | *-3.9%* | *-41.6%* |

## SIGNIFICANT EVENTS DURING AND AFTER 3Q21

With reference to the main events that occurred during 3Q21 and after 30 Sep 21, refer to section "Subsequent events" in the Consolidated interim report on operations, which forms an integral part of the Consolidated first half financial report as at 30 Jun 21 as well as the press releases published on the UniCredit Group website. Here below therefore, the main price sensitive financial press releases published after 29 Jul 21 (date of approval of Consolidated First Half Financial Report as at 30 Jun 21):
– "2021 EBA EU-Wide Stress Test Results" (press release published on 30 Jul 21);
– "UniCredit: Fitch affirmed UniCredit SpA's ratings" (press release published on 20 Oct 21);
– "UniCredit and the Ministry of Economy and Finance announce the decision to cease the negotiations" (press release published on 24 Oct 21).

## ECONOMIC OUTLOOK

Eurozone GDP is likely to expand by 5.0 per cent this year and by 4.3 per cent in 2022. We expect slower economic growth at the turn of the year as the boost from the reopening of the economy fades and manufacturing output slows amid persistent supply problems and rising energy costs. Eurozone GDP will probably recover to its pre-pandemic level by year-end. Prospects for 2022 remain positive, supported by the deployment of NextGenerationEU funds. The European Central Bank seems keen to close the PEPP in March 2022. If it does, maintaining easy financing conditions and a smooth transmission of monetary policy would require stepping up the pace of the APP and increasing its flexibility.

# GROUP TABLES[29]

## UNICREDIT GROUP: RECLASSIFIED INCOME STATEMENT

| (€ million) | 3Q20 | 2Q21 | 3Q21 | Q/Q | Y/Y |
|---|---|---|---|---|---|
| Net interest | 2,303 | 2,203 | 2,271 | *+3.1%* | *-1.4%* |
| Dividends and other income from equity investments | 128 | 125 | 169 | *+35.1%* | *+32.7%* |
| Net fees and commissions | 1,467 | 1,674 | 1,650 | *-1.4%* | *+12.5%* |
| Net trading income | 455 | 425 | 354 | *-16.7%* | *-22.2%* |
| Net other expenses/income | (1) | (29) | (10) | *-64.8%* | *n.m.* |
| **OPERATING INCOME** | **4,352** | **4,398** | **4,435** | ***+0.8%*** | ***+1.9%*** |
| Payroll costs | (1,479) | (1,495) | (1,515) | *+1.4%* | *+2.5%* |
| Other administrative expenses | (786) | (811) | (783) | *-3.5%* | *-0.5%* |
| Recovery of expenses | 124 | 135 | 134 | *-0.8%* | *+8.4%* |
| Amort. deprec. and imp. losses on intang. & tang. assets | (266) | (290) | (286) | *-1.6%* | *+7.3%* |
| **OPERATING COSTS** | **(2,408)** | **(2,461)** | **(2,450)** | ***-0.5%*** | ***+1.7%*** |
| **OPERATING PROFIT (LOSS)** | **1,945** | **1,937** | **1,985** | ***+2.5%*** | ***+2.1%*** |
| Net write-downs on loans and provisions for guarantees and commitments | (741) | (360) | (297) | *-17.6%* | *-59.9%* |
| **NET OPERATING PROFIT (LOSS)** | **1,204** | **1,577** | **1,688** | ***+7.1%*** | ***+40.2%*** |
| Other charges and provisions | (251) | (214) | (195) | *-8.8%* | *-22.1%* |
| *- of which: systemic charges* | *(201)* | *(125)* | *(200)* | *+59.9%* | *-0.8%* |
| Integration costs | (30) | (7) | (4) | *-38.5%* | *-86.4%* |
| Net income from investments | (141) | 15 | (59) | *n.m.* | *-57.9%* |
| **PROFIT (LOSS) BEFORE TAX** | **782** | **1,371** | **1,430** | ***+4.3%*** | ***+82.7%*** |
| Income tax for the period | (97) | (331) | (362) | *+9.3%* | *n.m.* |
| **NET PROFIT (LOSS)** | **685** | **1,040** | **1,068** | ***+2.7%*** | ***+55.8%*** |
| Profit (Loss) from non-current assets held for sale after tax | (0) | 0 | 0 | *n.m.* | *n.m.* |
| **PROFIT (LOSS) FOR THE PERIOD** | **685** | **1,040** | **1,068** | ***+2.7%*** | ***+55.9%*** |
| Minorities | (5) | (5) | (10) | *+85.3%* | *n.m.* |
| **NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA** | **680** | **1,034** | **1,058** | ***+2.3%*** | ***+55.6%*** |
| Purchase Price Allocation effect | (0) | (1) | (0) | *-100.0%* | *-100.0%* |
| Goodwill impairment | - | - | - | *n.m.* | *n.m.* |
| **NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP** | **680** | **1,034** | **1,058** | ***+2.4%*** | ***+55.6%*** |

