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Oggetto : UniCredit: 2Q22 and 1H22 Group Results

<i>Testo del comunicato</i>

Vedi allegato.

MILAN, 27 JULY 2022

UNICREDIT: 2Q22 AND 1H22 GROUP RESULTS¹

EXCELLENT FINANCIAL RESULTS, WELL POSITIONED TO FACE MACROECONOMIC HEADWINDS

Sixth consecutive quarter of profitable growth leading to the strongest first half² in at least a decade

Positive operating leverage driven by net revenue growth of 12.5 per cent and cost reduction of 4.4 per cent year on year, resulting in €1.5 billion net profit³, excluding Russia⁴

Best in class capital position with 2Q22 CET1 ratio at 15.73 per cent with 67 basis points of organic capital generation

Profitability above Cost of Equity with high risk-adjusted returns across all regions, and 2Q22 Group RoTE at 13.0 per cent, excluding Russia

Further reduction of Russia exposures and commitment to progressive de-risking

Completed first 2021 share buyback tranche of €1.6 billion, equal to 7.4 per cent of the share capital and submitted the remaining €1 billion tranche⁵ to ECB for approval; 1H22 dividend accrual of €0.9 billion

Improved 2022 guidance on the back of strong first half performance, supportive interest rate environment and lower Cost of Risk⁶

Solid foundations to navigate macroeconomic uncertainty with improved operating performance, strong capital, robust organic capital generation, and sound asset quality and provisioning

Confident in delivering UniCredit Unlocked 2022-2024 guidance and distribution ambition, assuming the updated macroeconomic ‘slowdown’⁷ scenario

Supporting our communities with targeted donations and our work with partners to deliver on our social commitment

On 26 July 2022, the Board of Directors of UniCredit S.p.A. (“UniCredit” or “the Group”) approved the Consolidated First Half Financial Report as at 30 June 2022.

¹ All figures related to Group excluding Russia, except CET1 ratio, or unless otherwise stated.

² Gross Operating Profit and Profit before taxes. 2022 figures Group excluding Russia. Stated figures for previous years.

³ 2Q22 stated net profit for Group including Russia at 2.0 bn, +>100 per cent Q/Q and +94.5 per cent Y/Y. 2Q22 stated net profit for Group excluding Russia at 1.7 bn, +39.8 per cent Q/Q and +73.9 per cent Y/Y.

⁴ Russia includes the local bank and legal entities, plus the cross-border exposure booked in UniCredit SpA, see page 12 for the Russia segment 2Q22 results. For Group consolidated results, including Russia, see page 13.

⁵ Extraordinary General Meeting (EGM) in 3Q22 for shareholder authorisation to increase the number of shares to be purchased for 2021 second share buyback tranche of €1.0 billion.

⁶ UniCredit Group 2022 financial guidance available in section “Group excluding Russia key financial 2022 guidance” at page 15.

⁷ Macroeconomic slowdown for the UniCredit footprint updated to a GDP growth of 2.3 per cent in 2022 and 2.5 per cent in 2023, and inflation of 7.3 per cent in 2022 and 4.5 per cent in 2023. GDP and inflation growth of Group footprint are calculated based on a weighted GDP and inflation average of the respective countries (excluding Russia).

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The quarter sets a number of records demonstrating the strong commercial momentum within the business. Excluding the impact of Russia, Group net profit was €1.5 billion, resulting in healthy organic capital generation of 67 basis points in the quarter resulting in a CET1 Ratio of 15.73 per cent.

Excluding Russia, the 2Q22 net revenues were €4.4 billion, 12.5 per cent higher year on year, reflecting high risk-adjusted returns across all regions, underpinned by the net interest income (“NII”) increase to €2.3 billion, and by lower Loan Loss Provision (“LLPs”), reflecting solid asset quality.

Excluding Russia, 2Q22 operational costs were reduced by 4.4 per cent year on year, demonstrating the Group’s discipline in managing the cost base while protecting revenue generation.

Russia exposure was reduced overall by circa €2.7 billion⁸, through proactive and disciplined actions, whilst Russia’s Risk Weighted assets (“RWAs”) were reduced by €2.7 billion. UniCredit is committed to maintaining a progressive de-risking approach.

The Group is well positioned and has the right foundations to enter a period of macroeconomic uncertainty given its strong CET1 ratio, enhanced business model with a capital light focus and solid asset quality. This is further strengthened by provisioning levels, existing overlays on performing exposures at circa €1.0 billion and a rigorous risk approach, strengthening the Group’s capacity to absorb macroeconomic shocks. Gross Non-Performing Exposures (“NPEs”) stood at €13.9 billion and are primarily composed of Unlikely-To-Pay (“UTP”) which will further benefit from the recently announced partnership agreement with Prelios in Italy for the specialised management of UTPs. Both Group Net and Gross NPE ratios continued to decline quarter on quarter, to 1.5 per cent and 2.9 per cent, respectively.

Cost of Risk (“CoR”), excluding Russia, is well below guidance at 10 basis points, and full year guidance is improved to below 30 basis points⁷.

On 14 July 2022, the 2021 first share buyback tranche of €1.6 billion, equivalent to 7.4 per cent of share capital has been successfully completed, and on 19 July 2022 the shares were cancelled. The Group intends to call for an EGM in 3Q22 for shareholder authorisation to increase the number of shares to be purchased for 2021 the second share buyback tranche of €1.0 billion⁹.

The Group’s 2Q22 CET1 ratio stood at 15.73 per cent, an improvement of 173 basis points quarter on quarter. This was mainly driven by organic capital generation of 67 basis points excluding Russia, and the positive impact from Russia of 62 basis points.

On the back of the strong financial results, and improved interest rate environment, UniCredit has improved its financial guidance for 2022⁷, with revenues above €16.7 billion and net profit at circa €4.0 billion, excluding Russia.

The UniCredit Unlocked 2024 financial ambitions of average annual organic capital generation of 150 basis points, incremental net revenue of circa €1.1 billion and a RoTE of circa 10.0 per cent are confirmed under the slowdown scenario with positive results already being delivered by combining the three levers of net revenues, costs and capital efficiency. The Bank continues its focus on the execution of the 2022-2024 Strategic Plan to fully unlock the value of UniCredit and is committed to delivering attractive and sustainable returns, with the ambition to return at least €16 billion to shareholders by 2024.

Key recent events include the following:

⁸ Delta since 8th March 2022 excluding change in FX hedging and additional exposures (as per page 3 of 1Q22 market presentation).

⁹ Subject to supervisory approval.

