Consolidated First Half Financial Report
as at 30 June 2024

Unlocking **transformation,** together.

For our clients, our people, and our communities.

Empowering Communities to Progress.

UniCredit

Contents

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

Any discrepancy between data disclosed in this report are solely due to the effect of rounding.

UniCredit S.p.A.
A joint stock company
Registered Office and Head Office: Piazza Gae Aulenti, 3 - Tower A - 20154 Milano
Share capital €21,367,680,521.48 fully paid in
Registered in the Register of Banking Groups and Parent Company of the UniCredit Banking Group, with cod. 02008.1
Cod. ABI 02008.1
Fiscal Code, VAT number and Registration number with the Company Register of Milan-Monza-Brianza-Lodi: 00348170101
Member of the National Interbank Deposit Guarantee Fund and of the National Compensation Fund
Stamp duty paid virtually, if due - Auth. Agenzia delle Entrate, Ufficio di Roma 1, No.143106/07 of 12.21.2007

Board of Directors and External Auditors as at 30 June 2024

	Board of Directors
Pietro Carlo Padoan	Chairman
Elena Carletti	Deputy Vice Chairman
Andrea Orcel	CEO
Paola Bergamaschi Paola Camagni Vincenzo Cariello Marcus Johannes Chromik Antonio Domingues Julie B. Galbo Jeffrey Alan Hedberg Beatriz Lara Bartolomé Maria Pierdicchi Marco Rigotti Francesca Tondi Gabriele Villa	Directors
Alessandro Paladini	Company Secretary
Bonifacio Di Francescantonio	**Manager in charged with preparing the financial reports**
KPMG S.p.A.	**External Auditors**

Preliminary notes

General aspects

This Consolidated first half financial report was prepared pursuant to the article 154-ter, paragraph 2 of the Legislative Decree No.58 of 24 February 1998, according to IAS/IFRS international accounting standards, in compliance with the requirements of IAS34 Interim Financial Reporting, in the condensed version provided for in paragraph 10, instead of the full reporting provided for annual financial statements.

The Consolidated first half financial report includes:
- the Consolidated interim report on operations using Reclassified consolidated accounts, including not only comments on the results for the period and on other main events, but also the additional financial information required by Consob provisions;
- the Consolidated accounts in line with Banca d'Italia templates as prescribed by Circular 262 of 22 December 2005 (and subsequent amendments);
- the Explanatory notes which include, in addition to the detailed information required by IAS34 stated accordingly to the formats adopted in the financial statements, also the additional information required by Consob and the information deemed useful for providing a better picture of the corporate standing;
- the Condensed interim consolidated financial statements certification pursuant to Art.81-ter of Consob Regulation No.11971/99 as amended;
- the Auditor's Review Report;
- the Annexes.

UniCredit's website also contains the press releases concerning the main events of the period and the Market presentation of Group results.

The acronyms/abbreviations not explained in the "Glossary" are reported in full the first time they are mentioned.

Consolidated first half financial report as at 30 June 2024

Introduction and Group highlights

Introduction to the Consolidated interim report on operations of UniCredit group

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

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

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

The amounts related to year 2023 Reclassified consolidated income statement and to Profitability ratios differ from the ones published at that time. For further details refer to “Reconciliation principles followed for the Reclassified consolidated income statement” and to “Reconciliation principles followed for the reclassified Consolidated balance sheet”.

For the disclosure relating to related-party relations and transactions, it shall be referred to Part H - Related-party transactions, Explanatory notes of the Condensed interim consolidated financial statements.

For the complete description of risks and uncertainties that the Group has to face in the current market situation, reference shall be made to the Part E - Information on risks and related hedging policies and to paragraph “Risks and uncertainty relating to the use of estimates”, Part A - Accounting policies, A.1 - General, Section 2 - General preparation criteria of the Explanatory notes of the Condensed interim consolidated financial statements.

Group highlights, alternative performance indicators and other measures

Income statement figures

(€ million)

	H1		
	2024	**2023**	**% CHANGE**
Revenue	12,700	11,897	+ 6.7%
of which:			
- Net interest	*7,143*	*6,795*	*+ 5.1%*
- Dividends	*226*	*253*	*- 10.5%*
- Fees	*4,220*	*3,961*	*+ 6.6%*
Operating costs	(4,604)	(4,658)	- 1.2%
Gross operating profit (loss)	8,096	7,239	+ 11.8%
Loan Loss Provisions (LLPs)	(118)	(110)	+ 7.7%
Net operating profit (loss)	7,977	7,129	+ 11.9%
Profit (Loss) before tax	7,327	5,934	+ 23.5%
Group stated net profit (loss)	5,236	4,374	+ 19.7%

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

Introduction and Group highlights

Balance sheet figures

(€ million)

	AMOUNTS AS AT		
	30.06.2024	31.12.2023	% CHANGE
Total assets	798,925	784,974	+ 1.8%
Financial assets held for trading	55,674	57,274	- 2.8%
Loans to customers	433,997	429,452	+ 1.1%
Financial liabilities held for trading	36,858	38,022	- 3.1%
Deposits from customers and debt securities issued	591,147	585,561	+ 1.0%
of which:			-
- deposits from customers	*499,492*	*495,716*	*+ 0.8%*
- debt securities issued	*91,656*	*89,845*	*+ 2.0%*
Group shareholders' equity	62,013	64,079	- 3.2%

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

Profitability ratios

	H1		
	2024	2023	CHANGE
EPS (€)	6.116	4.565	1.551
Cost/Income ratio	36.3%	39.2%	- 2.9%
EVA (€ million)	2,960	2,148	812
RoTE	19.7%	17.0%	+ 2.7%
ROA	1.3%	1.0%	+ 0.3%

Note:
EPS: Earnings Per Share. Annualised figure. For further details refer to section "25 Earning per share", Explanatory notes, Part C - Consolidated income statement.

Risk ratios

	AS AT		
	30.06.2024	31.12.2023	% CHANGE
Net bad loans to customers/Loans to customers	0.27%	0.18%	0.10%
Net non-performing loans to customers/Loans to customers	1.42%	1.44%	-0.02%

For the amounts it shall be referred to the table "Loans to customers - Asset quality" in the paragraph "Loan Loss Provisions (LLPs)" of this Consolidated interim report on operations.

Staff and Branches

	AS AT		
	30.06.2024	31.12.2023	CHANGE
Number of employees	69,454	70,752	-1,298
Number of branches	3,073	3,082	-9
of which:			
- Italy	*1,950*	*1,950*	-
- Other countries	*1,123*	*1,132*	-9

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

Introduction and Group highlights

Group transitional capital ratios

DESCRIPTION	AS AT 30.06.2024	AS AT 31.12.2023	CHANGE
Total Own Funds (€ million)	57,933	59,472	(1,538)
Total RWEA (€ million)	276,889	284,548	(7,658)
Common Equity Tier 1 Capital ratio	**16.32%**	**16.14%**	**0.18%**
Total Capital ratio	**20.92%**	**20.90%**	**0.02%**

Notes:
- Transitional Own Funds and capital ratios including transitional adjustments according to the applicable percentages.
- Starting from 30 June 2020, UniCredit group has decided to apply the IFRS9 transitional approach as reported in article 473a of the Regulation (UE) 873/2020 that amends the Regulation (EU) 575/2013 and Regulation (EU) 876/2019. Therefore, the values here reported reflect the application of the transitional arrangements provisioned in such Regulation.

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

Ratings

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

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

Ratings updated as at 12 July 2024.

Reclassified consolidated accounts

Changes occurred in the scope of consolidation

During the first half of 2024, the following changes have been recorded with reference to the consolidation perimeter:

- the number of fully consolidated companies, including the Parent company and those ones classified as non-current assets and disposal groups based on accounting principle IFRS5, decreased by 2 (2 incoming and 4 exited) from 325 as at 31 December 2023 to 323 as at 30 June 2024;
- the number of companies consolidated though the equity method, including those ones classified as non-current assets and disposal groups, decreased from 27 as at 31 December 2023 to 26 as at 30 June 2024 due to 1 liquidation.

For further details, it shall be referred to the Explanatory notes, Part A - Accounting Policies, A.1 - General, Section 3 - Consolidation scope and methods.

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

As at 30 June 2024, the main assets which, based on the application of IFRS5 accounting standard, were reclassified as non-current assets and asset disposal groups, regard the following individual assets and liabilities held for sale and groups of assets held for sale and associated liabilities which do not satisfy IFRS5 requirements for the classification as discontinued operations:

- the associated companies Risanamento S.p.A. and Barn B.V. and the controlled companies Weicker S.A.R.L. and Monnet 8-10 S.A R.L.;
- the loans included in some sale's initiatives of portfolios;
- the real estate properties held by certain companies in the Group.

For additional information, reference is made to Explanatory notes, Part B - Consolidated balance sheet - Assets, Section 12 - Non-current assets and disposal groups classified as held for sale - Item 120 (Assets) and Item 70 (Liabilities).

Reconciliation principles followed for the reclassified consolidated balance sheet

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

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

Reclassified consolidated accounts

Reclassified consolidated balance sheet

(€ million)

ASSETS	AMOUNTS AS AT 30.06.2024	AMOUNTS AS AT 31.12.2023	CHANGE AMOUNT	CHANGE %
Cash and cash balances	50,029	61,000	- 10,971	- 18.0%
Financial assets held for trading	55,674	57,274	- 1,599	- 2.8%
Loans to banks	54,447	39,434	+ 15,013	+ 38.1%
Loans to customers	433,997	429,452	+ 4,544	+ 1.1%
Other financial assets	171,620	162,953	+ 8,667	+ 5.3%
Hedging instruments	(2,387)	(1,340)	- 1,048	+ 78.2%
Property, plant and equipment	8,958	8,628	+ 330	+ 3.8%
Goodwill	-	-	-	-
Other intangible assets	2,194	2,272	- 78	- 3.4%
Tax assets	10,470	11,818	- 1,348	- 11.4%
Non-current assets and disposal groups classified as held for sale	610	370	+ 240	+ 64.7%
Other assets	13,313	13,112	+ 200	+ 1.5%
Total assets	**798,925**	**784,974**	**+ 13,951**	**+ 1.8%**

(€ million)

LIABILITIES AND SHAREHOLDERS' EQUITY	AMOUNTS AS AT 30.06.2024	AMOUNTS AS AT 31.12.2023	CHANGE AMOUNT	CHANGE %
Deposits from banks	82,916	71,042	+ 11,874	+ 16.7%
Deposits from customers	499,492	495,716	+ 3,775	+ 0.8%
Debt securities issued	91,656	89,845	+ 1,811	+ 2.0%
Financial liabilities held for trading	36,858	38,022	- 1,164	- 3.1%
Other financial liabilities	15,039	13,751	+ 1,288	+ 9.4%
Hedging instruments	(13,114)	(10,573)	- 2,541	+ 24.0%
Tax liabilities	1,778	1,483	+ 295	+ 19.9%
Liabilities included in disposal groups classified as held for sale	-	-	-	-
Other liabilities	22,128	21,445	+ 683	+ 3.2%
Minorities	158	164	- 6	- 3.5%
Group shareholders' equity	62,013	64,079	- 2,066	- 3.2%
of which:				
- capital and reserves	*56,777*	*54,572*	*+ 2,205*	*+ 4.0%*
- Group stated net profit (loss)	*5,236*	*9,507*	*- 4,270*	*- 44.9%*
Total liabilities and shareholders' equity	**798,925**	**784,974**	**+ 13,951**	**+ 1.8%**

Reclassified consolidated accounts

Reclassified consolidated balance sheet - Quarterly figures

(€ million)

ASSETS	AMOUNTS AS AT 30.06.2024	AMOUNTS AS AT 31.03.2024	AMOUNTS AS AT 31.12.2023	30.09.2023	30.06.2023	31.03.2023
Cash and cash balances	50,029	65,433	61,000	87,357	76,069	126,377
Financial assets held for trading	55,674	55,472	57,274	62,938	66,942	62,293
Loans to banks	54,447	53,205	39,434	54,309	66,895	71,905
Loans to customers	433,997	434,834	429,452	436,512	450,846	453,754
Other financial assets	171,620	167,130	162,953	152,793	150,468	148,239
Hedging instruments	(2,387)	(1,425)	(1,340)	(3,711)	(3,334)	(3,679)
Property, plant and equipment	8,958	9,151	8,628	8,849	8,936	9,095
Goodwill	-	-	-	-	-	-
Other intangible assets	2,194	2,210	2,272	2,230	2,255	2,300
Tax assets	10,470	11,068	11,818	11,337	12,003	12,560
Non-current assets and disposal groups classified as held for sale	610	356	370	1,198	1,410	1,126
Other assets	13,313	13,145	13,112	11,832	11,016	11,357
Total assets	**798,925**	**810,578**	**784,974**	**825,644**	**843,506**	**895,327**

(€ million)

LIABILITIES AND SHAREHOLDERS' EQUITY	AMOUNTS AS AT 30.06.2024	AMOUNTS AS AT 31.03.2024	AMOUNTS AS AT 31.12.2023	30.09.2023	30.06.2023	31.03.2023
Deposits from banks	82,916	87,099	71,042	96,928	97,781	148,933
Deposits from customers	499,492	502,120	495,716	510,626	514,138	522,514
Debt securities issued	91,656	90,942	89,845	92,551	92,987	88,980
Financial liabilities held for trading	36,858	38,277	38,022	44,162	50,769	50,061
Other financial liabilities	15,039	14,332	13,751	13,005	12,983	12,705
Hedging instruments	(13,114)	(11,782)	(10,573)	(17,316)	(17,343)	(17,240)
Tax liabilities	1,778	1,748	1,483	1,698	1,773	1,804
Liabilities included in disposal groups classified as held for sale	-	-	-	500	524	490
Other liabilities	22,128	22,250	21,445	20,608	27,865	23,276
Minorities	158	172	164	157	148	163
Group shareholders' equity	62,013	65,420	64,079	62,726	61,881	63,641
of which:						
- capital and reserves	*56,777*	*62,862*	*54,572*	*56,030*	*57,507*	*61,577*
- Group stated net profit (loss)	*5,236*	*2,558*	*9,507*	*6,696*	*4,374*	*2,064*
Total liabilities and shareholders' equity	**798,925**	**810,578**	**784,974**	**825,644**	**843,506**	**895,327**

Reclassified consolidated accounts

Reconciliation principles followed for the reclassified consolidated income statement

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

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

Figures of Reclassified consolidated income statement relating to 2023 have been restated, starting from March 2024, with the effects of the:

- extension of shift from Trading Income to Fees of the client hedging mark-up for some additional derivatives non-linear product: Equity derivatives, FX derivatives and prepaid forward carbon trades;
- shift from Non HR Costs to Loan Loss Provisions of Credit recovery expenses for the variable portion of the outsourced NPE recovery costs not recovered from the clients and charged to the bank based on the recovered volumes;
- shift from Other charges and provision to Other expenses/income of amounts related to asset management distribution agreements.

Figures of Reclassified consolidated income statement have been restated starting from June 2024, with reference to 2023 and first quarter 2024, for the reclassification of "Tax Recovery" from Recovery of expenses to Non HR Costs.