**Note**: Figures of Reclassified consolidated income statement have been restated, starting from June 2021 and with reference to 2020 quarters, for the external service costs related to credit cards in Austria from item "Other administrative expenses" to item "Net fees and commissions".

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

## UNICREDIT GROUP: RECLASSIFIED BALANCE SHEET

| (€ million) | 3Q20 | 2Q21 | 3Q21 | Q/Q | Y/Y |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Cash and cash balances | 37,900 | 122,819 | 122,631 | *-0.2%* | *n.m.* |
| Financial assets held for trading | 73,165 | 78,991 | 80,545 | *+2.0%* | *+10.1%* |
| Loans to banks | 129,140 | 113,436 | 111,159 | *-2.0%* | *-13.9%* |
| Loans to customers | 466,776 | 438,401 | 439,811 | *+0.3%* | *-5.8%* |
| Other financial assets | 153,407 | 158,590 | 157,104 | *-0.9%* | *+2.4%* |
| Hedging instruments | 8,241 | 5,907 | 5,553 | *-6.0%* | *-32.6%* |
| Property, plant and equipment | 10,148 | 9,674 | 9,582 | *-1.0%* | *-5.6%* |
| Goodwill | 878 | - | - | *n.m.* | *-100.0%* |
| Other intangible assets | 1,994 | 2,170 | 2,205 | *+1.6%* | *+10.6%* |
| Tax assets | 13,024 | 12,484 | 12,402 | *-0.7%* | *-4.8%* |
| Non-current assets and disposal groups classified as held for sale | 2,104 | 749 | 832 | *+11.0%* | *-60.5%* |
| Other assets | 6,575 | 6,824 | 6,760 | *-0.9%* | *+2.8%* |
| **Total assets** | **903,353** | **950,046** | **948,584** | ***-0.2%*** | ***+5.0%*** |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | | | |
| Deposits from banks | 163,775 | 186,742 | 181,186 | *-3.0%* | *+10.6%* |
| Deposits from customers | 474,790 | 505,716 | 509,794 | *+0.8%* | *+7.4%* |
| Debt securities issued | 101,588 | 95,973 | 98,518 | *+2.7%* | *-3.0%* |
| Financial liabilities held for trading | 47,812 | 49,798 | 49,863 | *+0.1%* | *+4.3%* |
| Other financial liabilities | 12,963 | 12,013 | 11,802 | *-1.8%* | *-9.0%* |
| Hedging instruments | 12,551 | 8,041 | 7,045 | *-12.4%* | *-43.9%* |
| Tax liabilities | 1,469 | 1,151 | 1,243 | *+7.9%* | *-15.4%* |
| Liabilities included in disposal groups classified as held for sale | 593 | 565 | 576 | *+2.1%* | *-2.7%* |
| Other liabilities | 26,722 | 28,245 | 25,907 | *-8.3%* | *-3.0%* |
| Minorities | 443 | 447 | 463 | *+3.7%* | *+4.5%* |
| Group Shareholders' Equity: | 60,645 | 61,356 | 62,186 | *+1.4%* | *+2.5%* |
| - *Capital and reserves* | 62,252 | 59,435 | 59,207 | *-0.4%* | *-4.9%* |
| - *Net profit (loss)* | (1,606) | 1,921 | 2,979 | *+55.1%* | *n.m.* |
| **Total liabilities and Shareholders' Equity** | **903,353** | **950,046** | **948,584** | ***-0.2%*** | ***+5.0%*** |

## UNICREDIT GROUP: SOVEREIGN DEBT SECURITIES – BREAKDOWN BY COUNTRY/PORTFOLIO

With reference to the Group's sovereign exposures[30], the book value of sovereign debt securities as at 30 Sep 21 amounted to €116,365 m (of which 110,243 m classified in the banking book[31], over the 84 per cent of it concentrated in eight countries; Italy, with €43,795 m, represents about 38 per cent 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 30 Sep 21.