- 2021 first share buyback tranche of €1.6 billion completed on 14 July 2022 with all shares cancelled on 19 July 2022. UniCredit purchased 162.2 million shares equal to 7.4 per cent of share capital.
- Executing strategy to reduce non-performing exposure, with the following actions:
 - Disposal of circa €2.0 billion of UTP portfolio
 - Disposals of circa €1.3 billion of NPL portfolio
 - Signed partnership with Prelios for management of UTP loans in Italy.
- EGM in 3Q22 for shareholder authorisation to increase the number of shares to be purchased for 2021 second share buyback tranche of €1.0 billion⁹.

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

“UniCredit continued to perform well in the second quarter, leading to the best first half performance in over a decade driven by profitable growth, healthy organic capital generation and a reduction of our cost base despite the impact of inflation. Our CET1 ratio further strengthened to 15.73 per cent as we demonstrated strong asset quality, with a Cost of Risk at just 10 basis points, excluding Russia. On the back of our excellent performance and a more supportive interest rate environment we have improved our 2022 guidance, an important step in the delivery of our three year plan.

The global economy is facing unprecedented challenges and much uncertainty. It is at times like this that our unwavering focus on delivering our UniCredit Unlocked strategy is especially critical. UniCredit is built on solid foundations, which position us well to navigate whatever macroeconomic environment lies ahead. Ensuring we remain strong and resilient will allow us to fulfil our responsibility to our clients, communities and wider stakeholders, supporting them as they navigate challenging times ahead.”

2Q22 KEY FIGURES GROUP EXCLUDING RUSSIA

- **Total Revenues:** €4.5 bn, down 6.8 per cent Q/Q and up 4.9 per cent Y/Y
- **Net Revenues:** €4.4 bn, down 8.1 per cent Q/Q and up 12.5 per cent Y/Y
- **Net Interest Income (NII):** €2.3 bn, up 6.6 per cent Q/Q and up 11.0 per cent Y/Y
- **Fees:** €1.7 bn, down 6.7 per cent Q/Q and up 1.2 per cent Y/Y
- **Trading income:** €360 m, down 48.7 Q/Q and down 7.4 per cent Y/Y
- **Operating costs:** €2.3 bn, flat Q/Q and down 4.4 per cent Y/Y
- **Cost/Income ratio:** 51.3 per cent, up 3.5 p.p. Q/Q and down 5.0 p.p. Y/Y
- **Net profit:** €1.5 bn, up 24.4 per cent Q/Q and up 66.6 per cent Y/Y
- **Stated net profit:** €1.7 bn, up 39.8 per cent Q/Q and up 73.9 per cent Y/Y
- **RoTE:** 13.0 per cent, up 2.6 p.p. Q/Q and up 5.3 p.p. Y/Y
- **Diluted EPS:** €0.69, up 26.2 per cent Q/Q and up 73.2 per cent Y/Y
- **Group CET1 ratio (including Russia):** CET1 ratio at 15.73 per cent, up 173 bps Q/Q and up 22 bps Y/Y
- **Risk Weighted Assets (RWAs):** €298.4 bn, down 3.4 per cent Q/Q and down 5.7 per cent Y/Y
- **LLPs:** -€108 m, increased in Q/Q and down 71.7 per cent Y/Y
- **Cost of Risk (CoR):** 10 bps, up 5 bps Q/Q and down 26 bps Y/Y
- **Gross NPE ratio:** 2.8 per cent, down 0.8 p.p. Q/Q and down 1.9 p.p. Y/Y

2Q22 KEY HIGHLIGHTS GROUP EXCLUDING RUSSIA

Strong quarter, setting a number of records, with €1.5 bn of **net profit**³, resulting in healthy organic capital generation of 67 bps in the quarter.

Total Revenues stood at €4.5 bn, down 6.8 per cent Q/Q due to an expected normalisation from record high levels of fee income and trading revenue in previous quarter, up 4.9 per cent Y/Y driven by net interest income growth thanks to the interest rate environment and strong commercial activity.

Net revenue reached €4.4 bn, down 8.1 per cent Q/Q, up 12.5 per cent Y/Y, reflecting strong capital-light, high risk-adjusted return growth across the regions and lower LLPs reflecting solid asset quality.

NII was at €2.3 bn up 6.6 per cent Q/Q as a result of a positive contribution from loans, positive trends in treasury and markets, as well as the days' effect; and up 11.0 per cent Y/Y as a result of loans, term funding, treasury and markets.

Fees were €1.7 bn, down 6.7 per cent Q/Q mainly due to investment services and financing fees, partially offset by transactional fees, and up 1.2 per cent Y/Y mainly from transactional fees, in particular in Italy.

Costs stood at €2.3 bn, flat Q/Q as staff expense savings were offset by higher non HR costs; and down 4.4 per cent Y/Y driven by lower staff expenses, particularly in Germany and Italy along with lower non HR costs. The Group's cost discipline and efficiency resulted in a Cost/Income ratio of 49.5 per cent in 1H22, down 4.4 p.p. Y/Y, despite inflationary pressures.

Asset quality¹⁰ improved considerably, with gross NPE ratio at 2.8 per cent and Net NPE ratio at 1.5 per cent. **CoR** remains well below guidance, at 10 bps, reflecting sound asset quality and historically prudent approach on classification and provisioning.

Total overlays remained broadly unchanged at circa €1.0 bn in 2Q22, substantially maintaining the Group's capacity to absorb macroeconomic spill-over effects. The LLPs at Group level booked in 2Q22 are substantially close to zero, and negative by €108 m when excluding Russia.

RWAs excluding Russia stood at €298.4 bn, down €10.4 bn Q/Q as a result of a €5.6 bn RWA reduction from active portfolio management and further €6.5 from regulatory headwinds.

The **Group's 2Q22 CET1 ratio stood** at 15.73 per cent, an increase of 173 bps Q/Q driven mainly by organic capital generation excluding Russia, positive contribution from capital reserves and other items, and the positive contribution from Russia in 2Q22, while factoring in the dividend accrual of 16 bps.

Group Tangible equity was €53.8 bn, up 1.8 per cent Q/Q and up 2.9 per cent Y/Y, while Group tangible book value per share was €25.9, up 6.9 per cent Q/Q and up 10.0 per cent Y/Y.

The **RoAC** excluding Russia stood very strong at 15.1 per cent and remains in all regions 2Q22 at double-digit, led by Central Europe and Italy.

On 14 July 2022, the 2021 first share buyback tranche of €1.6 billion, equivalent to 7.4 per cent of share capital has been successfully completed, and on 19 July 2022 the shares were cancelled. The Group intends to call for an EGM in 3Q22 for shareholder authorisation to increase the number of shares to be purchased for 2021 the second share buyback tranche of €1.0 billion⁹.

¹⁰ NPEs excludes exposures classified as held for sale.

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The Group is progressing well towards its goal of equal gender pay by investing €100 million by 2024, demonstrating UniCredit's commitment to promote and support female talent and leadership with equal pay for equal work.