Reclassified consolidated accounts

Reclassified consolidated income statement

(€ million)

	H1		CHANGE		
	2024	2023	P&L	%	% AT CONSTANT FX RATES
Net interest	7,143	6,795	+ 348	+ 5.1%	+ 6.5%
Dividends	226	253	- 26	- 10.5%	- 10.5%
Fees	4,220	3,961	+ 260	+ 6.6%	+ 7.3%
Trading income	1,028	926	+ 103	+ 11.1%	+ 13.1%
Other expenses/income	82	(37)	+ 119	n.m.	n.m.
Revenue	**12,700**	**11,897**	**+ 803**	**+ 6.7%**	**+ 7.9%**
HR costs	(2,853)	(2,849)	- 4	+ 0.2%	+ 0.7%
Non HR costs	(1,281)	(1,272)	- 9	+ 0.7%	+ 1.4%
Recovery of expenses	59	32	+ 27	+ 82.7%	+ 82.7%
Amortisations and depreciations	(529)	(570)	+ 41	- 7.2%	- 6.4%
Operating costs	**(4,604)**	**(4,658)**	**+ 55**	**- 1.2%**	**- 0.5%**
GROSS OPERATING PROFIT (LOSS)	**8,096**	**7,239**	**+ 857**	**+ 11.8%**	**+ 13.4%**
Loan Loss Provisions (LLPs)	(118)	(110)	- 8	+ 7.7%	- 21.2%
NET OPERATING PROFIT (LOSS)	**7,977**	**7,129**	**+ 849**	**+ 11.9%**	**+ 13.9%**
Other charges and provisions	(574)	(837)	+ 263	- 31.4%	- 25.5%
of which: systemic charges	*(405)*	*(688)*	*+ 283*	*- 41.2%*	*- 40.7%*
Integration costs	(54)	(231)	+ 178	- 76.8%	- 76.8%
Net income from investments	(23)	(126)	+ 103	- 81.5%	- 85.7%
PROFIT (LOSS) BEFORE TAX	**7,327**	**5,934**	**+ 1,392**	**+ 23.5%**	**+ 25.1%**
Income taxes	(2,075)	(1,544)	- 531	+ 34.4%	+ 35.7%
Profit (Loss) of discontinued operations	-	-	-	-	-
NET PROFIT (LOSS) FOR THE PERIOD	**5,251**	**4,390**	**+ 861**	+ 19.6%	+ 21.4%
Minorities	(15)	(12)	- 3	+ 24.8%	+ 24.8%
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA	**5,236**	**4,378**	**+ 859**	**+ 19.6%**	**+ 21.4%**
Purchase Price Allocation (PPA)	-	(4)	+ 4	- 100.0%	- 100.0%
Goodwill impairment	-	-	-	-	-
GROUP STATED NET PROFIT (LOSS)	**5,236**	**4,374**	**+ 862**	**+ 19.7%**	**+ 21.5%**

Note:
Foreign Exchange.

Reclassified consolidated accounts

Reclassified consolidated income statement - Quarterly figures

(€ million)

	2024		2023			
	Q2	Q1	Q4	Q3	Q2	Q1
Net interest	3,565	3,578	3,610	3,600	3,497	3,298
Dividends	118	108	93	113	129	124
Fees	2,120	2,100	1,814	1,790	1,928	2,033
Trading income	470	558	339	478	462	463
Other expenses/income	56	27	105	(14)	(48)	11
Revenue	**6,328**	**6,371**	**5,962**	**5,967**	**5,967**	**5,930**
HR costs	(1,424)	(1,429)	(1,576)	(1,437)	(1,426)	(1,422)
Non HR costs	(649)	(632)	(695)	(637)	(641)	(631)
Recovery of expenses	36	23	30	20	16	16
Amortisations and depreciations	(260)	(268)	(237)	(270)	(286)	(284)
Operating costs	**(2,298)**	**(2,306)**	**(2,478)**	**(2,324)**	**(2,337)**	**(2,322)**
GROSS OPERATING PROFIT (LOSS)	**4,031**	**4,065**	**3,484**	**3,643**	**3,630**	**3,608**
Loan Loss Provisions (LLPs)	(15)	(103)	(311)	(139)	(12)	(98)
NET OPERATING PROFIT (LOSS)	**4,016**	**3,962**	**3,173**	**3,505**	**3,619**	**3,510**
Other charges and provisions	(228)	(346)	99	(285)	(92)	(745)
of which: systemic charges	*(45)*	*(360)*	*(35)*	*(232)*	*(48)*	*(640)*
Integration costs	(35)	(18)	(788)	(41)	(214)	(17)
Net income from investments	(24)	1	(134)	(11)	(109)	(17)
PROFIT (LOSS) BEFORE TAX	**3,728**	**3,599**	**2,349**	**3,168**	**3,204**	**2,731**
Income taxes	(1,043)	(1,033)	468	(837)	(883)	(661)
Profit (Loss) of discontinued operations	-	-	-	-	-	-
NET PROFIT (LOSS) FOR THE PERIOD	**2,685**	**2,566**	**2,817**	**2,331**	**2,320**	**2,070**
Minorities	(7)	(8)	(6)	(9)	(6)	(6)
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA	**2,679**	**2,558**	**2,810**	**2,322**	**2,314**	**2,064**
Purchase Price Allocation (PPA)	-	-	-	-	(4)	-
Goodwill impairment	-	-	-	-	-	-
GROUP STATED NET PROFIT (LOSS)	**2,679**	**2,558**	**2,810**	**2,322**	**2,310**	**2,064**

Reclassified consolidated accounts

Reclassified consolidated income statement - Comparison of Q2 2024/2023

(€ million)

	Q2		CHANGE		
	2024	2023	P&L	%	% AT CONSTANT FX RATES
Net interest	3,565	3,497	+ 68	+ 1.9%	+ 3.0%
Dividends	118	129	- 11	- 8.3%	- 8.3%
Fees	2,120	1,928	+ 192	+ 10.0%	+ 10.6%
Trading income	470	462	+ 8	+ 1.7%	+ 3.5%
Other expenses/income	56	(48)	+ 104	n.m.	n.m.
Revenue	**6,328**	**5,967**	**+ 361**	**+ 6.1%**	**+ 7.0%**
HR costs	(1,424)	(1,426)	+ 2	- 0.2%	+ 0.3%
Non HR costs	(649)	(641)	- 8	+ 1.2%	+ 1.8%
Recovery of expenses	36	16	+ 19	n.m.	n.m.
Amortisations and depreciations	(260)	(286)	+ 26	- 9.0%	- 8.2%
Operating costs	**(2,298)**	**(2,337)**	**+ 39**	**- 1.7%**	**- 1.2%**
GROSS OPERATING PROFIT (LOSS)	**4,031**	**3,630**	**+ 400**	**+ 11.0%**	**+ 12.3%**
Loan Loss Provisions (LLPs)	(15)	(12)	- 3	+ 25.2%	n.m.
NET OPERATING PROFIT (LOSS)	**4,016**	**3,619**	**+ 397**	**+ 11.0%**	**+ 12.8%**
Other charges and provisions	(228)	(92)	- 136	n.m.	n.m.
of which: systemic charges	*(45)*	*(48)*	*+ 3*	*- 6.6%*	*+ 0.5%*
Integration costs	(35)	(214)	+ 178	- 83.5%	- 83.5%
Net income from investments	(24)	(109)	+ 85	- 77.9%	- 81.6%
PROFIT (LOSS) BEFORE TAX	**3,728**	**3,204**	**+ 525**	**+ 16.4%**	**+ 17.1%**
Income taxes	(1,043)	(883)	- 159	+ 18.1%	+ 18.7%
Profit (Loss) of discontinued operations	-	-	-	-	-
NET PROFIT (LOSS) FOR THE PERIOD	**2,685**	**2,320**	**+ 365**	+ 15.7%	+ 16.5%
Minorities	(7)	(6)	- 1	+ 8.7%	+ 8.7%
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA	**2,679**	**2,314**	**+ 365**	**+ 15.8%**	**+ 16.5%**
Purchase Price Allocation (PPA)	-	(4)	+ 4	- 100.0%	- 100.0%
Goodwill impairment	-	-	-	-	-
GROUP STATED NET PROFIT (LOSS)	**2,679**	**2,310**	**+ 368**	**+ 15.9%**	**+ 16.7%**

Note:
Foreign Exchange.

Summary results by business segments

Key figures by business segment

	ITALY	GERMANY	CENTRAL EUROPE	EASTERN EUROPE	RUSSIA	GROUP CORPORATE CENTRE	CONSOLIDATED GROUP TOTAL
Income statement							
Revenue							
H1 2024	5,817	2,866	2,180	1,407	580	(150)	**12,700**
H1 2023	*5,506*	*2,892*	*2,062*	*1,217*	*536*	*(316)*	***11,897***
Operating costs							
H1 2024	(1,969)	(1,123)	(796)	(426)	(113)	(177)	**(4,604)**
H1 2023	*(1,956)*	*(1,201)*	*(793)*	*(413)*	*(121)*	*(174)*	***(4,658)***
GROSS OPERATING PROFIT (LOSS)							
H1 2024	3,848	1,743	1,384	981	468	(327)	**8,096**
H1 2023	*3,550*	*1,691*	*1,269*	*804*	*416*	*(491)*	***7,239***
PROFIT (LOSS) BEFORE TAX							
H1 2024	3,365	1,568	1,280	1,029	423	(338)	**7,327**
H1 2023	*2,906*	*1,334*	*1,107*	*779*	*348*	*(540)*	***5,934***
Balance sheet							
CUSTOMERS LOANS							
as at 30 June 2024	147,849	127,025	93,380	35,578	2,547	209	**406,588**
as at 31 December 2023	*152,120*	*125,107*	*95,367*	*33,570*	*3,152*	*162*	***409,478***
CUSTOMERS DEPOS							
as at 30 June 2024	186,270	130,228	94,542	47,101	6,255	(5)	**464,391**
as at 31 December 2023	*188,434*	*138,192*	*93,450*	*47,104*	*7,208*	*(5)*	***474,383***
TOTAL RWEA							
as at 30 June 2024	102,925	67,571	58,838	30,737	14,396	2,422	**276,889**
as at 31 December 2023	*108,073*	*69,473*	*60,492*	*28,743*	*14,283*	*3,484*	***284,548***
EVA							
H1 2024	1,403	530	518	547	(53)	15	**2,960**
H1 2023	*1,096*	*501*	*422*	*398*	*(23)*	*(246)*	***2,148***
Cost/income ratio							
H1 2024	33.9%	39.2%	36.5%	30.3%	19.4%	n.m.	**36.3%**
H1 2023	*35.5%*	*41.5%*	*38.5%*	*33.9%*	*22.5%*	n.m.	***39.2%***
Employees							
as at 30 June 2024	27,151	9,617	9,892	12,804	3,064	6,928	**69,454**
as at 31 December 2023	*27,528*	*9,819*	*10,191*	*13,019*	*3,153*	*7,041*	***70,752***

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

Figures were recasted, where necessary, on a like-to-like basis to consider changes in scope of business segment and methodological rules. For further details about changes in scope of business segment, refer to Part "L" of the Explanatory notes.

Group and UniCredit share historical data series

Group figures 2014 - 2024

	IAS/IFRS										
	H1 2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Reclassified income statement (€ million)											
Revenue	12,700	23,843	20,343	17,954	17,140	18,839	19,723	19,619	18,801	22,405	22,513
Operating costs	(4,604)	(9,471)	(9,560)	(9,797)	(9,805)	(9,929)	(10,698)	(11,350)	(12,453)	(13,618)	(13,838)
Gross operating profit (loss)	8,096	14,372	10,782	8,158	7,335	8,910	9,025	8,268	6,348	8,787	8,675
Profit (Loss) before tax	7,327	11,451	7,289	1,236	(1,546)	3,065	3,619	4,148	(10,978)	2,671	4,091
Net profit (loss) for the period	5,251	9,537	6,473	1,570	(1,842)	3,559	4,112	5,790	(11,061)	2,239	2,669
Group stated net profit (loss)	5,236	9,507	6,458	1,540	(2,785)	3,373	3,892	5,473	(11,790)	1,694	2,008
Reclassified balance sheet (€ million)											
Total assets	798,925	784,974	857,773	916,671	931,456	855,647	831,469	836,790	859,533	860,433	844,217
Loans to customers	433,997	429,452	455,781	437,544	450,550	482,574	471,839	447,727	444,607	473,999	470,569
of which: bad exposures	*1,181*	*753*	*601*	*1,121*	*1,645*	*2,956*	*5,787*	*9,499*	*10,945*	*19,924*	*19,701*
Deposits from customers and debt securities issued	591,147	585,561	594,300	596,402	600,964	566,871	560,141	561,498	567,855	584,268	560,688
Group shareholders' equity	62,013	64,079	63,339	61,628	59,507	61,416	55,841	59,331	39,336	50,087	49,390
Profitability ratios (%)											
Gross operating profit (loss)/Total assets	1.01	1.83	1.26	0.89	0.79	1.04	1.09	0.99	0.74	1.02	1.03
Cost/Income ratio	36.3	39.7	47.0	54.6	57.2	52.7	54.2	57.9	66.2	60.8	61.5

Figures shown refer to the information published in the reference period.

Group and UniCredit share historical data series

Share information

	H1 2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Share price (€)											
- maximum	36.820	25.565	15.850	13.576	14.174	13.494	18.212	18.350	25.733	32.824	34.427
- minimum	24.850	13.446	8.021	7.420	6.213	9.190	9.596	12.160	8.785	24.605	25.583
- average	32.310	20.463	11.087	10.088	8.650	11.193	14.635	15.801	13.820	29.509	30.015
- end of period	34.605	24.565	13.272	13.544	7.648	13.020	9.894	15.580	13.701	25.733	26.735
Number of outstanding shares (million)											
- at period end	1,630	1,712	1,935	2,211	2,237	2,233	2,230	2,226	6,180	5,970	5,866
- shares cum dividend	1,621	1,703	1,926	2,201	2,228	2,224	2,220	2,216	6,084	5,873	5,769
of which: savings shares	-	-	-	-	-	-	-	*0.25*	*2.52*	*2.48*	*2.45*
- average	1,681	1,838	2,079	2,231	2,236	2,233	2,229	1,957	6,110	5,927	5,837
Dividend											
- total dividends (€ million)	-	3,015	1,875	1,170	268	-	601	726	-	706	697
- dividend per ordinary share	-	1.803	0.987	0.538	0.120	-	0.270	0.320	-	0.120	0.120
- dividend per savings share	-	-	-	-	-	-	-	-	-	0.120	1.065

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

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

It's reported below detailed information concerning share capital changes and distribution to shareholders in the form of share buybacks and cash dividends, occurred the first half of 2024.