[30] Information on Sovereign exposures refers to the scope of the UniCredit Group consolidated results as at 30 Sep 21, determined under IAS/IFRS. Sovereign exposures are bonds issued by and loans given to central and local governments and governmental bodies. To the purpose of this risk exposure ABSs are not included.
[31] 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.

| (€ million) | Nominal Value | Book value | Fair Value |
|---|---|---|---|
| **As at 30 September 2021** | | | |
| **- Italy** | **42,191** | **43,795** | **44,540** |
| financial assets/liabilities held for trading (net exposures)(*) | (534) | (1,073) | (1,073) |
| financial assets designated at fair value | - | - | - |
| financial assets mandatorily at fair value | 50 | 63 | 63 |
| financial assets at fair value through other comprehensive income | 19,498 | 20,879 | 20,879 |
| financial assets at amortised cost | 23,177 | 23,926 | 24,671 |
| **- Spain** | **15,533** | **16,399** | **16,492** |
| financial assets/liabilities held for trading (net exposures)(*) | 1,124 | 1,213 | 1,213 |
| financial assets designated at fair value | - | - | - |
| financial assets mandatorily at fair value | - | - | - |
| financial assets at fair value through other comprehensive income | 4,534 | 4,795 | 4,795 |
| financial assets at amortised cost | 9,875 | 10,391 | 10,484 |
| **- Germany** | **12,489** | **12,827** | **12,866** |
| financial assets/liabilities held for trading (net exposures)(*) | 1,582 | 1,708 | 1,708 |
| financial assets designated at fair value | - | - | - |
| financial assets mandatorily at fair value | 3,769 | 3,821 | 3,821 |
| financial assets at fair value through other comprehensive income | 2,901 | 2,997 | 2,997 |
| financial assets at amortised cost | 4,237 | 4,301 | 4,340 |
| **- Japan** | **9,655** | **9,829** | **9,828** |
| financial assets/liabilities held for trading (net exposures)(*) | - | - | - |
| financial assets designated at fair value | - | - | - |
| financial assets mandatorily at fair value | - | - | - |
| financial assets at fair value through other comprehensive income | 6,025 | 6,072 | 6,072 |
| financial assets at amortised cost | 3,630 | 3,757 | 3,756 |
| **- Austria** | **4,347** | **4,709** | **4,708** |
| financial assets/liabilities held for trading (net exposures)(*) | 643 | 707 | 707 |
| financial assets designated at fair value | - | - | - |
| financial assets mandatorily at fair value | 100 | 134 | 134 |
| financial assets at fair value through other comprehensive income | 3,460 | 3,717 | 3,717 |
| financial assets at amortised cost | 144 | 151 | 150 |
| **- United States of America** | **4,150** | **4,370** | **4,370** |
| financial assets/liabilities held for trading (net exposures)(*) | 1,137 | 1,157 | 1,157 |
| financial assets designated at fair value | - | - | - |
| financial assets mandatorily at fair value | - | - | - |
| financial assets at fair value through other comprehensive income | 2,991 | 3,191 | 3,191 |
| financial assets at amortised cost | 22 | 22 | 22 |
| **- France** | **3,328** | **3,698** | **3,689** |
| financial assets/liabilities held for trading (net exposures)(*) | 746 | 1,023 | 1,023 |
| financial assets designated at fair value | 196 | 219 | 219 |
| financial assets mandatorily at fair value | 191 | 220 | 220 |
| financial assets at fair value through other comprehensive income | 1,747 | 1,781 | 1,781 |
| financial assets at amortised cost | 448 | 455 | 446 |
| **- Romania** | **2,408** | **2,549** | **2,523** |
| financial assets/liabilities held for trading (net exposures)(*) | 192 | 197 | 197 |
| financial assets designated at fair value | - | - | - |
| financial assets mandatorily at fair value | - | - | - |
| financial assets at fair value through other comprehensive income | 682 | 734 | 734 |
| financial assets at amortised cost | 1,534 | 1,618 | 1,592 |
| **Total on-balance sheet exposures** | **94,101** | **98,176** | **99,016** |

**Notes:** (*) Including exposures in Credit Derivatives. In case of negative amount, it indicates the prevalence of liabilities positions.