The Group won five awards at this year's Euromoney Awards for Excellence, recognised as best bank in Italy and Croatia, and best bank for transaction services in Western Europe, Central and Eastern Europe as well as best bank in advisory services in Central and Eastern Europe. As in previous years, the judging criteria of this widely recognised award include profitability, demonstrable growth, relative outperformance compared to peers and the ability to adapt to changing market conditions and client needs. These award wins are testament that the impact of the decisive actions to streamline and simplify UniCredit's business, and the commitment and dedication of its employees are resulting in continued confidence shown in the Group shown by our clients.

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UNICREDIT 2Q22 AND 1H22 GROUP RESULTS – DETAILS OF CONFERENCE CALL

MILAN, 27 July 2022 – 10.00 CET

ITALY: +39 02 802 09 11

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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 EXCLUDING RUSSIA

(€ million)	2Q21	1Q22	2Q22	Q/Q	Y/Y
Total revenues	4,252	4,788	4,461	-6.8%	+4.9%
o/w Net interest	2,088	2,175	2,318	+6.6%	+11.0%
o/w Fees	1,683	1,826	1,704	-6.7%	+1.2%
o/w Trading	389	702	360	-48.7%	-7.4%
Operating costs	-2,393	-2,289	-2,288	-0.0%	-4.4%
Gross operating profit	1,860	2,499	2,172	-13.1%	+16.8%
Loan Loss Provisions	-383	-52	-108	n.m.	-71.7%
Net operating profit	1,476	2,446	2,064	-15.6%	+39.8%
Stated net profit/loss	957	1,191	1,665	+39.8%	+73.9%
Net profit	889	1,191	1,482	+24.4%	+66.6%
CET1 ratio	15.5%	14.0%	15.73%	+2 p.p.	+0 p.p.
RoTE	7.6%	10.4%	13.0%	+3 p.p.	+5 p.p.
Customers loans excl. repos and IC	408,452	422,371	427,174	+1.1%	+4.6%
Gross NPE	21,018	16,513	13,100	-20.7%	-37.7%
Deposits (excl. repos)	446,850	470,826	475,363	+1.0%	+6.4%
Cost/income ratio	56.3%	47.8%	51.3%	+3 p.p.	-5 p.p.
Stated cost of risk (bps)	36	5	10	+5	-26

Note:

Group excluding Russia net profit excludes the regulatory headwinds impact on CoR (-€85 m in 2Q21), real estate valuation (+€18 m in 2Q21); DTA write-up from TLCF (+€11 m in 2Q22), DTA write-off from TLCF (-€4 m in 2Q22). Furthermore, it is net by AT1 (-€136 m in 2Q21, -€149 m in 2Q22) and cashes charges (-€27 m in 2Q22). CET1 ratio corresponds to Group CET1 ratio including Russia.

Total revenues stood at €4.5 bn in 2Q22, down 6.8 per cent Q/Q with strong NII trend (+6.6 per cent Q/Q) offset by weaker quarterly trends in fees (-6.7 per cent Q/Q), and up 4.9 per cent Y/Y, with strong NII trend (+11.0 per cent Y/Y) and resilient trends in fees (+1.2 per cent Y/Y).

Net revenues reached €4.4 bn in 2Q22, down 8.1 per cent Q/Q and up 12.5 per cent Y/Y.

In 2Q22, **NII** stood at €2.3 bn, up 6.6 per cent Q/Q and up 11.0 per cent Y/Y. The Q/Q trend is positive in all divisions except Germany (due to the non-recurring item accounted for in 1Q22) and reflects enhanced commercial activity particularly in Italy and increased demand for credit, treasury and market activities as well as the days' effect. The Y/Y trend reflects positive trends in loans (higher volumes and upturn on rates), partially offset by deposits as affected by rate increases. Positive contribution also came from treasury, markets and term funding.

Fees normalised this quarter as expected, down 6.7 per cent Q/Q and delivered a sound performance at €1.7m, up 1.2 per cent Y/Y, demonstrating the positive diversification of our fee base. In particular:

- **Investment fees** generated €0.7 bn, down 10.8 per cent Q/Q due to lower AuM upfront fees, mainly in Italy and Management fees (impacted by negative Market effect) and partially offset by AUC (mostly certificates activity). Investment fees were down 8.0 per cent Y/Y mainly due to lower AuM upfront fees, lower sales primarily in Italy, partially mitigated by better AUC fees;
- **Financing fees** stood at €0.4 bn, down 11.2 per cent Q/Q which follow a strong commercial performance in 1Q22, with loan fees down mostly in Germany and Austria; financing fees were up 3.0 per cent Y/Y, driven by better loans, guarantees and CPI fees in Italy, mitigating for lower Global Capital Markets;
- **Transactional fees** were robust in 2Q22 and generated €0.6 bn, up 2.3 per cent Q/Q as a result of better card fees (primarily in Italy and Eastern Europe) and higher payment fees in Eastern Europe, up 12.8 per cent Y/Y, mainly driven by current accounts, better card fees and payment fees mainly in Italy, Germany and Eastern Europe.

Trading income has moderated, as expected, to €360 m in 2Q22, down 48.7 per cent Q/Q primarily due to non-client driven components such as €141 m from treasury and €174 m from strategic FX Hedging dividends and earnings; and down 7.4 per cent Y/Y driven by non-client driven components primarily due to Strategic FX Hedging dividends and a decrease in earnings mainly due to ruble hedging, partially offset by client-driven XVA.

Operating costs stood at €2.3 bn in 2Q22 remaining flat Q/Q, despite great inflationary pressure, and down 4.4 per cent Y/Y. In particular:

- **HR costs** were €1.4 bn in 2Q22, down 1.7 per cent Q/Q, supported by a decrease in staff expenses primarily in Germany and lower FTEs in Germany and Italy; and down 3.5 per cent Y/Y as a result of FTE decrease mainly in Germany and Italy;
- **Non HR costs** were €0.9 bn in 2Q22, up 2.6 per cent Q/Q, due to advisory and marketing costs as well as IT related expenses mainly supporting Digital investments and down 5.7 per cent Y/Y.

CoR stood well below guidance, at 10 bps in 2Q22, up 5 bps Q/Q and down 26 bps Y/Y. This was sustained by a continued positive development of the default rate, leading to low NPE inflows, as well as repayments on NPEs. At the same time, the Group maintained a broadly unchanged Q/Q amount of overlays on performing exposures at circa €1.0 billion, as new additional overlays, largely on energy intensive sectors, were set aside in 2Q22, offset by releases of prior overlays, substantially maintaining the Group's capacity to absorb any potential spill-over effects.

The 2Q22 **Group Stated Tax Rate** excluding Russia, stood at 21.6 per cent largely affected by deductions in Austria and by recognition of temporary deferred tax assets in Germany. At the same time, the 2Q22 Group Stated Tax Rate including Russia, stood at 18.6 per cent, thus benefitting from further deductions originated by 1Q22 Russia cross-border LLPs which positively impacted the 2Q22 tax burden in Italy.