On 16 January 2024 the cancellation of No.72,239,501 treasury shares without reduction of the share capital was executed, pursuant to the resolutions passed by the Shareholders' Meeting on 31 March and 27 October 2023.The cancellation concerns the total number of treasury shares in portfolio at year end 2023, resulting from the purchases made upon completion of the Buy-Back Program 2022 (No.14,059,665) and from purchases made as part of the "First Tranche of the Buy-Back Programme 2023" from the start date (30 October 2023) at year-end 2023 (No.58,179,836).

On 16 February 2024, the share capital increase for €90 million resolved by the Board of Directors on 4 February 2024 was carried out with the issue of No.7,227,514 ordinary free shares for the execution of Group Incentive System.

On 7 March 2024 the "First Tranche of the Buy-Back Programme 2023" launched on 30 October 2024 was completed with the purchase of No.95,995,258 treasury shares for total consideration of €2,500 million equivalent to the maximum expenditure authorized. On 26 March 2024, the cancellation of the further No.37,815,422 treasury shares purchased in the current financial year to complete the buyback programme was ordered.

On 12 April 2024 the Shareholders' Meeting of the Company approved the share buy-back programme as part of the overall remuneration to shareholders: a first distribution, for a maximum disbursement of €3,085 million to be carried out also in several tranches during the 2024 relating to the residual part of the overall payout for the 2023 financial year (the "2023 SBB Residual") and a second distribution as an anticipation of the expected distributions for the 2024 financial year (the "2024 SBB Anticipation") which will be defined on the base the Company's results for the half-year period ending on 30 June 2024. The new remuneration policy, defined by the UniCredit Board of Directors at the approval of the 2023 financial results and disclosed to the market on 5 February 2024, also envisages the distribution of an interim cash dividend to be paid on 20 November 2024 and whose amount is expected to be defined by the UniCredit Board of Directors on 23 October 2024.

On 24 April 2024 was paid the cash dividend approved by Shareholders' Meeting of 12 April 2024 for a total consideration of €3,015 million from allocation of the net profit of the year 2023, equal a dividend of €1.8029 for each share outstanding and entitled to dividend at payment date.

On 9 May 2024 the execution of the "Second Tranche of the Buy-Back Programme 2023" started for a maximum expenditure of €1,585 million as part of the "2023 SBB Residual" approved for an overall maximum amount of €3,085 million by the Shareholders' Meeting of 12 April 2024 and fully authorized by the ECB. The second tranche of the share buy-back was completed on 20 June 2024 with the purchase of No.44,859,171 treasury shares, equal to 2.67% of the share capital, for a total consideration equal to the maximum expenditure authorised of €1,585 million. The shares purchased were canceled without reduction of the share capital on 26 June 2024, pursuant the resolution passed by Shareholders' Meeting on 12 April 2024.

Group and UniCredit share historical data series

On 24 June 2024 the third and final tranche of the share buy-back programme was launched (the "Third Tranche of the Buy-Back Programme 2023") for a maximum disbursement of €1,500 million equal to the residual amount of the overall approved payout of €3,085 million for the 2023 financial year ("2023 SBB Residual"). It is envisaged that the programme may be completed indicatively by September 2024.
As at 30 June 2024, the Bank holds No.6.574.254 treasury shares for the purchases made since the start of the third tranche of the share buy-back program for a total consideration €229 million recognised under the item "Treasury shares".

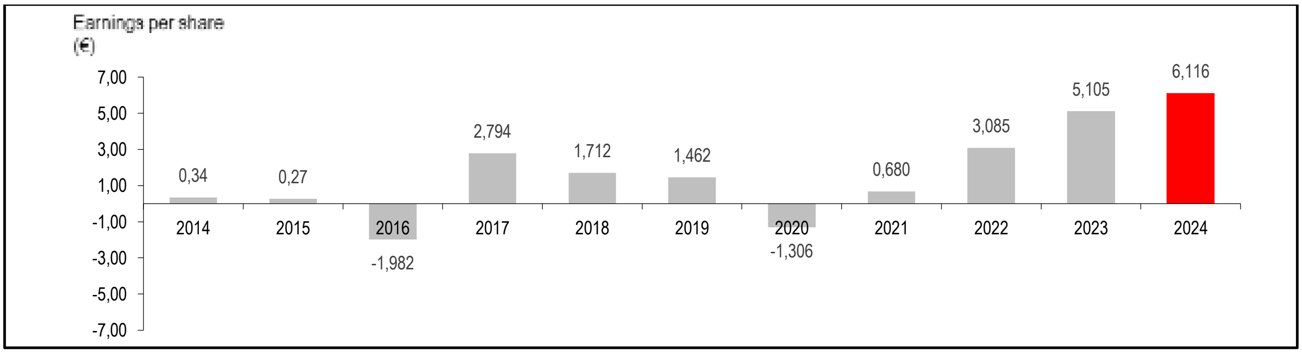
As at 30 June 2024, the amount of the Group consolidated net profit to be included in the consolidated Own Funds is equal to zero, consistently with the distribution policy for the year 2024. For further details refer to the paragraph "Capital and value management - Own funds" of this Consolidated interim report on operations.

Earnings ratios

	IAS/IFRS											
	H1 2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Shareholders' equity (€ million)	62,013	64,079	63,339	61,628	59,507	61,416	55,841	59,331	39,336	50,087	49,390
Net profit (loss) attributable to the Group (€ million)	5,236	9,507	6,458	1,540	(2,785)	3,373	3,892	5,473	(11,790)	1,694	2,008
Shareholders' equity per share (€)	38.04	37.42	32.73	27.87	26.60	27.50	25.04	26.65	6.36	8.39	8.42
Price/Book value	0.91	0.66	0.41	0.49	0.29	0.47	0.40	0.58	0.43	0.61	0.63
Earnings per share (€)	6.116	5.105	3.085	0.680	(1.306)	1.462	1.712	2.794	(1.982)	0.27	0.34
Payout ratio (%)	-	31.7	29.0	76.0	-	-	15.4	13.3	-	41.7	34.7
Dividend yield on average price per ordinary share (%)	-	8.81	8.90	5.33	1.39	-	1.84	2.03	-	2.04	2.00

Note:
The figures related to "Earnings per share" are annualised.

The amounts reported in the table are "historical figures" and they shall be read with reference to each single period.
The net profit for the period used to calculate EPS is reduced for the following amounts related to disbursements, charged to equity, made in connection with the usufruct contract signed with Mediobanca S.p.A. on UniCredit shares supporting the issuance of convertible securities denominated “Cashes”: €35 million for 2014, €100 million for 2015, €128 million for 2016, €32 million for 2017, €93 million for 2018, €124 million for 2019, €122 million for 2020, €30 million in 2021 relating to the last payment referred to 2019 results, €74 million in 2022, referred to 2021 results, €175 million for 2023, referred to 2022 results and €126 in the first half 2024.



The figure related to the Earnings per share of first half 2024 is annualised.

Group results

Macroeconomic situation, banking and financial markets

International situation

The first half of 2024 was characterised by moderate macroeconomic and monetary policy divergence across the major economies. World trade growth improved as post-pandemic compositional effects started to dissipate, with the solid demand for services that characterised the reopening phase giving way to stronger demand for goods. Geopolitical tensions, particularly in Ukraine and the Middle East, stabilised at elevated levels, while both the US and Europe announced further protectionist measures against China.

In the first quarter 2024, China's GDP growth surprised to the upside, accelerating to 5.3% yoy from 5.2%, while slowing to 4.7% yoy in the second quarter 2024. The overall outlook on the demand side remained weak, as indicated by anemic CPI inflation and protracted PPI deflation. Consumer confidence is not recovering and remains stuck at historically low levels as a result of ongoing difficulties in the real estate market, with both housing prices and property investment remaining stuck in contractionary territory. Most of the growth impulse came from exports and state-driven investment. The central government seems keen on downsizing the country's real estate sector while actively managing housing inventory. In late May, it announced measures to help state-owned enterprises purchase unsold homes. Demand weakness can also be seen as a result of Beijing's strategy to support the supply side of the economy through tax credits, production subsidies and ad hoc lending facilities, with many policy measures directly targeting high-tech manufacturing industries, including those focused on electric vehicles, lithium-ion batteries, solar panels and semiconductors. This policy approach has created tensions with Western countries as it tends to result in overcapacity. As a consequence, both the US and the EU have adopted protectionist measures in response to China's overcapacity.

In Japan, economic activity regained momentum in the first half 2024, after a disappointing end to 2023, when high inflation weighed on private consumption. Solid wage gains and supportive fiscal measures, particularly for low-income households, have so far boosted consumption. Business investment has picked up in recent months, supported by high corporate profits. Exports of goods stagnated, partly due to weaker demand from Asia and the eurozone. The BoJ took advantage of consumer inflation moving above the 2% target to announce at its March meeting the end of yield-curve control and an exit from its negative interest rate policy. For the time being, the uncollateralised overnight interest rate is set at around 0% to 0.1%. Purchases of exchange-traded funds and Japanese real estate investment trusts were also terminated. However, Japanese government bond purchases will continue. In the UK, GDP growth accelerated to 0.7% in the first quarter 2024, before moderating somewhat in the following quarter. With the labor market remaining solid and inflation still above the 2% target, the BoE refrained from cutting rates.

In the eurozone, GDP growth reaccelerated in the first half 2024 but remained below potential, mainly reflecting subdued household consumption and weak export growth. Elevated geopolitical tensions in Ukraine and the Middle East remained a key source of uncertainty. The composite PMI for June disappointed, signaling sluggish growth driven by services, while industry remains on a weak footing. The labor market continues to show resilience. Employment has expanded much more than economic activity in recent quarters, with labor hoarding supported by solid corporate profitability. While data point to a gradual easing of labor-market tightness, the unemployment rate has declined to a fresh record low of 6.4%. A healthy labor market mitigates downside risks to activity. In the meantime, CPI inflation continued its descent towards the 2% target. The downward pressure from energy and food items has largely been exhausted, while the trajectory of core-goods prices is still pointing south, although leading indicators suggest they are close to bottoming out. The combination of weak growth momentum and improving inflation data created a window of opportunity for the ECB to cut rates by 25 bps in June, the first-rate reduction since September 2019. The ECB refrained from confirming that it had entered a "dialing-back phase" given high uncertainty surrounding the pace of disinflation in services prices, the geopolitical environment and the Fed's expected monetary-policy trajectory.

Economic activity in the US started to lose momentum in the first half 2024. GDP growth decelerated to 1.4% qoq in the first quarter 2024 from 3.4% at the end of 2023. The main drivers of consumption lost steam. Consumer confidence fell, consumer credit slowed, savings buffers of low earners were exhausted, and real disposable income growth softened. Business investment was negatively affected by election-related uncertainty, high interest rates and the fading fillip from fiscal policy. CPI inflation surprised to the upside in the first quarter 2024, forcing the Fed to revise the rate path throughout its forecasting horizon. However, the disinflationary process regained momentum in the second quarter 2024. The June reading pointed to improvements across the board, with core goods prices being in contractionary territory. Housing inflation also decelerated substantially after months of no progress. The Fed left the target range for the fed funds rate at 5.25-5.50% at its June meeting.

Group results

Banking and financial markets

The growth of loans to the private sector in the euro area showed initial signs of improvement in the first few months of 2024, standing at around 1.0% yoy, after it slowed to 0.3% yoy at the end of the third quarter 2023. The increase in financing costs for the private sector peaked at the end of 2023, followed by a gradual decline in the first few months of the 2024. Private consumption and corporate investment remained weak, albeit recovering. This situation did not support a recovery in loan demand in the euro area. The growth rate of loans to both non-financial corporations and households remained modest in the first half of the year, with their growth rate close to 0.5% yoy.

The dynamic of loans to the private sector remained weak in all three of UniCredit group's main reference countries (Austria, Germany and Italy). In Italy, the growth rate of corporate loans was stuck in negative territory, showing only a modest easing in its pace of contraction, to -3.4% yoy at the end of the first half of 2024, from -3.8% yoy at end of 2023 and -4.1% yoy in March 2024. Loans to non-financial corporations also decelerated in Germany, where corporate loans showed a broad stabilization in June, after expanding by around 1% yoy at the end of 2023. In Austria, corporate loans were still growing at 1% yoy, although a slowdown (compared to the end of 2023) also emerged. The ECB's bank lending survey for the first quarter indicated that high interest rates and weak investment were still weighing on demand for corporate loans. Loans for house purchases showed a visible slowdown in all three main reference countries.

With regard to bank funding at a system level, the decline in total household deposits eased in Italy in the first half of the year, although they were still slightly down on an annual basis. Italian households have been starting to increase their saving rate after a sharp decline last year in the wake of high inflation and a consequent deterioration of household purchasing power. Furthermore, there was a recovery in corporate deposits in the first half 2024. In Germany and Austria, household deposits continued to increase at a sustained pace, while data showed a gradual recovery in firms' deposits.

Interest rates on loans to the private sector started to show a downward trend in the first half 2024 in all reference countries, after hitting a peak towards the end of 2023. Interest-rate dynamics have started to reflect expectations about the beginning of an easing in the monetary policy cycle by the ECB. The composite cost of borrowing for new loans to non-financial corporations fell to 5.35-5.45% in Germany and Italy and to slightly above 5% in Austria, while new mortgage rates declined to slightly below 4% in all three reference countries. As a consequence, the banking spread (i.e., the difference between interest rates on loans and deposits) showed a gradual decline towards the end of first half 2024.

For most of the first half of the year, market movements were driven by a constructive risk approach by investors, despite a high degree of geopolitical uncertainty and still timid signs of a strengthening of the economic recovery in the euro area. Market attitudes have shifted towards higher risk aversion since the European elections at the beginning of June and particularly following the French president's decision to call early legislative elections at the end of June/beginning of July. This has triggered a worsening of credit risk in June, as well as a deterioration in the performance of European stock markets, partially eroding the gains of previous months. Despite this, both the Italian and German stock exchanges managed to close the first half of the year with gains of around 9% compared to the end of 2023, while the Austrian stock exchange showed an improvement of around 5%.

CEE (Central and Eastern Europe) countries

In CEE, economic growth continued to recover, driven by private consumption, while external demand was weak in the first half 2024. Consumer demand has benefited from strong growth in real wages and fiscal transfers in a busy election year. Households in Romania and Poland will probably benefit more this year from fiscal spending, while those in Czechia and Hungary might have to wait for 2025. Foreign demand has remained weak so far this year, weighing on the manufacturing sector in CEE, as hinted at by the industrial production figures. Thus, service exports such as tourism, IT and transport might contribute more to export growth this year than goods. In Russia, investment continued to focus on the defence sector, crowding out government resources for other sectors. Available data showed that domestic demand remained robust, supported by loose fiscal policy and rapid wage growth, which might keep GDP growth at around 3% this year.

We expect the economies of EU-CEE[1] to grow by around 2.7% in 2024 and 2.9% 2025, with the Western Balkans growing by around 3%. While private consumption will continue to drive growth in most countries, the contribution from net exports and investment will likely improve due to higher external demand, which would also support capex investment by companies.