## UNICREDIT GROUP: WEIGHTED DURATION

The weighted duration of the sovereign bonds shown in the table above, divided by the banking and trading book, is the following:

| Weighted duration (years) | Banking book | TRADING BOOK | |
|---|---|---|---|
| | | Assets positions | Liabilities positions |
| - Italy | 3.57 | 3.30 | 5.63 |
| - Spain | 3.51 | 15.78 | 14.69 |
| - Germany | 2.88 | 10.26 | 4.84 |
| - Japan | 3.18 | - | - |
| - Austria | 5.53 | 7.40 | 11.14 |
| - United States of America | 3.13 | 21.43 | - |
| - France | 6.57 | 22.21 | 22.37 |
| - Romania | 4.17 | 5.40 | 11.17 |

The remaining 16 per cent of the total of sovereign debt securities, amounting to €18,189 m with reference to the book values as at 30 Sep 21, is divided into 37 countries, including Bulgaria (€1,892 m), Hungary (€1,784 m), Croatia (€1,756 m), Portugal (€1,677 m), Czech Republic (€1,270 m), Russia (€1,235 m), Ireland (€1,092 m), Serbia (€985 m), Poland (€911 m) and Israel (€535 m). The sovereign exposure to Greece is immaterial.

With respect to these exposures, as at 30 Sep 21 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 30 Sep 21 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 €2,966 m.

In addition to the exposures to sovereign debt securities, loans[32] given to central and local governments and governmental bodies must be taken into account, amounting to 23,751 m as at 30 Sep 21, of which about 71 per cent to Germany, Austria and Italy.

## UNICREDIT GROUP: RATINGS

| | SHORT-TERM DEBT | MEDIUM AND LONG-TERM | OUTLOOK |
|---|---|---|---|
| Standard & Poor's | A-2 | BBB | STABLE |
| Moody's | P-2 | Baa1 | STABLE |
| Fitch Ratings | F3 | BBB- | STABLE |

[32] Tax items are not included.

## BASIS OF PREPARATION

1. This Consolidated interim report as at 30 Sep 21 - Press release has been prepared on a voluntary basis, with the aim of ensuring continuity with the previous quarterly reports, following the elimination of the requirement to disclose additional financial information to the half-year and annual reports pursuant to law (D.Lgs.) 25/2016, issued in application of Directive 2013/50/EU. This Consolidated interim report as at 30 Sep 21 - Press release as well as the press releases on significant events occurred during the period, the market presentation of 3Q21 results, the Divisional Database, and the disclosure by institutions pursuant to Regulation (EU) No.575/2013 and subsequent amendments are available on UniCredit group website.

2. Reclassified balance sheet and income statements items have been prepared pursuant to Banca d'Italia instructions laid down in Circular 262/2005, and by applying the aggregations and reclassifications disclosed in Annex 1 of Consolidated first half financial report as at 30 Jun 21 of UniCredit group and supplemented by the notes below the reclassified balance sheet and income statement of this document.

3. The contents of this Consolidated interim report as at 30 Sep 21 - Press release are not prepared according to the international accounting standard on interim reporting (IAS34).
   Furthermore, in addition to the financial information prepared by applying measurement criteria in accordance with International Financial Reporting Standards ("IFRS"), this document contains alternative performance measures ("APMs") as defined in the Guidelines on Alternative Performance Indicators (APIs) issued by the European Securities and Markets Authority (ESMA) on 5 Oct 15 (ESMA/2015/1415) and other information not based on-IFRS definitions, in order to provide further information about the Group's performance. The financial measures that qualify as APMs and additional information not based on IFRS definitions determined using information from UniCredit Group should be considered supplemental information to IFRS information and do not intend to substitute them. Furthermore, companies in our industry and others may calculate or use APIs and information not based on IFRS definitions differently, thus making them less useful for compare. The description of such APIs (such as Cost/income ratio, EVA, RoTE, RoAC, Cost of risk, Net bad loans to customer/Loans to customers, Net non-performing loans to customers/Loans to customers, Absorbed capital, ROA) is included in the Consolidated first half financial report as at 30 Jun 21 of UniCredit group (Consolidated interim report on operations and Annexes). Further APMs (i.e. Coverage ratio, Underlying RoTE) have been described in the 3Q21 market presentation.