Net profit stood at €1.5 bn in 2Q22, up 24.4 per cent Q/Q and up 66.6 per cent Y/Y.

BALANCE SHEET EXCLUDING RUSSIA

Average gross commercial performing loans were at €399.2 bn¹¹ as of 30 Jun 22 (+0.8 per cent Q/Q, +4.9 per cent Y/Y). The main contributors were Italy (€166.3 bn), Germany (€113.7 bn) and Central Europe (€88.2 bn).

Gross customer performing loan rates were at 1.94 per cent¹¹ in 2Q22 up 9 bps Q/Q and up 4 bps Y/Y.

Average commercial deposits increased to €463.6 bn¹¹ as of 30 Jun 22 (+0.6 per cent Q/Q, +6.1 per cent Y/Y). The main contributors were Italy (€196.2 bn), Germany (€135.2 bn) and Central Europe (€92.3 bn).

Customer deposits rates stood at 0.0 per cent¹¹ in 2Q22 up 6 bps Q/Q and up 7 bps Y/Y.

Total Financial Assets (TFAs) reached €721.0 bn in 2Q22, down 2.0 per cent Q/Q and down 0.4 per cent Y/Y

- **AuM:** €199.2 bn in 2Q22, down 6.7 per cent Q/Q and down 6.5 per cent Y/Y;
- **AuC:** €142.7 bn in 2Q22, down 5.7 per cent Q/Q and down 3.9 per cent Y/Y;
- **Deposits:** €379.0 bn, up 2.0 per cent Q/Q and up 4.7 per cent Y/Y.

ASSET QUALITY EXCLUDING RUSSIA¹⁰

Gross NPEs were €13.1 bn in 2Q22 (-20.7 per cent Q/Q and -37.7 per cent Y/Y) leading to a **gross NPE ratio** of 2.8 per cent (-0.8 p.p. Q/Q, -1.9 p.p. Y/Y), while **Net NPEs** were €6.7 bn in 2Q22 (-12.6 per cent Q/Q and -26.3 per cent Y/Y), with a **net NPE ratio** of 1.5 per cent (-0.2 p.p. Q/Q, -0.6 p.p. Y/Y). The **NPE coverage ratio** was 49.2 per cent (-4.7 p.p. Q/Q and -7.8 p.p. Y/Y).

Gross bad loans amounted to €3.1 bn in 2Q22 (-32.5 per cent Q/Q, -54.5 per cent Y/Y) with a coverage ratio of 73.9 per cent (-1.7 p.p. Q/Q, -3.4 p.p. Y/Y). **Gross unlikely to pay** stood at €9.2 bn (-17.5 per cent Q/Q, -30.1 per cent Y/Y), with a coverage ratio of 42.4 per cent (-3.7 p.p. Q/Q, -5.7 p.p. Y/Y).

CAPITAL & FUNDING

The Group's 2Q22 CET1 ratio stood at 15.73 per cent mainly driven by +67 bps organic capital generation excluding Russia, +28 from regulatory effects (mainly due to PD procyclicality), -23 bps from distribution (-16 bps dividend accrual, -7 bps AT1 and CASHES coupons), +39 bps from other items¹² and +62 bps from Russia impact in 2Q22 (the latter composed of +52 bps of participation capital impact and +10 bps from cross border exposures).

Leverage ratio transitional stood at 5.55 per cent in 2Q22, up 36 bps Q/Q.

The 2021 first share buyback tranche of €1.6 bn, equivalent to 7.4 per cent of share capital, has been successfully completed, while the remaining €1 bn 2021 share buyback tranche has been submitted for approval to the ECB. The Group intend to call an EGM in 3Q22 for shareholder authorisation to increase the number of shares to be purchased for second share 2021 buyback tranche of €1.0 billion⁹.

¹¹ Includes Group Corporate Centre.

¹² Including +10 bps capital reserve, +14 bps threshold deductions, +17 bps leasing "back in use" and +7 bps from Yapi Kredi sale.

RWAs including Russia stood at €316.7 bn in 2Q22, down 4.0 per cent Q/Q, driven primarily by a decrease in Credit RWA (-€13.5 bn), specifically thanks to active portfolio management (securitisations, dismissals) and positive effects from regulatory headwinds, and down 3.4 per cent Y/Y.

RWAs, excluding Russia, totalled €298.4 bn in 2Q22, down 3.4 per cent Q/Q, due to the RWA savings (-€5.6 bn) resulting from active portfolio management (securitisations, dismissals) and positive effects from regulatory headwinds (-€6.5 bn), and down 5.7 per cent Y/Y.

The 2022 Funding Plan focuses mostly on MREL instruments, while bank capital needs remain quite limited. UniCredit TLAC ratio of RWA stood at 27.06 per cent, up 229 bps Q/Q, with a **substantial buffer above requirements** of 21.55 per cent¹³.

¹³ 2Q22 TLAC requirement 21.55 per cent (assuming combined capital buffer as of 2Q22) with 3.50 per cent senior exemption.

DIVISIONAL HIGHLIGHTS¹⁴

ITALY

(€ million)	2Q21	1Q22	2Q22	Q/Q	Y/Y
Total revenues	2,102	2,244	2,162	-3.7%	+2.9%
o/w Net interest	921	872	949	+8.7%	+3.1%
o/w Fees	1,058	1,128	1,073	-4.8%	+1.4%
Operating costs	-1,014	-996	-989	-0.8%	-2.5%
Gross operating profit	1,088	1,248	1,173	-6.0%	+7.8%
Loan Loss Provisions	-321	10	-39	<i>n.m.</i>	-87.8%
Net operating profit	767	1,258	1,134	-9.8%	+47.8%
Stated net profit/loss	496	612	757	+23.7%	+52.5%
Net profit	420	612	674	+10.1%	+60.5%
RoAC	9.5%	13.9%	15.7%	+1.8 p.p.	+6.2 p.p.
Cost/income ratio	48.2%	44.4%	45.7%	+1 p.p.	-3 p.p.
Stated cost of risk (bps)	67	-2	8	+10	-59

GERMANY

(€ million)	2Q21	1Q22	2Q22	Q/Q	Y/Y
Total revenues	1,054	1,363	1,188	-12.8%	+12.7%
o/w Net interest	590	642	632	-1.6%	+7.1%
o/w Fees	299	351	292	-16.7%	-2.3%
Operating costs	-669	-647	-633	-2.2%	-5.4%
Gross operating profit	385	715	555	-22.4%	+44.2%
Loan Loss Provisions	-17	-64	35	<i>n.m.</i>	<i>n.m.</i>
Net operating profit	368	651	590	-9.5%	+60.4%
Stated net profit/loss	186	284	448	+57.3%	<i>n.m.</i>
Net profit	185	284	401	+40.8%	<i>n.m.</i>
RoAC	7.0%	10.6%	15.3%	+4.7 p.p.	+8.3 p.p.
Cost/income ratio	63.5%	47.5%	53.3%	+6 p.p.	-10 p.p.
Stated cost of risk (bps)	5	20	-11	-30	-16

¹⁴Please 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 calculated as 13 per cent of RWA plus deductions. Non core division not reported.