1 Bulgaria, Croatia, Czechia, Hungary, Poland, Romania, Slovakia and Slovenia.

Group results

Hungary, Poland and Slovakia joined Romania in having the EU launch an excessive deficit procedure against them due to their large fiscal shortfalls and timid plans to correct them. Among these countries, only in Hungary does fiscal adjustment this year seem likely, although such efforts might already lose momentum next year with elections on the horizon. In Slovakia, the government plans to keep subsidies and transfers to households in place, delaying the fiscal consolidation to 2025. Budget deficits have been widening in Romania and Poland this year and any improvement will likely come only once the election cycles in these countries are completed in 2025. The election calendar might also lead to looser fiscal policy in Czechia next year, as it did in Croatia this year, although these might prove to be temporary deviations. Regular EU disbursements dipped in the first half 2024 because flows from the 2014-20 EU budget ended and those from the 2021-27 EU budget were yet to pick up. Meanwhile, almost half of the RRF disbursements expected for 2024 were received in the first half. In the Western Balkans, the new EU Growth Plan offers €6 billion in exchange for reforms, but countries seem in no hurry to implement them.

Inflation continued to ease across CEE in the first half 2024, reflecting disinflationary base effects and the benign trends in global commodity prices, which led to lower imported inflation, especially for food and energy components. Meanwhile, core inflation remained above the headline figure in most countries, reflecting strong domestic demand conditions supported by loose fiscal policies and high wage growth. At the end of the first half 2024, headline inflation stood at target in Czechia and Poland, and was within the target range in Serbia and Hungary. However, inflation will likely rise in the second half 2024 and hover above current levels in 2025, missing targets everywhere but Czechia, Serbia and Russia.

Most inflation-targeting central banks in CEE have been easing their monetary policy since 2023.The National Bank of Romania was the last to start a rate-cutting cycle in the month of July, keeping its policy rate at its peak until the end of the first half 2024, while the National Bank of Serbia delivered its first rate cut in June. We expect these central banks, along with those of Hungary and Czechia, to continue cutting rates for the remainder of this year, although the latter two could slow the pace of easing in the second half 2024. Diverging from the rest, the National Bank of Poland has turned hawkish after last year's elections and has left its key rate unchanged so far this year. All CEE central banks are expected to deliver additional rate cuts in 2025, with policy rates approaching their terminal levels in most countries. In Russia, the central bank will likely leave its policy rate unchanged this year as the monetary transmission mechanism remains weak and structural problems in the economy are keeping inflationary risks alive.

Group results

Main results and performance for the period

Introduction

The Group continued to successfully pursue the strategic guidelines identified by the "UniCredit Unlocked" Strategic Plan, whose objectives are:

- grow in the geographical areas of reference and develop the network of customers, transforming the business model and operating methods of the Group;
- achieve economies of scale from the Group's network of banks, through a technological transformation focused on Digital & Data and operating with a view to sustainability;
- driving financial performance through three interconnected levers under full managerial control: streamlining and improvement of efficiency throughout the organisation with very rigorous cost management, organic capital generation[2], increase in revenues net of loan loss provisions to achieve profitability above the cost of capital;
- to enable, through the new business model, a high organic generation of capital with a significantly higher and progressively growing distribution to shareholders[3], maintaining or exceeding the CET1 ratio of 12.5-13 percent.

The results achieved in the first half of 2024 demonstrate once again that the guidelines dictated by “UniCredit Unlocked” Strategic Plan represent the right strategy for the Group because they have made it possible to achieve strengthened, constant, and sustainable profitability by leveraging the ability to adapt in a changing external context.

The strategy adopted by the Group is based on two pillars: on the one hand, it provides for the improvement of the efficiency and effectiveness of the operating machine, which is constantly evolving through the simplification of processes and organisation as well as continuous technological updating through new investments. This is preparatory to supporting the second pillar, i.e., the strengthening of commercial activities, improving service levels and the ability to meet customer needs.

The growing profitability is supported by a resilient net interest income net of loan adjustments, solid fees generation and by the high operating and capital efficiencies achieved. The constant focus on sustainable and quality growth accompanied by discipline in credit lending policies and prudence in the management of credit assets has made it possible to keep loan impairment losses structurally low, supporting the net interest margin; the growth recorded in the various categories of commissions reflects the investments of the last 3 years in the Group's product factories, while the results achieved in trading activities are mainly linked to the development of activities with "core" customers that supports their resilience.

In the first half of 2024, the Group recorded a stated net profit of €5,236 million, compared to €4,374 million in first half 2023, up €862 million (19.7% at current exchange rates, 21.5% at constant exchange rates). The figure includes a positive result of €329 million attributable to Russia[4], which in the first half of 2023 had recorded a net profit of €271 million.

The Group's net profit[5] for the first half of the current year, as well as that for the corresponding period of 2023, is in line with the stated net profit, given the absence in the two periods of DTAs on losses carried forward deriving from the update of sustainability tests.

Revenue

In the first half of 2024, the Group continued to grow in revenues, amounting to €12,700 million, up 6.7% compared to the first half of 2023 (7.9% at constant exchange rates) thanks to the positive contribution of all the main lines.

In particular, the Group's net interest amounted to €7,143 million, up 5.1% (€348 million) compared to the first half of last year (6.5% at constant exchange rates) supported by the favourable interest rate environment combined with careful management of beta on deposits[6] and a selective commercial development activity. In detail, the higher market rates (the average 3-month Euribor in the first half of 2024 is 87 basis points higher than that of the first half of 2023), as well as the commercial initiatives implemented to improve the risk/return ratio of credit assets, have led to a further increase in the average rate on loans to customers; The cost of deposits from customers has also progressively increased but to a lesser extent than the rate on loans. Compared to the first half of 2023, the trend in market rates as well as the greater weight of term deposits determined by the growing propensity of customers towards these more profitable forms of funding, have led to an increase in the average rate on deposits. However, this dynamic was contained through the careful repricing policy on deposits made possible thanks also to the Bank's solid liquidity position, the granularity of the stock of outstanding deposits, as well as the prevalence of sight components.

Overall, these dynamics favoured a further widening of credit spreads, which supported the growth in the Group's net interest income.

2 "Organic capital generation" means the evolution of CET1 deriving from (i) Net accounting profit excluding DTAs from losses carried forward and (ii) RWEA dynamics net of adverse regulatory impact.
3 Distribution to shareholders subject to approval by supervisory bodies, the shareholders' meeting and non-organic growth opportunities.
4 Russia includes AO UniCredit Bank with other local legal entities and cross-border exposures accounted for in UniCredit S.p.A.
5 Group net accounting result net of DTA write up or cancellations on losses carried forward deriving from the update of sustainability tests.
6 The Beta on deposits is the percentage of the short-term interbank rate returned to customers and is expressed as the ratio between the cost of deposits and the 3-month Euribor or equivalent market rate depending on the geographies.

Group results

The Group's loans to customers decreased by €16.8 billion, or 3.7% (3.5% at constant exchange rates), from €450.8 billion at 30 June 2023 to €434.0 billion at 30 June 2024. The repurchase agreement component had a minimal impact on this performance, recording a decrease of €0.2 billion, while other customer loans decreased by €16.7 billion, or 3.9% (3.7% at constant exchange rates), to €406.6 billion. In detail, loans in Italy recorded a decrease of 8.8% or 14.3 billion; the decrease in the stock is mainly linked to the general reduction in the demand for credit by customers resulting from the increase in interest rates together with the progressive maturity of mortgages granted under Covid-19 guarantee schemes, partially offset by the commercial development actions on the positive sEva clients. Germany remained stable overall, recording a positive change of €0.3 billion (0.3%), while Central Europe recorded a decrease of €3.6 billion compared to 30 June last year (corresponding to a decrease of 3.7% at current exchange rates and 2.2% at constant exchange rates); this trend is explained almost entirely by Austria, which recorded a contraction of €3.6 billion, or 5.4%, while the Czech Republic recorded an increase of €0.4 billion, or 1.6% at current exchange rates, or 6.9% at constant exchange rates. The contribution of Eastern Europe was positive with annual growth in loans net of the repo component of €3.1 billion (9.5% at current exchange rates or 9.5% at constant exchange rates) mainly supported by Bulgaria, Croatia and Romania. Russia, with a loan portfolio of €2.5 billion as at June 30, 2024, recorded a year-on-year contraction of €2.2 billion, reflecting the Group's strategies.

The Group's customer deposits stood at €499.5 billion as at 30 June 2024, down €14.6 billion compared to last year; excluding the repurchase component, which was down €6.7 billion, the contraction was €8.0 billion (down 1.7% at current exchange rates and 1.5% at constant rates). The decline reflects the Bank's attention to pricing, a greater diversification of savings by customers with a rotation towards other forms of asset under custody as well as a reduction in the Large Corporate and Institutional segments. In terms of geographies, Italy recorded a decrease of 1.4% or €2.6 billion compared to the firs at current and constant exchange rates t half of 2023 while in Germany the contraction was 6.3% (€8.7 billion) mainly explained by the Large Corporate and Institutional segments; Central Europe recorded an increase of 2.0% or 1.8 billion (equivalent to an increase of 3.9% at constant exchange rates) with Austria up 1.3% or €0.8 billion and the Czech Republic up by €0.8 billion (up 3.3% at current exchange rates or 8.9% at constant exchange rates). Eastern Europe increased by 6.5% (6.6% at constant exchange rates) equal to €2.9 billion, of which €0.6 billion in Croatia (up 3.6% at current and constant exchange rates), €0.6 billion in Bulgaria (4.6% at current and constant exchange rates) and €1.0 billion in Romania (up by 10.3% at current exchange rates and 10.7% at constant exchange rates). Finally, Russia recorded a decrease of 18.1%, equal to €1.4 billion at current exchange rates (23.0% measured at constant exchange rates).

Dividends and other income from Group equity investments (which include the profits of companies valued at equity) as at 30 June 2024 amounted to €226 million, down €26 million or 10.5% at current and constant exchange rates compared to 30 June 2023.

Group fees in the first half of the year amounted to €4,220 million, up €260 million or up 6.6% (7.3% at constant exchange rates) compared to the first six months of 2023; this performance benefited primarily from the greater commercial boost on asset management products, investment funds in the first place, the increase in commissions on loans and the growth recorded on payment services and cards, which more than offset the higher costs related to securitisation transactions in line with the Group's strategic choices and the lower contribution of commissions on current accounts, penalised in the year-on-year comparison by the repricing maneuvers resulting from the changed market interest rate scenario.
In detail, commissions on investment services recorded sustained growth compared to the first six months of 2023 of €207 million, up 19.6% (19.7% at constant exchange rates) driven primarily by higher placements of investment funds thanks to positive commercial momentum and a more favourable macroeconomic environment; management fees on funds also marked a progress compared to last year. Commissions on certificates and on assets under custody recorded an overall increase compared to the first half of 2023 thanks mainly to the placement of certificates and government bonds, positively impacted by the greater propensity of customers towards these forms of funding compared to sight deposits.
Commissions on insurance products increased by 5.3% (5.4% at constant exchange rates) equal to €24 million compared to the first half of 2023, mainly supported by the casualty insurance component as well as the positive result of credit protection insurance.
The credit component grew by €41 million, equal to a change of 4.7% compared to first half of 2023 (5.0% at constant exchange rates); this trend was characterised by an increase in commissions on loans only partially offset by lower commissions on capital markets operations.
Commissions on transactional services increased by €41 million (3.2% compared to the first half of 2023, equal to a positive change of 4.2% at constant exchange rates) despite the significant decrease in commissions on current accounts for the reasons mentioned above; this is thanks to the progress of commissions on cards and payment services, which recorded a marked increase on an annual basis.
Commission expenses related to securitisation transactions (mainly in Italy) increased by €21 million compared to 30 June 2023, in line with the Group's strategic choices.
Finally, commissions on hedging products for customers amounted to €322 million, down 9.2% year-on-year at current exchange rates (6.0% at constant rates). The Group continued to support its clients in protecting the results of their businesses.

Group results

The Group's trading profit as at 30 June 2024 showed an increase of €103 million compared to the previous year, from €926 million in the first half of 2023 to €1,028 million in the current half-year (up 11.1% or 13.1% at constant exchange rates). This trend was supported by higher trading revenues with Corporate, Large Corporate and Institutional customers, especially in Germany, only partially offset by lower profits from investment portfolio in Italy.

Finally, in the first six months of the year, the Group's balance of other income and expenses was positive for €82 million, compared to the balance of -€37 million in the same period of 2023; the figure for the year 2024 includes, among other things, the positive effects deriving from the signing of the Global Partnership Agreement with Nexi in the second quarter of 2024, which updates the previous agreement, as well as those deriving from the renegotiation of the contract with Amundi.

Revenue

(€ million)

	H1				
	2024	2023	% CHANGE	2024 Q2	% CHANGE ON Q1 2024
Net interest	7,143	6,795	+ 5.1%	3,565	- 0.4%
Dividends	226	253	- 10.5%	118	+ 9.1%
Fees	4,220	3,961	+ 6.6%	2,120	+ 0.9%
Trading income	1,028	926	+ 11.1%	470	- 15.8%
Other expenses/income	82	(37)	n.m.	56	n.m.
Revenue	**12,700**	**11,897**	**+ 6.7%**	**6,328**	**- 0.7%**

Operating costs

Group operating costs amounted to €4,604 million in the first half of 2024 down 1.2% (0.5% at constant exchange rates), equal to €55 million compared to the previous year, confirming the Group's proven track record in pursuing operational efficiency. This result was achieved thanks to the continued discipline and rigour adopted in the management of expenses, the targeted cost reductions as well as the significant investments and integration costs recorded in previous quarters, which allowed the Group to mitigate the impact of inflation and wage increases linked to collective agreements mainly in Italy and Austria.

In detail, personnel costs in the first six months of 2024 amounted to €2,853 million, up €4 million or 0.2% compared to the first half of 2023 (0.7% at constant exchange rates). The increase was contained mainly thanks to the positive effects generated by the continued trend of staff reductions, characterised by a decrease of 3,654 FTEs (equivalent to 4,067 average FTEs) compared to the first half of 2023, equal to a decrease of 5.0% that made it possible to offset the higher costs related to salary increases.

Other non-personnel costs in the current period amounted to €1,281 million, up 0.7% compared to the first half of 2023 (€9 million); the annual trend was significantly affected by the actions to rationalise buildings aimed at freeing up space, lower energy costs as well as the structural efficiency actions of the cost base implemented; in fact, these made it possible to significantly counteract the increases related to high inflation as well as the higher expenses for Information & Technology mainly related to the activation of new projects and licenses.

Expense recoveries in the first six months of 2024 amounted to €59 million, up (82.7%) from €32 million in the first half of 2023 mainly due to higher recoveries of administrative expenses incurred on behalf of customers.

Finally, in the first half of 2024, depreciation, amortization and write-downs amounted to €529 million, down €41 million, or 7.2%, compared to €570 million in the same period of 2023. It should be noted that these amounts are mostly made up of depreciation. The annual trend was impacted both by the actions to rationalise the properties and by the effects of the periodic update of the useful life of real estate activities on the basis of periodic external appraisals, introduced in a homogeneous manner throughout the Group starting from the preparation of the Consolidated report and accounts 2023 of UniCredit group. This revision better reflects the real useful life of real estate assets and the related depreciation, especially in light of the continuous enhancement/maintenance executed on instrumental properties.