4. The Consolidated interim report as at 30 Sep 21 - Press release, within which the accounts are presented in reclassified form, was prepared on the basis of IAS/IFRSs in force.
   It must be noted that since 2020 the market environment is affected, when compared to the past, by 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.
   In light of this circumstance, and considering the ESMA Public Statement dated 28 Oct 20 ("European common enforcement priorities for 2020 Annual Financial Reports"), UniCredit group defined different macroeconomic scenarios for the purposes of the evaluation processes. In particular, in addition to the "Baseline" scenario, which reflects the expectations considered most likely concerning macroeconomic trends, alternative scenarios were outlined by assuming different trends in the main macroeconomic parameters (e.g. gross domestic product, interest rates) relevant for the evaluation of: (i) goodwill and Deferred Tax Assets ("DTA" thereinafter), for which a further "Downturn" scenario was elaborated; (ii) Credit exposures, for which a Negative and a Positive scenarios were elaborated.
   The mentioned uncertainty despite the phasing out of containment measures and the subsequent expectations of economic recovery, remains in the third quarter of 2021 as the magnitude of the economic recovery will depend on the effectiveness and completion levels of vaccination campaigns implemented by governments, the emergence of vaccine-resistant virus variants and the subsequent reintroduction of containment measures.

For the DTA, these factors may affect both the assumption on future cash flows (which on turn incorporate assumptions on the evolution of the macroeconomic scenario) and the economic results of the large European Banks (which are an input of the statistic model adopted for the sustainability test). Therefore, possible deviations of the actual economic recovery, compared to 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 results.
Refer to the subsequent point 5 for an explanation of the evaluations performed as at 30 Sep 21 on DTA.
With reference to the credit exposures, the amount of LLP is determined by considering the classification - current and expected - of credit exposures as non-performing, the sale prices (for those NPE) whose recovery is expected through sale to external counterparties), and credit risk parameters (Probability of Default, Loss Given Default and Exposure at Default) which - in accordance with IFRS9 - incorporate, among other factors, forward looking information and the expected evolution of the macroeconomic scenario. Therefore, the evolution of the pandemic, the effect of the relief measures adopted and, ultimately, the existence and degree of the economic recovery, might require the classification of additional credit exposures as non-performing in future reporting periods, thus determining the recognition of additional LLP.

In addition, adjustments to the LLP might derive from the occurrence of a macroeconomic scenario different from the one estimated for the calculation of the credit risk parameters, or by the prevalence on the market of NPE prices different from those used in the measurement of credit exposures included in the Disposal strategy. In addition to the above, the evolution of the real estate market could impact on the value of properties received as collateral and may require an adjustment to the LLP. Refer to the subsequent point 6 for an explanation of the evaluations performed as at 30 Sep 21 on Credit exposures.

With reference to real estate portfolio, which starting from 31 Dec 19 is measured at fair value, it is worth to note that in the upcoming reporting periods, the fair value of these assets might be different from the values exposed as at 30 Sep 21 as a result of the possible evolution of real estate market which will also depend on the evolution of the pandemic. Refer to the subsequent point 7 for an explanation of the evaluations performed as at 30 Sep 21 on the real estate portfolio.
Finally, in addition to the assets mentioned above, the slow-down of economic activities and the associated degree of uncertainty on the economic recovery 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 were made on the basis of information deemed to be reasonable and supportable as at 30 Sep 21, they might subject to changes not foreseeable at the moment, as a result of the evolution in the parameters used for the evaluation.
Furthermore the following factors, in addition to the others outlined above, could affect our future results and could cause materially different outcomes from those embedded in the evaluations: (i) general economic and industry conditions of areas where the Group have significant operations or investments; (ii) exposure to the various market risks (e.g. foreign exchange rate risk); (iii) political stability in areas where the Group have significant operations or investments; (iv) changes in legislation, regulations, taxes, including regulatory capital and liquidity requirements, also considering Brexit and increased regulation in response to financial crises. Numerous factors could affect our future results and could cause those results to deviate from those anticipated in the forward-looking statements. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements.

5. Starting from 31 Dec 19, the Group updated the calculation of the sustainability test methodology considering appropriate a 10 years’ time horizon, for the recognition of DTA arising from tax loss carrying forward deemed

coherent for assessing the generation of sufficient taxable profit to be available against which tax assets can be utilised.
In the third quarter 2021, a trigger analysis was performed by checking the evolution of the main data, parameters and assumptions underlying the sustainability test performed as of 31 Dec 20.
In particular the following analyses were performed: (i) analysis of the evolution of the macroeconomic scenario for the period 2021-2023 compared to the scenario underlying the valuation process at 31 Dec 20, (ii) comparison between the actual profit before taxes and the budget underlying the test executed in Dec 20 and (iii) confirmation of the validity of the additional methodological assumptions used in the valuation process.
According to the outcome of such analysis, no material changes were highlighted that may lead to put in discussion the data, parameters and assumptions adopted for 31 Dec 20 sustainability tests. Therefore, the YE21 DTA test sustainability results are confirmed, and no impacts were recognized as at 30 Sep 21.