CENTRAL EUROPE

(€ million)	2Q21	1Q22	2Q22	Q/Q	Y/Y
Total revenues	736	783	844	+8.7%	+14.8%
o/w Net interest	394	449	502	+13.2%	+27.7%
o/w Fees	225	245	234	-3.9%	+4.2%
Operating costs	-415	-399	-400	+0.7%	-3.7%
Gross operating profit	321	384	444	+17.1%	+39.0%
Loan Loss Provisions	-56	40	-26	<i>n.m.</i>	-55.5%
Net operating profit	265	424	418	-0.2%	+59.1%
Stated net profit/loss	238	204	373	+86.6%	+57.3%
Net profit	271	204	339	+69.1%	+25.1%
RoAC	14.8%	10.0%	17.1%	+7.2 p.p.	+2.3 p.p.
Cost/income ratio	56.4%	50.9%	47.4%	-4 p.p.	-9 p.p.
Stated cost of risk (bps)	25	-17	11	+28	-15

Note:

Stated numbers at current FX. Variations Q/Q and Y/Y are at constant FX.

EASTERN EUROPE

(€ million)	2Q21	1Q22	2Q22	Q/Q	Y/Y
Total revenues	453	450	483	+7.4%	+6.8%
o/w Net interest	280	284	301	+5.8%	+7.7%
o/w Fees	111	116	125	+7.4%	+12.5%
Operating costs	-190	-194	-202	+4.2%	+6.6%
Gross operating profit	263	255	281	+9.9%	+7.0%
Loan Loss Provisions	-32	2	-84	<i>n.m.</i>	<i>n.m.</i>
Net operating profit	231	257	197	-23.3%	-14.4%
Stated net profit/loss	184	182	149	-17.8%	-18.9%
Net profit	167	182	135	-25.7%	-18.8%
RoAC	19.3%	21.0%	14.7%	-6.3 p.p.	-4.6 p.p.
Cost/income ratio	42.0%	43.2%	41.9%	-1 p.p.	-0 p.p.
Stated cost of risk (bps)	46	-2	110	+112	+64

Note:

Stated numbers at current FX. Variations Q/Q and Y/Y are at constant FX.

GROUP CORPORATE CENTRE (GCC)

(€ million)	2Q21	1Q22	2Q22	Q/Q	Y/Y
Total revenues	-82	-52	-217	<i>n.m.</i>	<i>n.m.</i>
Operating costs	-84	-52	-64	+21.6%	-24.5%
Gross operating profit	-167	-105	-280	<i>n.m.</i>	+68.1%
Loan Loss Provisions	1	-39	5	<i>n.m.</i>	<i>n.m.</i>
Stated net loss	-177	-91	-63	-30.9%	-64.5%
Net profit	-180	-91	-66	-26.9%	-63.1%
FTE	10,251	9,964	9,928	-0.4%	-3.2%
Costs GCC/total costs	3.4%	2.2%	2.7%	+0 p.p.	-1 p.p.

RUSSIA⁴

(€ million)	2Q21	1Q22	2Q22	Q/Q	Y/Y
Total revenues	135	228	319	+6.5%	+98.0%
o/w Net interest	105	125	166	+3.2%	+35.8%
o/w Fees	16	17	21	-3.0%	+12.5%
Operating costs	-58	-55	-70	-4.4%	+0.0%
Gross operating profit	77	174	249	+10.0%	<i>n.m.</i>
Loan Loss Provisions	23	-1,231	111	<i>n.m.</i>	<i>n.m.</i>
Net operating profit	100	-1,058	360	<i>n.m.</i>	<i>n.m.</i>
Stated net profit/loss	76	-916	346	<i>n.m.</i>	<i>n.m.</i>
Net profit	71	-916	336	<i>n.m.</i>	<i>n.m.</i>
RoAC	17.5%	<i>n.m.</i>	52.6%	<i>n.m.</i>	+53.1 p.p.
Cost/income ratio	42.9%	23.9%	21.9%	-2 p.p.	-21 p.p.
Stated cost of risk (bps)	-83	<i>n.m.</i>	-413	<i>n.m.</i>	-663

Note:

Stated numbers at current FX. Variations Q/Q and Y/Y are at constant FX.

UNICREDIT GROUP CONSOLIDATED RESULTS

(€ million)	2Q21	1Q22	2Q22	Q/Q	Y/Y
Total revenues	4,388	5,016	4,780	-4.7%	+8.9%
o/w Net interest	2,193	2,301	2,484	+8.0%	+13.3%
o/w Fees	1,699	1,843	1,725	-6.4%	+1.5%
o/w Trading	400	785	564	-28.2%	+41.0%
Operating costs	-2,451	-2,344	-2,358	+0.6%	-3.8%
Gross operating profit	1,937	2,672	2,422	-9.4%	+25.0%
Loan Loss Provisions	-360	-1,284	2	n.m.	n.m.
Net operating profit	1,577	1,389	2,424	+74.6%	+53.7%
Stated net profit/loss	1,034	274	2,010	n.m.	+94.5%
Net profit	960	274	1,818	n.m.	+89.3%
CET1 ratio	15.5%	14.0%	15.73%	+2 p.p.	+0 p.p.
RoTE	8.0%	2.3%	15.1%	+13 p.p.	+7 p.p.
Customers loans excl. repos and IC	419,478	433,038	437,939	+1.1%	+4.4%
Gross NPE	21,538	17,800	13,927	-21.8%	-35.3%
Deposits (excl. repos)	457,306	483,521	488,426	+1.0%	+6.8%
Cost/income ratio	55.9%	46.7%	49.3%	+3 p.p.	-7 p.p.
Stated cost of risk (bps)	33	114	0	-114	-33

Note:

Net profit excludes the regulatory headwinds impact on CoR (-€85 m in 2Q21), real estate valuation (+€18 m in 2Q21); DTA write-up from TLCF (+€11 m in 2Q22), DTA write-off from TLCF (-€4 m in 2Q22). Furthermore, it is net by AT1 (-€141 m in 2Q21, -€157 m in 2Q22) and cashes charges (-€29 m in 2Q22).