Group results

Operating costs

(€ million)

	H1 2024	H1 2023	% CHANGE	2024 Q2	% CHANGE ON Q1 2024
HR costs	(2,853)	(2,849)	+ 0.2%	(1,424)	- 0.4%
Non HR costs	(1,281)	(1,272)	+ 0.7%	(649)	+ 2.7%
Recovery of expenses	59	32	+ 82.7%	36	+ 55.1%
Amortisations and depreciations	(529)	(570)	- 7.2%	(260)	- 3.0%
Operating costs	**(4,604)**	**(4,658)**	**- 1.2%**	**(2,298)**	**- 0.4%**

Thanks to sustained revenue growth (up 6.7%) and cost containment (down 1.2%), the Group's gross operating profit amounted to €8,096 million, marking an increase of 11.8% compared to the first six months of last year (13.4% at constant exchange rates).

The Group's cost income ratio, benefiting from this dynamic, fell to 36.3%, down 2.9 percentage points compared to the first half of 2023.

Loan Loss Provisions (LLPs)

The Group's provisions for credit losses amounted to €118 million as at 30 June 2024, compared to €110 million of the first semester of 2023. Excluding Russia segment, provisions amounted to €255 million, compared to €189 million in the first semester of 2023.

The amount of provisions as at 30 June 2024 was determined by the combined effect of the following events: (i) write-downs related to flows to defaults of €629 million mainly concentrated in Italy and Germany, (ii) write-backs related to outflow from default to performing of €163 million (iii) provisions related to other portfolio dynamics of €348 million write-backs, including provisions related to the update of the macroeconomic scenarios for IFRS9 purposes.

The amount of provisions related to other portfolio dynamics includes:
- write-downs of €28 million arising from the update of the macroeconomic scenarios for IFRS9 purposes, which was carried out in the second and fourth quarters as part of the ordinary process of adjusting provisions for credit losses to the most recent macroeconomic projections;
- write-backs of €126 million arising from the new Transfer Logic approach.

The Group's cost of risk in the first semester of 2024 was 5 basis points, in line with 5 basis points of the first semester of 2023. Excluding Russia segment, the cost of risk stood at 12 basis points, higher than 8 basis points of the first semester 2023.
More specifically, the Italy division records a cost of risk of 28 basis points, higher than the 24 basis points of 2023 mainly due to higher write-downs for flows to default. Germany recorded a cost of risk of 21 basis points, higher than the 9 basis points in 2023 due to higher write-downs for flows to default; Central Europe recorded a negative cost of risk of -5 basis points, higher than -13 basis points in 2023 due to higher write-downs for flows to default and to the dynamic of performing portfolio; Eastern Europe recorded a negative cost of risk of -59 basis points, lower than the -19 basis points 2023 mainly due to the dynamic of non-performing portfolio.

The Group's gross non-performing loans as at 30 June 2024 amount to €11.7 billion, stable in comparison with the amount as at 31 December 2023.
The ratio of gross non-performing loans to total loans moved from 2.66% in December 2023 to 2.63% in June 2024, mainly due to higher performing volumes at the denominator.
The Group's gross non-performing loan coverage ratio as at 30 June 2024 is equal to 47.2%, stable in comparison with the value as at 31 December 2023.
Gross bad loans as at 30 June 2024 amount at €3.4 billion, representing the 29% of total gross impaired loans, with a coverage ratio of 65.3%.

Group results

Loans to customers - Asset quality

(€ million)

	BAD EXPOSURES	UNLIKELY TO PAY	NON-PERFORMING PAST-DUE	TOTAL NON-PERFORMING	PERFORMING	TOTAL LOANS
As at 30.06.2024						
Gross exposure	3,398	7,509	773	**11,681**	432,185	**443,865**
as a percentage of total loans	*0.77%*	*1.69%*	*0.17%*	***2.63%***	*97.37%*	
Writedowns	2,218	3,035	260	**5,513**	4,356	**9,869**
as a percentage of gross value	*65.25%*	*40.42%*	*33.67%*	***47.20%***	*1.01%*	
Carrying value	1,181	4,474	513	**6,168**	427,829	**433,996**
as a percentage of total loans	*0.27%*	*1.03%*	*0.12%*	***1.42%***	*98.58%*	
As at 31.12.2023						
Gross exposure	2,894	7,842	958	**11,693**	427,955	**439,648**
as a percentage of total loans	*0.66%*	*1.78%*	*0.22%*	***2.66%***	*97.34%*	
Writedowns	2,141	3,110	272	**5,523**	4,673	**10,196**
as a percentage of gross value	*73.97%*	*39.67%*	*28.35%*	***47.23%***	*1.09%*	
Carrying value	753	4,731	686	**6,171**	423,282	**429,452**
as a percentage of total loans	*0.18%*	*1.10%*	*0.16%*	***1.44%***	*98.56%*	

Notes:
Total loans to customers exclude the receivables arising from subleases recognised due to the application of IFRS16.

Group results

From Net operating profit (loss) to Profit (Loss) before tax

The improvement in gross operating profit (equal to €8,096 million in the first half of 2024 compared to €7,239 million in the first six months of 2023) and the low level of provisions for credit losses (up by €8 million) produced a Group net operating profit of €7,977 million, up by €849 million compared to the previous year with a growth of 11.9% (or 13.9% at constant exchange rates).

The Group's other charges and provisions amounted to -€574 million, down from -€837 million in the first half of 2023.
The item includes net provisions for legal proceedings and estimated liabilities of various kinds resulted in the first half of 2024 equal to -€169 million, compared to the figure of -€149 million in the first half of 2023. The same item also includes systemic charges, which amounted to -€405 million, down €283 million from -€688 million in the first half of 2023, mainly thanks to the termination of the contribution to the Single Resolution Fund (SRF) for Group banks operating in European Union countries this year following the achievement of the *target level* system-wide. The item also includes charges for harmonised Deposits Guarantee Schemes (DGS) and non-harmonised Deposits Guarantee Schemes and Bank Levies. Charges for harmonised guarantee schemes increased by €167 million compared to the first half of 2023, explained by the anticipation of the contribution to the Interbank Deposit Protection Fund in Italy.

Group integration costs for the first half of 2024 amounted to -€54 million, compared to -€231 million in the same period of 2023; the latter were mainly explained by the higher outflows of personnel resulting from the update of the Strategic Plan and had been booked mainly on UniCredit S.p.A.

The net income from Group investments in the first half of 2024 amounted to -€23 million, compared to -€126 million recorded in the same period of the previous year. The result for the first half of 2023 had (i) a negative impact for Russia, which had recorded a loss of -€28 million mainly due to the effects of the sale of RN Bank by the investee company Barn BV and (ii) a negative impact of -€52 million deriving from the impairment test on the investee company CNP UniCredit Vita.

As a result of the items described above, in the first half of the current year the Group recorded pre-tax profit of €7,327 million, €1,392 million higher than the €5,934 million recorded in the first half of last year, equal to a growth of 23.5% (25.1% at constant exchange rates).

Profit (loss) before tax by business segment

(€ million)

					PROFIT (LOSS) BEFORE TAX H1	
	REVENUE	OPERATING COSTS	LOAN LOSS PROVISIONS (LLPs)	NET OPERATING PROFIT	2024	2023
Italy	5,817	(1,969)	(246)	3,601	3,365	2,906
Germany	2,866	(1,123)	(135)	1,608	1,568	1,334
Central Europe	2,180	(796)	25	1,409	1,280	1,107
Eastern Europe	1,407	(426)	101	1,082	1,029	779
Russia	580	(113)	136	604	423	348
Group Corporate Centre	(150)	(177)	0	(327)	(338)	(540)
Group Total	**12,700**	**(4,604)**	**(118)**	**7,977**	**7,327**	**5,934**

Group results

Group stated net profit (loss)

In the first half of 2024, the Group's income tax item amounted to -€2,075 million, up €531 million compared to -€1,544 million in the same period last year. The increase mainly reflects the higher economic result for the period.

Profit from discontinued operations net of tax in the first half of 2024 amounted to €0 million, unchanged compared to the first six months of the previous year.
Net profit for the period of the first half of 2024 amounted to €5,251 million, up €861 million from €4,390 million in the same period of 2023.
The result attributable to minority interests, conventionally shown with a negative sign, was -€15 million compared to -€12 million in the previous year. The higher amount mainly reflects the growth in profit for the period.
The Purchase Price Allocation was €0 million compared to -€4 million recorded in the first half of 2023.
The first half of 2024 was not impacted by goodwill adjustments, in line with the previous year.
As a result, in the first half of 2024 the Group's net profit amounted to €5,236 million, up €862 million from €4,374 million in first half 2023.

Group stated net profit (loss)

(€ million)

	H1		%	2024	% CHANGE
	2024	2023	CHANGE	Q2	ON Q1 2024
Revenue	**12,700**	**11,897**	**+ 6.7%**	**6,328**	**- 0.7%**
Operating costs	(4,604)	(4,658)	- 1.2%	(2,298)	- 0.4%
GROSS OPERATING PROFIT (LOSS)	**8,096**	**7,239**	**+ 11.8%**	**4,031**	**- 0.9%**
Loan loss provisions (LLPs)	(118)	(110)	+ 7.7%	(15)	- 85.5%
NET OPERATING PROFIT (LOSS)	**7,977**	**7,129**	**+ 11.9%**	**4,016**	**+ 1.4%**
Other charges and provisions	(574)	(837)	- 31.4%	(228)	- 34.0%
Integration costs	(54)	(231)	- 76.8%	(35)	+ 93.8%
Net income from investments	(23)	(126)	- 81.5%	(24)	n.m.
PROFIT (LOSS) BEFORE TAX	**7,327**	**5,934**	**+ 23.5%**	**3,728**	**+ 3.6%**
Income taxes	(2,075)	(1,544)	+ 34.4%	(1,043)	+ 1.0%
Profit (loss) of discontinued operations	-	-	-	-	-
NET PROFIT (LOSS) FOR THE PERIOD	**5,251**	**4,390**	**+ 19.6%**	**2,685**	**+ 4.7%**
Minorities	(15)	(12)	+ 24.8%	(7)	- 20.8%
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA	**5,236**	**4,378**	**+ 19.6%**	**2,679**	**+ 4.7%**
Purchase Price Allocation (PPA)	-	(4)	- 100.0%	-	n.m.
Goodwill impairment	-	-	-	-	-
GROUP STATED NET PROFIT (LOSS)	**5,236**	**4,374**	**+ 19.7%**	**2,679**	**+ 4.7%**

Group results

Capital and value management

Principles of value creation and capital allocation

To create value for the shareholders, the Group's strategic guidelines aim at optimising the composition of the business portfolio. This goal is pursued through a process of capital allocation to each business line in relation to its specific risk profile and ability to generate sustainable earnings measured as EVA (Economic Value Added), which is the main performance indicator linked to TSR (Total Shareholder Return). The capital allocated to business segments is quantified applying internal capitalisation targets to the Risk Weighted Exposure Amounts (RWEAs) plus the impact on regulatory deductions generated by business activities.

The development of Group operations with a view to value creation requires a process of allocating and managing capital governed by different phases in the process of planning and control, articulated as:
- formulation of the proposed risk propensity and capitalisation targets;
- analysis of the risks associated with the value drivers and resulting allocation of capital to the business lines;
- assignment of risk adjusted performance targets;
- analysis of the impact on the Group's value and of the creation of value for shareholders;
- drafting and proposal of the financial plan, capital plan and dividend policy.

The Group dynamically manages its capital base by monitoring regulatory capital ratios, anticipating the appropriate changes necessary to achieve its defined targets, and optimising the composition of its assets and equity. Planning and monitoring refer, on the one hand, to the total Own Funds (Common Equity Tier 1, Additional Tier 1 and Tier 2 Capital) and, on the other hand, to the Risk-Weighted Exposure Amounts (RWEAs). The RWEAs, for portfolios managed using the internal advanced models, do not only depend on the nominal value of the assets but also on the relevant credit parameters. Besides volume dynamics, it is also crucial to monitor and forecast the change in the asset quality of the portfolio in view of the macroeconomic scenario (the so-called pro-cyclical effect).
Following the financial crisis that unfolded in 2007-2008, the European Union implemented a substantial reform of the financial services regulatory framework to enhance the resilience of its financial institutions. This reform was largely based on international standards agreed in 2010 by the Basel Committee on Banking Supervision, known as the Basel III framework. Among its many measures, the reform package included the adoption of Regulation (EU) 575/2013 of the European Parliament and of the Council and Directive 2013/36/EU of the European Parliament and of the Council, which strengthened the prudential requirements for credit institutions and investment firms.
These rules have been modified by Regulation (EU) 876/2019 of the European Parliament and of the Council of 20 May 2019 (so-called CRR2), amending Regulation (EU) 575/2013 and by Directive 2019/878/EU of the European Parliament and of the Council of 20 May 2019 (so-called CRDV), amending Directive 2013/36/EU. Subsequently, the Regulation (EU) 873/2020, known as Quick-Fix, which was published on 26 June 2020 and came into force since 27 June 2020, anticipated some regulatory treatments, in response to the Covid-19 outbreak, subsequently become part of the Regulation (EU) 876/2019 (CRR2), applicable starting from 30 June 2021.
On 19 June 2024 after extensive negotiations and the approvals of the Parliament and the Council of the European Union, the legal acts implementing the finalized Basel III rules in the EU have been published in the Official Journal and will enter into force 20 days later; they consist of:
- the Regulation (EU) 2024/1623 of the European Parliament and of the Council of 31 May 2024 amending Regulation (EU) 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor (so-called CRR3);
- the Directive (EU) 2024/1619 of the European Parliament and of the Council of 31 May 2024 amending Directive 2013/36/EU as regards supervisory powers, sanctions, third-country branches, and environmental, social and governance risks (so-called CRD6).

The CRR3 introduces several changes to the calculation of capital requirements, concerning all the different risks and the so-called Output Floor. These changes implement the Basel Committee's finalized Basel III framework, initially published in December 2017. While the rules of CRR3 will in general become applicable on January 2025, but the rules regarding market risk (Fundamental Review of the Trading Book - FRTB) will be postponed by one year to ensure consistency at global level.
The CRD6 contains a number of revised rules regarding supervisory powers, sanctions, third-country branches, and environmental, social and governance risks. EU member states shall transpose the requirements of CRD6 into national law, in time to be applicable by January 2026.

Group results

Capital ratios

Starting from 1 January 2014, the calculation of capital requirements takes into account the regulatory framework known as “Basel 3”, adopted as a result of the Regulation (EU) 575/2013 on prudential requirements for credit institutions and investment firms (Capital Requirements Regulation - CRR), updated in the Regulation (EU) 876/2019 (CRR2) and subsequently amended in the Regulation (EU) 873/2020, and in the Directive (EU) 2013/36 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (Capital Requirements Directive IV - CRDIV), also according to their adoption by Italian Laws.
Such regulation foresees the following breakdown of Own Funds:

- Tier 1 Capital (T1), made by:
  - Common Equity Tier 1 Capital (CET1) and
  - Additional Tier 1 Capital (AT1);
- Tier 2 Capital (T2);
- The sum of Tier 1 Capital and Tier 2 Capital generates the Total Own Funds (Total Capital).