6. With reference to the credit exposures, the macroeconomic scenarios used for calculation of credit risk parameters (Probability of Default, Loss Given Default and Exposure at Default) in accordance with Group Policies are updated on a semi-annual basis in Jun and Dec. As a result as at 30 Sep 21, the Group applied the scenarios ("Baseline", "Negative" and "Positive") updated in Jun 21 also in light of the macro-economic projections issued on Sep 2021 by the European Central Bank (ECB) which reported a slight increase for Gross Domestic Product (GDP) expected by YE21, while the projections for 2022 and 2023 are broadly unchanged compared to June data. In continuity with the estimates made in Dec 20, and confirmed in Jun 21, in light of the aforementioned level of uncertainty, the probability of the "negative" scenario was kept at 40 per cent in order to incorporate the risks of adverse changes. The probabilities used for the "baseline" and "positive" scenarios were kept at 55 per cent and 5 per cent respectively.

7. Starting from 31 Dec 19, the Group moved from a cost model to a fair value or revaluation model for the measurement of, respectively, properties held for investments and used in business. As a result, at the same date fair value of all the real estate properties was determined and recognised in financial statements.
As at 30 Sep 21, the Group deemed appropriate to evaluate if the assets values accounted for as at 30 Jun 21 were confirmed analysing, also through market reports provided by external appraisers, the conditions of the real estate assets as well the evolution of the local real estate market.
The outcome of analysis substantially confirmed the values of the real estate assets recognised in the balance sheet.

8. With reference to the contributions due to the Single Resolution Fund and to Deposit Guarantee Schemes, the related estimated costs are presented into "Other charges and provisions: of which systemic charges".

9. Regarding the scope of consolidation, in the first nine months of 2021 the following changes occurred:
   - the number of fully consolidated companies, including the ones classified as non-current assets and asset disposal groups, reduced from 466 at the end of 2020 to 415 as at Sep 21 (7 inclusions and 58 exclusions as a result of disposals, changes of the consolidation method and mergers).
     Regarding the changes of the consolidation method, it should be noted that starting from the half year the main quantitative limit for the full consolidation of subsidiaries was aligned, both for IAS/IFRS and regulatory purposes, with the provisions of article 19 paragraph 1 of EU Regulation 575/2013 relating to prudential requirements for credit institutions (CRR), increasing the total amount of assets and off-balance sheet items of the undertaking concerned to the smaller of the following two amounts: (i) €10 m; (ii) 1 per cent of the total amount of assets and off-balance sheet items of the Parent company. In addition to the presence of further quantitative limits, any exception to this approach derives from the qualitative assessments of the nature of the assets and liabilities, on and off-balance sheet, held by the entities. Following this approach, 35 subsidiaries have been accounted for at cost;
   - the number of companies consolidated by using the equity method, including the ones classified as non-current assets and asset disposal groups, changed from 31 at the end of 2020 to 30 as at Sep 21 due to one disposal.

10. Regarding Non-current assets and asset groups held for sale, in the Balance sheet as at 30 Sep 21 the main reclassified assets based on the IFRS5 accounting principle, as non-current assets and asset disposal groups, refer to:
    - regarding the individual asset and liabilities held for sale and the groups of assets held for sale and associated liabilities which do not satisfy IFRS5 requirements for the classification as discontinued operations:
        - the companies of the WealthCap group and the associated company Risanamento S.p.A.;
        - the non-performing loans included in some sale's initiatives of portfolios;
        - the real estate properties held by certain companies in the Group;
    - regarding the data relating to the discontinued operations:
        - the controlled company OT-Optima Telekom (Croatia).

11. This Consolidated interim report - Press release is not audited by the External Auditors.

*Declaration by the Manager charged with preparing the financial reports*

The undersigned, Stefano Porro, in his capacity as the Manager charged with preparing UniCredit S.p.A.'s financial reports

DECLARES

that, pursuant to Article 154 bis, paragraph 2, of the "Consolidated Law on Finance", the information disclosed in this document corresponds to the accounting documents, books and records.

Milan, 27 October 2021

**Manager charged with**

**preparing the financial reports**

Stefano Porro

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