2Q22 KEY FIGURES

- **Total Revenues:** €4.8 bn, down 4.7 per cent Q/Q and up 8.9 per cent Y/Y
- **Net Revenues:** €4.8 bn, up 28.1 per cent Q/Q and up 18.7 per cent Y/Y
- **Net Interest Income (NII):** €2.5 bn, up 8.0 per cent Q/Q and up 13.3 per cent Y/Y
- **Fees:** €1.7 bn, down 6.4 per cent Q/Q and up 1.5 per cent Y/Y
- **Trading income:** €564 m, down 28.2 per cent Q/Q and up 41.0 per cent Y/Y
- **Operating costs:** €2.4 bn, up 0.6 per cent Q/Q and down 3.8 per cent Y/Y
- **Cost/Income ratio:** 49.3 per cent, up 2.6 p.p. Q/Q and down 6.5 p.p. Y/Y
- **Net profit:** €1.8 bn, strongly increased Q/Q and up 89.3 per cent Y/Y
- **Stated net profit:** €2.0 bn, strongly increased Q/Q and up 94.5 per cent Y/Y
- **RoTE:** 15.1 per cent, up 12.8 p.p. Q/Q and up 7.1 p.p. Y/Y
- **Diluted EPS:** €0.84 significantly increased Q/Q and up 95.5 per cent Y/Y
- **Group CET1 ratio:** at 15.73 per cent, up 173 bps Q/Q and up 22 bps Y/Y
- **RWAs:** €316.7 bn, down 4.0 per cent Q/Q and down 3.4 per cent Y/Y
- **LLPs:** immaterial, down 100.2 per cent Q/Q and down 100.6 per cent Y/Y
- **Cost of Risk (CoR):** 0 bps, down 114 bps Q/Q and down 33 bps Y/Y
- **Average gross commercial performing loans:** €437.9 bn, up 1.1 per cent Q/Q and up 4.4 per cent Y/Y
- **Group average commercial deposits:** €488.4 bn, up 1.0 per cent Q/Q and up 6.8 per cent Y/Y
- **Group gross NPEs:** €13.9 bn, down 21.8 per cent Q/Q and down 35.3 per cent Y/Y
- **Group gross NPE ratio:** 2.9 per cent, down 0.8 p.p. Q/Q and down 1.8 p.p. Y/Y
- **Group net NPEs:** €7.0 bn, down 17.7 per cent Q/Q and down 23.7 per cent Y/Y

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- **Group net NPE ratio:** 1.5 per cent, down 0.3 p.p. Q/Q and down 0.6 p.p. Y/Y
- **NPE Coverage ratio:** 50.0 per cent, down 2.4 p.p. Q/Q and down 7.7 p.p. Y/Y
- **Group gross bad loans:** €3.4 bn, down 30.0 per cent Q/Q and down 52.9 per cent Y/Y
- **Group gross unlikely to pay:** €9.8 bn, down 20.3 per cent Q/Q and down 27.2 per cent Y/Y

GROUP EXCLUDING RUSSIA KEY FINANCIAL 2022 GUIDANCE

	2022 GUIDANCE ¹
Net revenue	>16.7 _{bn}
Net interest	c.9.2 _{bn}
Costs	c.9.5 _{bn}
Cost / Income	c.55%
Net profit	c.4.0 _{bn}
Cost of risk	<30 _{bps}
CET1r ²	>13%

All figures related to Group excl. Russia, unless otherwise stated

1. Assuming 'slowdown' scenario

2. Group incl. Russia, assuming 'slowdown' scenario

SIGNIFICANT EVENTS DURING AND AFTER 2Q22

With reference to the main events that occurred during 2Q22 and after 30 Jun 22, refer to section “Subsequent events” in the Consolidated interim report on operations, which is an integral part of the Consolidated first half financial report as at 30 Jun 22 as well as the press releases published on the UniCredit Group website. Here below, the main price sensitive financial press releases published after 30 Jun 22:

- “UniCredit: update on the execution of the share buyback programme during the period from 27 June to 1 July 2022” (press release published on 05 Jul 22);
- “UniCredit: update on the execution of the share buyback programme during the period from 4 to 8 July 2022” (press release published on 12 Jul 22);
- “Press Release” (press release published on 15 Jul 22);
- “Conclusion of the first tranche of the share buyback programme 2021 update on the execution of the share buyback programme during the period 11-14 July 2022” (press release published on 15 Jul 22);
- “Composition of share capital following cancellation of share” (press release published on 19 Jul 22).

ECONOMIC OUTLOOK

The latest economic indicators point to a deterioration in the economic outlook, especially for the manufacturing sector. Global GDP is expected to be impacted by the inflation that continues to move upside and monetary stimulus that is withdrawn globally.

In the euro area, economic activity is expected to be weak in the second half of the year, amid a slowdown in world trade, persistently high energy costs as a result of increasing uncertainty regarding energy supply and tightening financing conditions. Inflation will remain high until the end of the year and is then projected to show a clear deceleration throughout the course of 2023. In Italy, we expect a slowdown in private consumption growth as household purchasing power deteriorates, partly offset by the possibility of using excess savings accumulated during the pandemic to support spending. The increase in financing costs for the private sector will weaken domestic demand, particularly from 2023.

We expect the European Central Bank (ECB) to continue the rate tightening cycle that it began at its July meeting in order to counter the risk of a de-anchoring of inflation expectations. The anti-fragmentation tool announced by the ECB is expected to ensure the homogeneous transmission of monetary policy while the tightening cycle is implemented.

The outlook is surrounded by risks, mainly related to a cessation of gas supply from Russia.

GROUP TABLES

UNICREDIT GROUP: RECLASSIFIED INCOME STATEMENT

(€ million)	2Q21	1Q22	2Q22	Q/Q	Y/Y
Net interest	2,193	2,301	2,484	+8.0%	+13.3%
Dividends	125	90	83	-7.7%	-33.8%
Fees	1,699	1,843	1,725	-6.4%	+1.5%
Trading income	400	785	564	-28.2%	+41.0%
Other expenses/income	(29)	(3)	(76)	n.m.	n.m.
Revenue	4,388	5,016	4,780	-4.7%	+8.9%
HR costs	(1,484)	(1,456)	(1,440)	-1.1%	-3.0%
Non HR costs	(811)	(738)	(754)	+2.2%	-7.1%
Recovery of expenses	135	128	123	-4.3%	-9.0%
Amortisations and depreciations	(290)	(278)	(287)	+3.1%	-1.2%
Operating costs	(2,451)	(2,344)	(2,358)	+0.6%	-3.8%
GROSS OPERATING PROFIT (LOSS)	1,937	2,672	2,422	-9.4%	+25.0%
Loan Loss Provisions (LLPs)	(360)	(1,284)	2	n.m.	n.m.
NET OPERATING PROFIT (LOSS)	1,577	1,389	2,424	+74.6%	+53.7%
Other charges and provisions	(214)	(725)	56	n.m.	n.m.
<i>of which: systemic charges</i>	<i>(125)</i>	<i>(719)</i>	<i>(63)</i>	<i>-91.3%</i>	<i>-49.7%</i>
Integration costs	(7)	(3)	4	n.m.	n.m.
Net income from investments	15	(30)	(3)	-89.0%	n.m.
PROFIT (LOSS) BEFORE TAX	1,371	630	2,481	n.m.	+81.0%
Income taxes	(331)	(346)	(461)	+33.3%	+39.2%
Profit (Loss) of discontinued operations	0	3	-	n.m.	n.m.
NET PROFIT (LOSS) FOR THE PERIOD	1,040	287	2,020	n.m.	+94.3%
Minorities	(5)	(13)	(10)	-26.3%	+78.4%
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA	1,034	274	2,010	n.m.	+94.4%
Purchase Price Allocation (PPA)	(1)	-	-	n.m.	n.m.
Goodwill impairment	-	-	-	n.m.	n.m.
GROUP STATED NET PROFIT (LOSS)	1,034	274	2,010	n.m.	+94.5%