It is worth mentioning that in the update to the Regulation (EU) 575/2013 transposed in the Regulation (EU) 876/2019 (CRR2), the main impacts on Group Own Funds calculation, applicable starting from 30 June 2019, derived from the modification to the computability rules of the Additional Tier 1 and Tier 2 instruments. In particular, considering the new conditions provisioned by the CRR2 articles 52 and 63, an additional grandfathering framework has been introduced to the instruments issued before 27 June 2019 and valid till 28 June 2025 for those instruments that do not comply with the new computability conditions presented (ref. CRR2 article 494b).

Capital requirements[7] and buffers for UniCredit group

The minimum capital requirements applicable to the Group as at 30 June 2024, in coherence with CRR article 92, are the following (Pillar 1):

- CET1: **4.50%**
- T1: **6.00%**
- Total Capital: **8.00%**

In addition to such requirements, for 2024 the Group shall also meet the following additional requirements:

- **2.00%**, as Pillar 2 Requirements in coherence with SREP results;
- **2.50%**, as Capital Conservation buffer (CCB) according to CRDIV article 129;
- **1.50%**, as Other Systemically Important Institutions (O-SII) buffer[8];
- **0.46%**, as Countercyclical Capital buffer[9] (CCyB) according to the CRDIV article 130, to be calculated on a quarterly basis;
- **0.03%**, as Systemic Risk Capital buffer[10] (SyRB) according to the CRDIV article 133, to be calculated on a quarterly basis.

Moreover, the article 104a.4 of CRDV allows banks to partially use capital instruments that do not qualify as CET1 capital (e.g., Additional Tier 1 or Tier 2 instruments) to meet the Pillar 2 Requirements (P2R). As consequence, in line with Pillar 2 Requirements, required in coherence with 2023 SREP results and equal to 2.00%, UniCredit group shall meet:

- at least the 1.13% of such requirement through Common Equity Tier 1 Capital;
- at least the 1.50% of such requirement through Tier 1 capital.

Therefore, as at 30 June 2024, the Group shall meet the following overall capital requirements:

- CET1: **10.12%**
- T1: **12.00%**
- Total Capital: **14.50%**

7 As at 30 June 2024 CET1 Systemic risk buffer (aimed at preventing and mitigating long-term, non-cyclical, systemic or macro-prudential risks that are not provided for by the CRR) has not yet entered into force in Italy (Italian SyRB will be applicable starting from 31 December 2024), while the Baca d'Italia reciprocated the CET1 Systemic risk buffer measure defined by the German Federal Financial Supervisory Authority (BaFin), making it applicable starting from the 1 of February 2023 to all the Italian institutions.
8 According to the Press Release issued by the FSB on 27 November 2023, UniCredit group has been removed from the list of Global Systemically Important Banks (G-SIBs) which is updated annually by the Financial Stability Board (FSB). Following this decision, which implements the international standards for G SIBs, and of Italian Circular 285 which disciplines the relevant powers, Banca d'Italia stated that UniCredit was still subject to the G-SIB requirements until 31 December 2023. Following the Press Release issued by Banca d'Italia on 24 November 2023, “Identification for 2024 of other systemically important institutions authorised to operate in Italy”, the Group is identified as a national systemically important institution and has to apply a capital O-SII buffer of 1.50% starting from 1 January 2024.
9 Amount rounded to two decimal numbers. With reference to 30 June 2024: (I) countercyclical capital rates have generally been set at 0%, except for the following countries: Armenia (1.50%); France (1.00%); Ireland (1.50%); Luxembourg (0.50%); Romania (1.00%); Croatia (1.50%); Germany (0.75%); Estonia (1.50%); Hong Kong (1.00%); Netherlands (2.00%); Australia (1.00%); Bulgaria (2.00%); Slovakia (1.50%); United Kingdom (2.00%); Sweden (2.00%); Iceland (2.50%); Czech Republic (1.75%); Denmark (2.50%); Norway (2.50%); Cyprus (1.00%); Lithuania (1.00%); Slovenia (0.50%); Belgium (0.50%); Chile (0.50%); South Korea (1.00%) (II) with reference to the exposures towards Italian counterparties, Banca d'Italia has set the rate equal to 0%.
10 Amount rounded to two decimal numbers.

Group results

Here below a scheme of the UniCredit group capital requirements and buffers which also provides evidence of the “Total SREP Capital Requirement” (TSCR) and the “Overall Capital Requirement” (OCR) related to the outcome of the SREP process held in 2023 and applicable for 2024.

Capital requirements and buffers for UniCredit group

REQUIREMENT	CET1	T1	TOTAL CAPITAL
A) Pillar 1 requirements	**4.50%**	**6.00%**	**8.00%**
B) Pillar 2 requirements	**1.13%**	**1.50%**	**2.00%**
C) TSCR (A+B)	**5.63%**	**7.50%**	**10.00%**
D) Combined capital buffer requirement:	**4.50%**	**4.50%**	**4.50%**
of which:			
1. Capital Conservation Buffer (CCB)	*2.50%*	*2.50%*	*2.50%*
2. Other Systemically Important Institution buffer (O-SII)	*1.50%*	*1.50%*	*1.50%*
3. Institution-specific Countercyclical Capital buffer (CCyB)	*0.46%*	*0.46%*	*0.46%*
4. Systemic risk buffer for UniCredit (SyRB)	*0.03%*	*0.03%*	*0.03%*
E) OCR (C+D)	**10.12%**	**12.00%**	**14.50%**

The following table shows **UniCredit group transitional[11] capital ratios as at 30 June 2024** compared with previous periods.

Group transitional capital ratios

	30.06.2024						
DESCRIPTION	RATIO	*DELTA Q/Q*	*DELTA Y/Y*	31.03.2024	31.12.2023	30.09.2023	30.06.2023
CET1 Capital	16.32%	*-0.04%*	*-0.63%*	16.36%	16.14%	17.50%	16.94%
Tier 1 Capital	17.74%	*-0.35%*	*-0.85%*	18.09%	17.84%	19.17%	18.59%
Total Capital	**20.92%**	***-0.30%***	***-0.66%***	**21.23%**	**20.90%**	**22.24%**	**21.59%**

Transitional Capital ratios of UniCredit S.p.A.
The following table shows the transitional[12] capital ratios of UniCredit S.p.A. as at 30 June 2024 compared with previous periods.

Transitional capital ratios of UniCredit S.p.A.

	30.06.2024						
DESCRIPTION	RATIO	*DELTA Q/Q*	*DELTA Y/Y*	31.03.2024	31.12.2023	30.09.2023	30.06.2023
CET1 Capital	26.94%	*0.32%*	*0.64%*	26.62%	26.02%	26.75%	26.31%
Tier 1 Capital	29.41%	*-0.18%*	*0.25%*	29.58%	28.97%	29.65%	29.16%
Total Capital	**34.33%**	***-0.06%***	***0.52%***	**34.39%**	**33.70%**	**34.41%**	**33.81%**

Consolidated profit/loss of the period eligible for Own Funds purposes

- The Group consolidated net profit as at 30 June 2024 is equal to €5,236 million.
- As at 30 June 2024, the amount of the Group consolidated net profit to be included in the consolidated Own Funds is equal to zero.
  The amount is coherent with 2024 Ordinary Distribution policy, which envisages a total distribution payout equal or above 90% of Net Profit (defined as accounting net profit adjusted for impacts from tax loss carry forward resulting from sustainability test), potentially adjusted for one-offs related to strategic items and not exceeding Organic Capital Generation. For the calculation of the Own Funds, the deduction shall be accrued over-time at 100% of the Net Profit, as upper end of the range between 90% and 100%, being the latter the maximum potential ordinary pay-out. Coherently, the second quarter 2024 distribution accrual for Own Funds calculation is equal to €5,236 million, corresponding to 100% of the Consolidated Net Profit equal to the same amount.

Transitional consolidated Own Funds

Regarding the transitional adjustments as at 30 June 2024, these are:
- grandfathering of Additional Tier 1 and Tier 2 instruments: the transitional adjustment applicable till 2025 according to the CRR2 article 494b, pertinent to the Additional T1 and T2 instruments issued before 27 June 2019 that do not comply with the CRR2 articles 52 and 63;
- IFRS9 transitional arrangements: starting from June 2020, UniCredit group has received from the competent Authority the approval to apply the transitional arrangements on IFRS9 as per CRR article 473a. The methodological approach is reported in the following paragraph.

11 The transitional adjustments as at 30 June 2024 are (i) grandfathering of Additional Tier 1 and Tier 2 instruments and (ii) IFRS9 transitional arrangements starting from 30 June 2020.
12 The transitional adjustments as at 30 June 2024 refer to the grandfathering of Additional Tier 1 and Tier 2 instruments.

Group results

Transitional arrangements related to the application of IFRS9

Starting from 1 January 2018, the IFRS9 accounting standard entered into force, envisaging a new framework for provisioning computation based on expected credit losses rather than on incurred losses. As at first-time adoption date, UniCredit group decided not to apply for the transitional arrangements provisioned in CRR for IFRS9.

Being UniCredit group still in the position to benefit of the IFRS9 transitional arrangements from the possibility allowed by the Regulation to reverse once during the transitional period the choice made at the inception, and also in light of the ECB Recommendation issued on 20 March 2020 for institutions that had not already implemented the transitional IFRS9 arrangements, UniCredit group asked to the Competent Authority the approval to apply the transitional adjustment according to the revised framework introduced by the amended CRR2 both for the static component (i.e. first time adoption effects accounted as at 1 January 2018) and for the dynamic component (i.e. considering separately (i) the increase of LLP between 1 January 2020 and 1 January 2018 and (ii) the increase of LLP accounted after 1 January 2020). The Competent Authority granted the permission to fully apply the transitional arrangements set out in article 473a of CRR starting from the second quarter 2020.

From a methodological standpoint, it is worth mentioning that the IFRS9 transitional adjustment represents a "one-off" positive adjustment to be recognised in the calculation of CET1 capital, which does not originate indirect impacts on the calculation of other CET1 elements apart from the amount of DTA arising from temporary difference to be deducted. In this respect, considering article 473a(7) of the amended CRR2, the portion of DTA arising from temporary differences which is related to the transitional amount added back to CET1 shall be excluded from the amount of DTA to be deducted from CET1 following the regulatory netting.

Specifically, with reference to each component of the adjustment, it is worth mentioning the following interpretations of the regulation:

- the static component of the adjustment to be considered (ref. to elements A2,SA and A2,IRB in Art.473a) is the entire amount of LLPs, both referred to performing and non-performing assets, considering separately Standard (STD) and IRB exposures, booked in IFRS9 First Time Adoption. According to article 473a of the amended CRR2, the transitional adjustment corresponding to the static component is calculated by applying the following percentage factors: 70% for 2020, 50% for 2021, 25% for 2022, 0% starting from 2023;
- the dynamic component of the adjustment includes only LLPs referred to performing assets (i.e. sum of LLPs under IFRS9 Stage1 and Stage2) according to article 473a (3). Furthermore, the dynamic component is composed of the following two elements:
  - **element 1**: the increase of LLP between 1 January 2020 and 1 January 2018; in case of IRB exposures the amount of LLPs is reduced by the regulatory expected losses (EL) at both dates. Such element 1 is subject to the following transitional percentages (i.e., the same applied to the static component): 70% for 2020, 50% for 2021, 25% for 2022, 0% starting from 2023;
  - **element 2**: the increase of LLP accounted after 1 January 2020. In case of IRB exposures, the amount of LLPs is reduced by the regulatory expected losses (EL) at both 1 January 2020 and subsequent reference dates. Such element 2 is subject to the following transitional percentages: 100% for 2020 and 2021, 75% for 2022, 50% for 2023, 25% for 2024, 0% starting from 2025;
- lastly, according to 473a(7) of the amended CRR2, the transitional adjustment applied to CET1 and related to STD exposures (i.e. ABSA) has to be reflected in RWEA when calculating the transitional RWEA, in order to consider the increase in the exposure value determined in accordance with CRR article 111(1) due to the minor amount of LLPs reducing CET1.

As at second quarter 2024, the transitional arrangements related to the application of IFRS9 generate a positive adjustment on CET1 capital for approximately €0.3 billion (11 basis points).

Countercyclical Capital buffer (CCyB)

According to the CRDIV article 130, the Countercyclical Capital buffer (CCyB) shall be calculated on a quarterly basis. With reference to the second quarter 2024, the countercyclical rates have been changed versus first quarter 2024 with reference to the following counties: Czech Republic (from 2.00% to 1.75%), Croatia (from 1.00% to 1.50%), Cyprus (from 0.50% to 1.00%), Ireland (from 1.00% to 1.50%), Netherlands (from 1.00% to 2.00%), Belgium (from 0.00% to 0.50%), Chile (from 0.00% to 0.50%), South Korea (from 0.00% to 1.00%); as well, as at the same date, UniCredit group countercyclical capital reserve is equal to 0.46%, increased compared with first quarter 2024 (equal to 0.44%), mainly due to the changes in countercyclical rate in Netherlands and to the increase in exposures in United Kingdom, Bulgaria and Ireland.

Systemic Risk Buffer (SyRB)

In accordance with the provisions laid down in article 133 of Directive 2013/36/EU, the German Federal Financial Supervisory Authority (BaFin) defined a 2% Systemic Risk Buffer (SyRB) rate to be applied on (i) all IRB exposures secured by residential immovable property located in Germany, and (ii) all Standard Approach based exposures fully and completely secured by residential immovable property as referred to in article 125(2) of Regulation (EU) 575/2013 and subsequent amendments, which is located in Germany.

This macroprudential measure is applicable starting from 1 February 2023, both in Germany and in all the others Member States where this macroprudential measure has been reciprocated. Following the ESRB's Recommendation ESRB/2022/4, on 20 October 2022 the Banca d'Italia reciprocated the German macroprudential measure asking for its applicability starting from the first quarter 2023.

Therefore, such measure is applicable to UniCredit group on consolidated basis, to be calculated on a quarterly basis; with reference to the second quarter 2024, UniCredit group systemic capital reserve is equal to 0.03%.

Group results

Deductions connected to investments in financial sector entities and deferred tax assets that rely on future profitability and arise from temporary differences

With reference to 30 June 2024, UniCredit exceeds the thresholds related to significant investments in CET1 instruments issued by financial sector entities and deferred tax assets that rely on future profitability and arise from temporary differences, generating a capital deduction from Common Equity Tier 1 Capital for €37 million. In particular, the deferred tax assets that rely on future profitability and arise from temporary differences summed up to the direct, indirect and synthetic holdings detained by UniCredit in financial sector entities in which UniCredit has a significant investment exceeds the threshold of 17.65% of the residual amount of Common Equity Tier 1 items after applying the adjustments and deductions in CRR articles 32 to 36 in full.