Note: Figures of Reclassified income statement relating to 2021 have been restated with the effects of the:

- shift of the Interest Rate component of the DBO (Defined Benefit Obligation), TFR (Trattamento di Fine Rapporto) and Jubilee from HR costs to Net interest;
- shift of the Structuring and mandate Fees on certificates, and connected derivatives, issued by the Group and placed to internal and external networks from Trading income to Fees.

Figures relating to 1Q22 have been restated due to the effect of the:

- reclassification of UniCredit Leasing S.p.A. and its controlled company and of UniCredit Leasing GMBH and its controlled companies out of the non current assets held for sale.

Since 1Q2022 the losses recognised on derivatives assets and arising from inability of the counterparty to fulfill contractual obligations have been reclassified from Trading income to Loans Loss Provisions (LLPs).

UNICREDIT GROUP: RECLASSIFIED BALANCE SHEET

(€ million)	2Q21	1Q22	2Q22	Q/Q	Y/Y
ASSETS					
Cash and cash balances	136,036	125,875	122,114	-3.0%	-10.2%
Financial assets held for trading	78,991	76,144	74,668	-1.9%	-5.5%
Loans to banks	100,219	101,664	97,973	-3.6%	-2.2%
Loans to customers	438,401	455,762	461,909	+1.3%	+5.4%
Other financial assets	158,590	154,861	157,014	+1.4%	-1.0%
Hedging instruments	5,907	1,706	(1,097)	<i>n.m.</i>	<i>n.m.</i>
Property, plant and equipment	9,674	9,374	9,400	+0.3%	-2.8%
Goodwill	-	-	-	<i>n.m.</i>	<i>n.m.</i>
Other intangible assets	2,170	2,204	2,263	+2.7%	+4.3%
Tax assets	12,484	13,229	12,743	-3.7%	+2.1%
Non-current assets and disposal groups classified as held for sale	749	2,075	802	-61.3%	+7.1%
Other assets	6,824	6,960	7,967	+14.5%	+16.7%
Total assets	950,046	949,854	945,756	-0.4%	-0.5%
LIABILITIES AND SHAREHOLDERS' EQUITY					
Deposits from banks	186,742	181,471	181,872	+0.2%	-2.6%
Deposits from customers	505,716	523,000	529,499	+1.2%	+4.7%
Debt securities issued	95,973	90,415	85,982	-4.9%	-10.4%
Financial liabilities held for trading	49,798	56,987	53,882	-5.4%	+8.2%
Other financial liabilities	12,013	11,338	11,368	+0.3%	-5.4%
Hedging instruments	8,041	(3,202)	(10,496)	<i>n.m.</i>	<i>n.m.</i>
Tax liabilities	1,151	1,481	1,533	+3.5%	+33.2%
Liabilities included in disposal groups classified as held for sale	565	518	553	+6.8%	-2.0%
Other liabilities	28,245	25,712	28,939	+12.6%	+2.5%
Minorities	447	465	424	-8.8%	-5.1%
Group Shareholders' Equity:	61,356	61,669	62,200	+0.9%	+1.4%
- Capital and reserves	59,435	61,395	59,915	-2.4%	+0.8%
- Group stated net profit (loss)	1,921	274	2,285	<i>n.m.</i>	+19.0%
Total liabilities and Shareholders' Equity	950,046	949,854	945,756	-0.4%	-0.5%

Note: Figures of Reclassified consolidated balance sheet relating to the first quarter 2022 have been restated following the reclassification of UniCredit Leasing S.p.A. and its controlled company and of UniCredit Leasing GMBH and its controlled companies out of the non current assets held for sale.

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

With reference to the Group's sovereign exposures¹⁵, the book value of sovereign debt securities as at 30 June 2022 amounted to €113,046 m (of which €106,772 m classified in the banking book¹⁶), about the 82 per cent of it concentrated in eight countries; Italy, with €41,213 m, represents over 36 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 June 2022.

¹⁵ Information on Sovereign exposures refers to the scope of the UniCredit Consolidated First Half Financial Report as at 30 June 2022, 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 are not included:

- Sovereign exposures of Group's Legal entities classified as held for sale as at 30 June 2022
- ABSs.

¹⁶ 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 June 2022			
- Italy	42,092	41,213	41,204
financial assets/liabilities held for trading (net exposures)(*)	2,264	2,134	2,134
financial assets designated at fair value	0	0	0
financial assets mandatorily at fair value	50	53	53
financial assets at fair value through other comprehensive income	17,056	17,015	17,015
financial assets at amortised cost	22,722	22,011	22,002
- Spain	16,400	16,073	15,951
financial assets/liabilities held for trading (net exposures)(*)	897	755	755
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	-	-	-
financial assets at fair value through other comprehensive income	4,076	4,047	4,047
financial assets at amortised cost	11,427	11,271	11,149
- Japan	11,243	11,336	11,329
financial assets/liabilities held for trading (net exposures)(*)	0	0	0
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	-	-	-
financial assets at fair value through other comprehensive income	7,936	7,925	7,925
financial assets at amortised cost	3,307	3,411	3,404
- Germany	8,660	8,603	8,467
financial assets/liabilities held for trading (net exposures)(*)	546	435	435
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	2,729	2,740	2,740
financial assets at fair value through other comprehensive income	1,819	1,810	1,810
financial assets at amortised cost	3,566	3,618	3,482
- United States of America	6,545	6,050	6,044
financial assets/liabilities held for trading (net exposures)(*)	1,178	972	972
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	-	-	-
financial assets at fair value through other comprehensive income	3,720	3,682	3,682
financial assets at amortised cost	1,647	1,396	1,390
- Austria	3,626	3,604	3,577
financial assets/liabilities held for trading (net exposures)(*)	272	285	285
financial assets designated at fair value	18	14	14
financial assets mandatorily at fair value	90	97	97
financial assets at fair value through other comprehensive income	3,096	3,049	3,049
financial assets at amortised cost	150	159	132
- France	3,067	2,921	2,850
financial assets/liabilities held for trading (net exposures)(*)	765	750	750
financial assets designated at fair value	0	0	0
financial assets mandatorily at fair value	0	0	0
financial assets at fair value through other comprehensive income	1,678	1,542	1,542
financial assets at amortised cost	624	629	558
- Romania	2,598	2,571	2,270
financial assets/liabilities held for trading (net exposures)(*)	76	58	58
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	-	-	-
financial assets at fair value through other comprehensive income	745	672	672
financial assets at amortised cost	1,777	1,841	1,540
Total on-balance sheet exposures	94,231	92,371	91,692

Note:

(*) 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	3.97	2.44	4.06
- Spain	3.66	14.58	5.68
- Japan	3.83	-	-
- Germany	3.67	13.90	5.51
- United States of America	6.70	20.74	-
- Austria	4.50	8.90	3.83
- France	5.69	19.68	14.51
- Romania	3.99	6.88	7.09

The remaining 18 per cent of the total of sovereign debt securities, amounting to €20,675 m with reference to the book values as at 30 June 2022, is divided into 37 countries, including Portugal (€2,054 m), Bulgaria (€1,981 m), Croatia (€1,701 m), Czech Republic (€1,567 m), Hungary (€1,490 m), Russia (€1,296 m), Israel (€1,174 m), Ireland (€1,011 m), Poland (€1,010 m), Serbia (€875 m) and China (€785 m).

With respect to these exposures, as at 30 June 2022 there were no indications that defaults have occurred and the Group is closely monitoring the evolution of the situation.

With particular reference to the book value of the sovereign debt securities' exposure to Russia, it should be noted that €1,294 m are held by the Russian controlled bank and almost totally classified in the banking book.

It should also be noted that among the aforementioned remaining part of sovereign debt securities as at 30 June 2022 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 €3,938 m. In addition to the exposures to sovereign debt securities, loans¹⁷ given to central and local governments and governmental bodies must be taken into account, amounting to €25,459 m as at 30 June 2022, of which over 66 per cent to Italy, Austria and Germany.

UNICREDIT GROUP: RATINGS

	Short-term debt	Medium and long-term debt	Outlook	Standalone Rating
Standard & Poor's	A-2	BBB	Positive	bbb
Moody's	P-2	Baa1	Stable	baa3
Fitch Ratings	F2	BBB	Stable	bbb

¹⁷ Tax items are not included.

GENERAL NOTES

- **CET1 ratio** fully loaded throughout the document, unless otherwise stated.
- **Numbers** throughout the press release may not add up precisely to the totals provided in tables and text due to rounding.
- **Russia** includes the local bank and legal entities, plus the cross-border exposure booked in UniCredit SpA.
- **Shareholders distribution** subject to supervisory and AGM approvals.

MAIN DEFINITIONS

- **Average commercial deposits** (excluding repurchase agreements – repos) are managerial figures and are calculated as daily averages. Deposits net of Group bonds are placed by the network.
- **Average gross commercial performing loans** defined as average stock for the period of performing loans to commercial clients (e.g. excluding markets counterparts and operations); managerial figures, key driver of the NII generated by the network activity.
- **Cost of risk (CoR)** is based on reclassified P&L and Balance sheet, calculated as (i) LLPs of the period (annualised in the interim periods) over (ii) by average loans to customers (including active repos) excluding debt securities (also IFRS5 reclassified assets are excluded).
- **Coverage ratio (on NPE)** defined as stock of LLPs on NPEs over gross NPEs excluding IFRS5 reclassified assets.
- **Diluted EPS** calculated as net profit average on number of diluted shares (i.e. outstanding shares excluding average treasury and CASHES usufruct shares).
- **Gross customer performing deposits rates** calculated assuming 365 days convention, adjusted for 360 days convention where analytically available, and based on average gross balances.
- **Gross customer performing loan rates** calculated assuming 365 days convention, adjusted for 360 days convention where analytically available, and based on average gross balances.
- **Gross NPE ratio** defined as (i) gross NPEs over (ii) gross loans (including repurchase agreements – repos) excluding debt securities and IFRS5 reclassified assets.
- **Gross NPEs** defined as non performing exposures before deduction of provisions comprising bad loans, unlikely to pay, and past due; including only loans to customers (including repurchase agreements – repos), excluding debt securities and IFRS5 reclassified assets.
- **IFRS5 reclassified assets** means exposures classified as Held for Sale.
- **Net NPE ratio** defined as (i) Net NPEs over (ii) total loans (including repurchase agreements – repos), excluding debt securities and IFRS5 reclassified assets.
- **Net NPEs** defined as loans to customers non performing exposures after deduction of provisions, comprising bad loans, unlikely to pay and past due (including active repurchase agreements – repos, excluding debt securities and IFRS5 reclassified assets).
- **Net profit** for 2021 equal to stated net profit adjusted for non-operating items considering also AT1, CASHES coupons and impacts from DTAs from tax loss carry forward sustainability test, for 2022 equal to stated net profit adjusted for AT1, CASHES coupons and impacts from DTAs from tax loss carry forward sustainability test.
- **Net revenues** means (i) revenues minus (ii) Loan Loss Provisions (LLPs).
- **Organic capital generation** for Group calculated as (Net Profit excluding Russia pre AT1 & CASHES less delta RWA excluding Regulatory Headwinds x CET1r actual)/ RWA.
- **Regulatory headwinds** are mostly driven by regulatory changes and model maintenance (impacting on both P&L, RWA and capital), shortfall and calendar provisioning (impacting on capital).
- **RoTE** means (i) net profit over (ii) average tangible equity excluding AT1, CASHES and DTA from tax loss carry forward contribution.
- **Share buyback** defined as repurchasing of shares by the company that issued them to reduce the number of shares available on the open market.
- **Stated net profit** means accounting net profit.

- **Tangible book value per share** for Group calculated as end-of-period tangible book value per share equals end-of-period tangible equity over end-of-period number of shares excluding treasury shares.
- **Tangible equity** for Group calculated as shareholders' equity (including Group stated profit of the period) less intangible assets (goodwill and other intangibles), less AT1 component.
- **TfAs** 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.
- **Unlikely-to-pay (UTP):** Result of the judgement of the bank about the unlikelihood, without recourse to actions such as realizing collaterals, that the obligator 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.
- **Valuation adjustments (XVA)** include: Debt/Credit Value Adjustment (DVA/CVA), Funding Valuation Adjustments (FuVA) and Hedging desk.

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, 26 July 2022

**Manager charged with
preparing the financial reports**



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