Atlante Fund and Italian Recovery Fund (ex Atlante Fund II)

As at 30 June 2024, the investment held by UniCredit in the quotes of Atlante Fund and Italian Recovery Fund (ex Atlante Fund II), for approximately €233 million, is primarily referred to investments in securitisation notes related to non-performing loans: the regulatory treatment of the Fund's quotes recognised in the UniCredit financial statements foresees the calculation of RWEA on the basis of each underlying assets of CIUs, in accordance with CRR article 152(2) and (4b).
With reference to the residual commitments, for €8.5 million, the regulatory treatment foresees the application of a credit conversion factor equal to 100% ("full risk" according to the Annex I of the CRR) and for the calculation of the related risk-weighted exposures, it is applied the CRR article 152(9).

Financial conglomerate

As at 30 June 2024 reporting date, the UniCredit group is exempted from the supplementary supervision, although it is recognised as a financial conglomerate by the Joint Committee (ref. communication JC 2023 82).

1. Common Equity Tier 1 Capital - CET1

Common Equity Tier 1 Capital mainly includes the following elements:

- Main Common Equity Tier 1 Capital items, recognised as Common Equity Tier 1 only where they are available to the institution for unrestricted and immediate use to cover risks or losses as soon as these occur: (I) capital instruments, provided the conditions laid down in CRR article 28 or, where applicable, article 29 are met; (II) share premium accounts related to the instruments referred to in point (I); (III) retained earnings; (IV) accumulated other comprehensive income; (V) other reserves; Common Equity Tier 1 Capital items also include minority interests for the computable amount recognised by the CRR;
- Prudential filters of Common Equity Tier 1 Capital: (I) filter related to increase in equity under the applicable accounting framework that results from securitised assets; (II) filter related to the fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value; (III) filter related to gains or losses on liabilities of the institution that are valued at fair value that result from changes in the own credit standing of the institution; (IV) filter related to all fair value gains and losses arising from the institution's own credit risk related to derivative liabilities; (V) filter related to additional value adjustments (prudent valuation);
- Deductions from Common Equity Tier 1 items: (I) intangible assets; (II) deferred tax assets (DTA) that rely on future profitability and do not arise from temporary differences; (III) negative amounts resulting from the calculation of expected loss amounts when compared with credit risk adjustments (shortfall) for those positions evaluated according to IRB methods; (IV) defined benefit pension fund assets on the Balance sheet of the institution; (V) direct, indirect and synthetic holdings by an institution of own Common Equity Tier 1 instruments, including own Common Equity Tier 1 instruments that an institution is to purchase under an actual or contingent obligation by virtue of an existing contractual obligation; (VI) exposures deducted from CET1 as an alternative to the application of 1,250% risk weight; (VII) the applicable amount of direct, indirect and synthetic holdings by the institution of Common Equity Tier 1 instruments of financial sector entities where the institution does not have a significant investment in those entities (deducted for the amount exceeding the thresholds foreseen by the regulation); (VIII) deferred tax assets (DTA) that rely on future profitability and arise from temporary differences, and the applicable amount of direct, indirect and synthetic holdings by the institution of the Common Equity Tier 1 instruments of financial sector entities where the institution has a significant investment in those entities (deducted for the amount exceeding the thresholds foreseen by the regulation); (IX) the applicable amount of insufficient coverage for non-performing exposures.

As at 30 June 2024, CET1 Capital includes ordinary shares issued by UniCredit S.p.A., equal to €20,746 million; such item does not include €609 million related to the ordinary shares underlying the Usufruct contract (Cashes) which are reclassified in Tier 2 Capital starting from 1 January 2022, following the end of the CRR1 grandfathering regime, being Tier 2 compliant according to CRR2 eligibility conditions.

2. Additional Tier 1 Capital - AT1

The AT1 positive elements are represented by the following items: (I) capital instruments, where the conditions laid down in CRR2 article 52 are met; (II) the share premium accounts related to the instruments referred to in point (I); (III) capital instruments for the amount computable in Own funds according to the transitional provisions foreseen by the CRR (grandfathering). Furthermore, the Additional Tier 1 Capital includes also the minority interests for the computable amount not already recognised in the Common Equity Tier 1 Capital.

3. Tier 2 Capital - T2

The T2 positive elements are represented by the following items: (I) capital instruments and subordinated loans where the conditions laid down in CRR2 article 63 are met; (II) the share premium accounts related to instruments referred to in point (I); (III) possible surplus of credit risk adjustments with reference to expected losses for positions evaluated according to IRB methods; (IV) capital instruments and subordinated loans for the amount computable in Own funds according to the transitional provisions foreseen by the CRR (grandfathering).

The Tier 2 Capital also includes the minority interests for the computable amount not already recognised in the Tier 1 Capital and the T2 instruments issued by the subsidiaries for the computable amount as defined by the CRR.

As at 30 June 2024, the Group Own Funds include the instruments issued before 27 June 2019, subject to grandfathering framework according to CRR2 article 494b.

Group results

Template EU CC1 - Composition of regulatory Own Funds

(€ million)

DESCRIPTION		a AMOUNTS AS AT 30.06.2024	AMOUNTS AS AT 31.03.2024
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts (A)	20,768	20,769
	of which: Ordinary shares	*20,768*	*20,769*
	of which: Instrument type 2	-	-
	of which: Instrument type 3	-	-
2	Retained earnings	28,545	28,119
3	Accumulated other comprehensive income (and other reserves) (B)	3,098	5,438
EU-3a	Funds for general banking risk	-	-
4	Amount of qualifying items referred to in article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	-	-
5	Minority interests (amount allowed in consolidated CET1)	59	55
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend (C)	-	-
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**52,471**	**54,381**
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	(283)	(287)
8	Intangible assets (net of related tax liability) (negative amount)	(1,384)	(1,317)
9	Not applicable		
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in article 38(3) CRR are met) (negative amount) (D)	(3,582)	(3,577)
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	336	338
12	Negative amounts resulting from the calculation of expected loss amounts	(8)	(7)
13	Any increase in equity that results from securitised assets (negative amount)	-	-
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	125	136
15	Defined-benefit pension fund assets (negative amount)	(36)	(34)
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount) (E)	(1,571)	(3,145)
17	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-
20	Not applicable		
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	(131)	(140)
EU-20b	*of which: qualifying holdings outside the financial sector (negative amount)*	-	-
EU-20c	*of which: securitisation positions (negative amount)*	*(131)*	*(140)*
EU-20d	*of which: free deliveries (negative amount)*	-	-
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38(3) CRR are met) (negative amount)	-	-
22	Amount exceeding the 17.65% threshold (negative amount) (F)	(37)	(12)
23	*of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities*	*(24)*	*(8)*
24	Not applicable		
25	*of which: deferred tax assets arising from temporary differences*	*(14)*	*(5)*
EU-25a	Losses for the current financial year (negative amount)	-	-
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	-	-
26	Not applicable		
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-	-
27a	Other regulatory adjustments (G)	(718)	(599)
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**(7,290)**	**(8,644)**
29	**Common Equity Tier 1 (CET1) capital**	**45,181**	**45,737**

Group results

continued: Template EU CC1 - Composition of regulatory Own Funds

(€ million)

	DESCRIPTION	a AMOUNTS AS AT 30.06.2024	AMOUNTS AS AT 31.03.2024
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	3,965	3,965
31	*of which: classified as equity under applicable accounting standards*	*3,965*	*3,965*
32	*of which: classified as liabilities under applicable accounting standards*	-	-
33	Amount of qualifying items referred to in article 484(4) CRR and the related share premium accounts subject to phase out from AT1	-	-
EU-33a	Amount of qualifying items referred to in article 494a(1) CRR subject to phase out from AT1	-	-
EU-33b	Amount of qualifying items referred to in article 494b(1) CRR subject to phase out from AT1 (H)	-	898
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	11	10
35	*of which: instruments issued by subsidiaries subject to phase out*	-	-
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**3,976**	**4,873**
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	(30)	(30)
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	-
41	Not applicable		
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-	-
42a	Other regulatory adjustments to AT1 capital	-	-
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**(30)**	**(30)**
44	**Additional Tier 1 (AT1) capital**	**3,946**	**4,843**
45	**Tier 1 capital (T1 = CET1 + AT1)**	**49,126**	**50,579**
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	7,625	7,585
47	Amount of qualifying items referred to in article 484(5) CRR and the related share premium accounts subject to phase out from T2 as described in article 486(4) CRR	-	-
EU-47a	Amount of qualifying items referred to in article 494a(2) CRR subject to phase out from T2	-	-
EU-47b	Amount of qualifying items referred to in article 494b(2) CRR subject to phase out from T2	-	-
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	402	398
49	*of which: instruments issued by subsidiaries subject to phase out*	-	-
50	Credit risk adjustments	882	888
51	**Tier 2 (T2) capital before regulatory adjustments**	**8,908**	**8,871**
Tier 2 (T2) capital: regulatory adjustments			
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	(58)	(53)
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-
54a	Not applicable		
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	(43)	(44)
56	Not applicable		
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	-	-
EU-56b	Other regulatory adjustments to T2 capital	-	-
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**(101)**	**(97)**
58	**Tier 2 (T2) capital**	**8,807**	**8,774**
59	**Total capital (TC = T1 + T2)**	**57,933**	**59,354**
60	**Total Risk exposure amount**	**276,889**	**279,606**

Group results

continued: Template EU CC1 - Composition of regulatory Own Funds

(€ million)

	DESCRIPTION	a AMOUNTS AS AT 30.06.2024	AMOUNTS AS AT 31.03.2024
Capital ratios and requirements including buffers			
61	Common Equity Tier 1 capital	16.32%	16.36%
62	Tier 1 capital	17.74%	18.09%
63	Total capital	20.92%	21.23%
64	Institution CET1 overall capital requirements (I)	10.12%	10.10%
65	*of which: capital conservation buffer requirement*	*2.50%*	*2.50%*
66	*of which: countercyclical capital buffer requirement*	*0.46%*	*0.44%*
67	*of which: systemic risk buffer requirement*	*0.03%*	*0.03%*
EU-67a	*of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement*	*1.50%*	*1.50%*
EU-67b	*of which: additional own funds requirements to address the risks other than the risk of excessive leverage*	*1.13%*	*1.13%*
68	**Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements (J)**	**10.24%**	**10.59%**
National minima (if different from Basel III)			
69	Not applicable		
70	Not applicable		
71	Not applicable		
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	2,686	2,788
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	4,281	4,340
74	Not applicable		
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in article 38(3) CRR are met)	2,549	2,567
Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-	-
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	-	-
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap) (K)	2,395	2,569
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach (K)	882	888
Capital instruments subject to phase-out arrangements (only applicable between 1 January 2014 and 1 January 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements	-	-
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	-
82	Current cap on AT1 instruments subject to phase out arrangements	-	-
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	-
84	Current cap on T2 instruments subject to phase out arrangements	-	-
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	-

Notes to the template EU CC1 "Composition of regulatory Own Funds"

Amounts included in the notes below refer to 30 June 2024 if not otherwise specified. Regarding the transitional adjustments as at 30 June 2024 it is worth mentioning that:

- the grandfathering framework according to the CRR2 article 494 b) entered into force on 27 June 2019; it is applicable to the Additional T1 and T2 instruments issued before 27 June 2019 that do not comply with the CRR2 articles 52 and 63;
- it is decided to apply the transitional regime due to the introduction of IFRS9 accounting principle according to article 473a of Regulation (EU) 873/2020 that amends Regulation (EU) 876/2019.

Group results

A.
This item does not include €609 million related to the ordinary shares underlying the Usufruct contract (Cashes), which are reclassified in Tier 2, starting from 1 January 2022 under item "46. Capital instruments and the related share premium accounts", following the end of the CRR1 grandfathering regime, being Tier 2 compliant according to CRR2 eligibility conditions.

B.
The change compared to 31 March 2024 (negative for €2,339 million) mainly refers to: (i) cancellation of the unavailable reserve (equal to €1,585 million) created for the execution of the Second tranche of Buy-Back Program 2023, following the cancellation of the shares repurchased; (ii) negative effect (equal to €248 million) stemming from the FX impact of USD denominated AT1 instrument's repayment (ISIN XS1046224884), executed on the 3 June 2024; (iii) the negative effect (equal to €173 million) related to the payment of AT1 and Cashes coupons.

C.
Reference should be made to paragraph "Consolidated profit/loss eligible for Own Funds purposes" in the introductory section of this chapter.

D.
The amount of this item (equal to €3,582 million) does not consider the effects related to the IFRS9 transitional adjustments due to the end of the static component; hence, starting from 1 January 2023 the adjustment is no more included in item "27a. Other regulatory adjustments" as well.

E.
The amount reported in this item (equal to €1,571 million) is mainly related to the authorisation received from the Competent Authority for the Buy-Back Program 2023 and the connected repurchase of own shares.

F.
Reference should be made to paragraph "Deductions connected to investments in financial sector entities and deferred tax assets that rely on future profitability and arise from temporary differences" in the introductory section of this chapter.

G.
The amount reported in this item (equal to €718 million) mainly includes:
- the effect (positive for €307 million) related to the transitional arrangements referred to the entry into force of IFRS9 accounting principles according to article 473a of Regulation (EU) 873/2020 published on 27 June 2020 that amends Regulation (EU) 876/2019 only for the dynamic component of the transitional adjustment (applicable percentage in 2024 equal to 25%);
- the additional deduction of CET1 Capital due to article 3 of CRR (equal to €651 million) in accordance with ECB guidance to banks on non-performing loans;
- the adjustment to CET1 Capital due to prudential filter on fair value gains and losses arising from the institution's own credit risk related to derivative liabilities (negative for €94).

H.
The change compared to 31 March 2024 (negative for €898 million) is related to the execution, on the 3 June 2024, of the authorisation received by the competent authority to early redeem the AT1 instrument (ISIN XS1046224884).

I.
Reference should be made to table "Capital requirements and buffers for UniCredit group" in the introductory section of this chapter.

J.
The amount reported in this item is calculated by subtracting from the Common Equity Tier 1 capital ratio at the date (i.e. item 61: 16.32%): (i) the minimum Common Equity Tier 1 requirement (equal to 4.5%); (ii) the Pillar 2 requirement on CET1 (equal to 1.13%) in coherence with SREP results of 2023 and with the application of article 104a.4 of CRDV based on which the Pillar 2 requirement can be satisfied also through AT1 and T2 instruments (i.e. at least 75% through T1 and at least 56.25% through CET1); (iii) the shortfall on AT1 requirement covered trough the CET1 capital (equal to 0.45%).
The change compared to 31 March 2024 mainly depends on the following items: (i) decrease in Common Equity Tier 1 Capital for €556 million and (ii) decrease in Risk Weighted Exposures Amounts for €2,717 million.

K.
The amounts included in items 78 e 79 do not consider the effects related to the transitional adjustments due to IFRS9 that are included in item "27a. Other regulatory adjustments".

Group results

Risk weighted exposure amounts

Template EU OV1 - Overview of risk weighted exposure amounts

(€ million)

DESCRIPTION		RISK WEIGHTED EXPOSURE AMOUNTS (RWEAs) a 30.06.2024	RISK WEIGHTED EXPOSURE AMOUNTS (RWEAs) b 31.03.2024	TOTAL OWN FUNDS REQUIREMENTS c 30.06.2024
1	**Credit risk (excluding CCR)**	**221,424**	**222,363**	**17,714**
2	*Of which the standardised approach*	*77,657*	*77,892*	*6,213*
3	*Of which the foundation IRB (F-IRB) approach*	*13,037*	*13,068*	*1,043*
4	*Of which slotting approach*	*3,713*	*3,687*	*297*
EU 4a	*Of which equities under the simple risk weighted approach*	*1,335*	*1,290*	*107*
5	*Of which the advanced IRB (A-IRB) approach*	*123,155*	*123,748*	*9,852*
6	**Counterparty credit risk - CCR**	**7,921**	**8,405**	**634**
7	*Of which the standardised approach*	*1,380*	*1,636*	*110*
8	*Of which internal model method (IMM)*	*4,727*	*5,039*	*378*
EU 8a	*Of which exposures to a CCP*	*495*	*408*	*40*
EU 8b	*Of which credit valuation adjustment - CVA*	*1,039*	*1,026*	*83*
9	*Of which other CCR*	*280*	*295*	*22*
10	*Not applicable*			
11	*Not applicable*			
12	*Not applicable*			
13	*Not applicable*			
14	*Not applicable*			
15	**Settlement risk**	**5**	**5**	**0**
16	**Securitisation exposures in the non-trading book (after the cap)**	**7,287**	**7,130**	**583**
17	*Of which SEC-IRBA approach*	*2,135*	*2,003*	*171*
18	*Of which SEC-ERBA (including IAA)*	*3,076*	*2,963*	*246*
19	*Of which SEC-SA approach*	*1,645*	*1,691*	*132*
EU 19a	*Of which 1250%/deduction*	-	-	-
	Of which Specific treatment for senior tranches of qualifying NPE securitisations	*431*	*472*	*34*
20	**Position, foreign exchange and commodities risks (Market risk)**	**9,039**	**9,891**	**723**
21	*Of which the standardised approach*	*6,217*	*6,761*	*497*
22	*Of which IMA*	*2,822*	*3,130*	*226*
EU 22a	**Large exposures**	**-**	**-**	**-**
23	**Operational risk**	**31,213**	**31,813**	**2,497**
EU 23a	*Of which basic indicator approach*	*1,114*	*1,112*	*89*
EU 23b	*Of which standardised approach*	*3,156*	*3,023*	*252*
EU 23c	*Of which advanced measurement approach*	*26,944*	*27,678*	*2,155*
24	**Amounts below the thresholds for deduction (subject to 250% risk weight) (for information)**	**17,086**	**17,279**	**1,367**
25	*Not applicable*			
26	*Not applicable*			
27	*Not applicable*			
28	*Not applicable*			
29	**Total**	**276,889**	**279,606**	**22,151**

Group results

Capital strengthening

With reference to the Additional Tier 1 instruments recognised in the "Equity Instruments" item of Shareholders' Equity (so-called "Non-Cumulative Temporary Write-Down Deeply Subordinated Fixed Rate Resettable Notes") on 3 June 2024 UniCredit S.p.A. exercised its option to early redeem in whole the Additional Tier 1 instruments issued on 3 April 2014 for a total amount of USD 1,25 billion in accordance with the relevant terms and conditions of the securities. The notes called up have been redeemed at par, together with accrued and unpaid interests.
During the first half of 2024, no further issues of Additional Tier 1 instruments were placed.

For additional information concerning shares capital changes and dividends pay-out of the year, both cash and through share buy-back programs, refer to chapter "Group and UniCredit share historical data series" of this Consolidated interim report on operations.

Shareholders' equity attributable to the Group

The Shareholders' equity of the Group, including the net result of the period equal to +€5,236 million, amounts to €62,013 million as at 30 June 2024, compared to €64,079 million as at 31 December 2023.
The following table shows the main changes occurred in the first half of 2024.

Shareholders' equity attributable to the Group

(€ million)

Shareholders' equity as at 31 December 2023	**64,079**
Dividends and other allocations	(3,044)
Equity instruments	(1,156)
Share buyback	(2,900)
Change in reserve related coupon on AT1 instruments	(110)
Charges related to transaction denominated "Cashes"	(126)
Change in the valuation reserve relating to the financial assets and liabilities at fair value	(150)
Change in the valuation reserve relating to exchange differences	158
Other changes	26
Net profit (loss) for the period	5,236
Shareholders' equity as at 30 June 2024	**62,013**

Notes:
The change in equity instruments is gross of transaction costs for -€10 million and includes exchange differences for €-248 million.
The change in the valuation reserve relating to exchange differences is mainly due to the impact of Russian Ruble for +€236 million, Czech Crown for -€44 million and Hungarian Forint for -€40 million.

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

Group results

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

For further information about the organisational structure, reference is made to Part L- Segment reporting, Explanatory notes.

Italy

Income statement, key ratios and indicators

(€ million)

ITALY	H1 2024	H1 2023	% CHANGE	2024 Q2	% CHANGE ON Q1 2024
Revenue	5,817	5,506	+ 5.6%	2,903	- 0.4%
Operating costs	(1,969)	(1,956)	+ 0.6%	(984)	- 0.1%
Loan loss provisions (LLPs)	(246)	(225)	+ 9.7%	(102)	- 29.4%
NET OPERATING PROFIT (LOSS)	3,601	3,325	+ 8.3%	1,817	+ 1.8%
PROFIT (LOSS) BEFORE TAX	3,365	2,906	+ 15.8%	1,777	+ 11.9%
Customers loans (net Repos and IC)	147,849	162,169	- 8.8%	147,849	- 1.3%
Customers depos (net Repos and IC)	186,270	188,879	- 1.4%	186,270	+ 0.8%
Total RWEA Eop	102,925	114,792	- 10.3%	102,925	- 1.5%
EVA (€ million)	1,403	1,096	+ 28.0%	742	+ 12.2%
Absorbed Capital (€ million)	13,781	15,260	- 9.7%	13,611	- 2.4%
ROAC	+ 32.0%	+ 25.0%	+ 7.0 p.p.	+ 33.4%	+ 2.8 p.p.
Cost/Income	33.9%	35.5%	- 1.7 p.p.	33.9%	0.1 p.p.
Cost of Risk	28 bps	24 bps	5 bps	23 bps	- 10 bps
Full Time Equivalent (eop)	27,151	27,935	- 2.8%	27,151	- 0.8%

Germany

Income statement, key ratios and indicators

(€ million)

GERMANY	H1 2024	H1 2023	% CHANGE	2024 Q2	% CHANGE ON Q1 2024
Revenue	2,866	2,892	- 0.9%	1,399	- 4.6%
Operating costs	(1,123)	(1,201)	- 6.5%	(558)	- 1.2%
Loan loss provisions (LLPs)	(135)	(58)	n.m.	(68)	+ 3.6%
NET OPERATING PROFIT (LOSS)	1,608	1,633	- 1.5%	773	- 7.5%
PROFIT (LOSS) BEFORE TAX	1,568	1,334	+ 17.5%	742	- 10.1%
Customers loans (net Repos and IC)	127,025	126,689	+ 0.3%	127,025	+ 0.0%
Customers depos (net Repos and IC)	130,228	138,954	- 6.3%	130,228	- 3.6%
Total RWEA Eop	67,571	74,321	- 9.1%	67,571	- 1.5%
EVA (€ million)	530	501	+ 5.9%	225	- 26.5%
Absorbed Capital (€ million)	8,918	10,087	- 11.6%	8,856	- 1.4%
ROAC	+ 21.5%	+ 18.7%	+ 2.8 p.p.	+ 19.7%	- 3.5 p.p.
Cost/Income	39.2%	41.5%	- 2.4 p.p.	39.9%	1.4 p.p.
Cost of Risk	21 bps	9 bps	12 bps	21 bps	0 bps
Full Time Equivalent (eop)	9,617	10,561	- 8.9%	9,617	- 1.2%

Group results

Central Europe

Income statement, key ratios and indicators

(€ million)

CENTRAL EUROPE	H1 2024	H1 2023	% CHANGE	2024 Q2	% CHANGE ON Q1 2024
Revenue	2,180	2,062	+ 5.8%	1,110	+ 3.8%
Operating costs	(796)	(793)	+ 0.4%	(403)	+ 2.6%
Loan loss provisions (LLPs)	25	61	- 58.5%	(22)	n.m.
NET OPERATING PROFIT (LOSS)	1,409	1,329	+ 6.0%	686	- 5.3%
PROFIT (LOSS) BEFORE TAX	1,280	1,107	+ 15.6%	676	+ 11.9%
Customers loans (net Repos and IC)	93,380	96,989	- 3.7%	93,380	- 0.4%
Customers depos (net Repos and IC)	94,542	92,694	+ 2.0%	94,542	+ 1.2%
Total RWEA Eop	58,838	61,013	- 3.6%	58,838	- 1.1%
EVA (€ million)	518	422	+ 22.7%	294	+ 30.9%
Absorbed Capital (€ million)	7,714	7,912	- 2.5%	7,660	- 1.4%
ROAC	+ 24.3%	+ 20.7%	+ 3.7 p.p.	+ 26.2%	+ 3.8 p.p.
Cost/Income	36.5%	38.5%	- 1.9 p.p.	36.3%	- 0.4 p.p.
Cost of Risk	- 5 bps	- 13 bps	7 bps	9 bps	29 bps
Full Time Equivalent (eop)	9,892	10,470	- 5.5%	9,892	- 1.5%

Eastern Europe

Income statement, key ratios and indicators

(€ million)

EASTERN EUROPE	H1 2024	H1 2023	% CHANGE	2024 Q2	% CHANGE ON Q1 2024
Revenue	1,407	1,217	+ 15.6%	706	+ 0.7%
Operating costs	(426)	(413)	+ 3.2%	(213)	+ 0.2%
Loan loss provisions (LLPs)	101	31	n.m.	78	n.m.
NET OPERATING PROFIT (LOSS)	1,082	835	+ 29.6%	571	+ 11.7%
PROFIT (LOSS) BEFORE TAX	1,029	779	+ 32.2%	555	+ 17.1%
Customers loans (net Repos and IC)	35,578	32,504	+ 9.5%	35,578	+ 4.0%
Customers depos (net Repos and IC)	47,101	44,220	+ 6.5%	47,101	+ 1.2%
Total RWEA Eop	30,737	27,882	+ 10.2%	30,737	+ 3.8%
EVA (€ million)	547	398	+ 37.3%	296	+ 17.7%
Absorbed Capital (€ million)	3,788	3,472	+ 9.1%	3,852	+ 3.4%
ROAC	+ 40.8%	+ 34.5%	+ 6.3 p.p.	+ 42.7%	+ 3.7 p.p.
Cost/Income	30.3%	33.9%	- 3.6 p.p.	30.2%	- 0.2 p.p.
Cost of Risk	- 59 bps	- 19 bps	- 39 bps	- 89 bps	- 62 bps
Full Time Equivalent (eop)	12,804	13,432	- 4.7%	12,804	- 1.1%

Group results

Russia

Income statement, key ratios and indicators

(€ million)

RUSSIA	H1 2024	H1 2023	% CHANGE	2024 Q2	% CHANGE ON Q1 2024
Revenue	580	536	+ 8.2%	298	+ 5.5%
Operating costs	(113)	(121)	- 6.7%	(57)	+ 1.0%
Loan loss provisions (LLPs)	136	79	+ 71.9%	99	n.m.
NET OPERATING PROFIT (LOSS)	604	495	+ 22.0%	340	+ 29.0%
PROFIT (LOSS) BEFORE TAX	423	348	+ 21.6%	157	- 40.9%
Customers loans (net Repos and IC)	2,547	4,713	- 46.0%	2,547	- 11.0%
Customers depos (net Repos and IC)	6,255	7,640	- 18.1%	6,255	- 8.1%
Total RWEA Eop	14,396	13,599	+ 5.9%	14,396	+ 5.7%
EVA (€ million)	(53)	(23)	n.m.	(99)	n.m.
Absorbed Capital (€ million)	1,817	1,964	- 7.5%	1,821	+ 0.4%
ROAC	+ 12.2%	+ 13.6%	- 1.5 p.p.	- 3.8%	- 32.0 p.p.
Cost/Income	19.4%	22.5%	- 3.1 p.p.	19.0%	- 0.8 p.p.
Cost of Risk	- 956 bps	- 281 bps	- 674 bps	n.m.	n.m.
Full Time Equivalent (eop)	3,064	3,302	- 7.2%	3,064	- 1.7%

Other information

Group activities development operations and other corporate transactions

Transactions and initiatives involving shareholdings

Purchase agreement of Alpha Bank Romania

In July 2024 UniCredit and Alpha International Holdings Single Member signed a share purchase agreement of Alpha Bank Romania S.A.
For further information refer to paragraph “Subsequent events” of this Consolidated interim report on operations and to paragraph “Section 4 - Events subsequent to the reference date” of Explanatory notes, Part A - Accounting policies, A.1 General.

Other information on Group activities

FINO project

In relation to the FINO Project (started in 2016 and completed in 2018), as at 30 June 2024, following the redemptions made, the Notes (Asset Backed Securities) owned by UniCredit S.p.A. amount to €52 million (€34 million recorded under item “30. Financial assets at fair value through other comprehensive income” pertaining to the Senior securities and in part to the Mezzanine securities, and €18 million recorded under item “20. Financial assets at fair value through profit or loss c) other financial assets mandatorily at fair value” in connection with the remaining Mezzanine securities and all the Junior Notes).
During the first half 2024, the evaluation of the notes classified among other assets mandatorily at fair value led to a negative impact of €2 million while, for the Notes classified among financial assets at fair value through other comprehensive income, an impairment has been recognised for €12 million, both due to the change in estimation of expected cash flows of the underlying securitised loans.
The receivables related to the Deferred Subscription Price (DSP/Deferred Purchase Price-DPP), owed to UniCredit S.p.A. by third-party entities belonging to the relevant third-party investor's groups, and deriving from the securitisation transactions completed during 2017, have been fully reimbursed in 2020, according to the contractual provisions.

Prisma transaction

In relation to Prisma transaction, finalised in the fourth quarter 2019 and referring to the securitisation of a non-performing loan Residential Mortgage Portfolio of €4.1 billion gross book value originated by UniCredit S.p.A. and transferred to the securitisation vehicle Prisma SPV S.r.l., issuer of the Asset Backed Securities (named also ABS or Notes), it should be noted that as at 30 June 2024, following the redemptions made, the total amount of the Notes owned by UniCredit S.p.A. amount to €452 million (of which €451 million recorded under item “30. Financial assets at fair value through other comprehensive income” pertaining to the Senior securities, and €1 million recorded under item “20. Financial assets at fair value through profit or loss c) other financial assets mandatorily at fair value” in connection with the Mezzanine and Junior Notes).
During the first half 2024, with reference to the notes recorded among the other financial assets mandatorily at fair value, a negative impact for €0.5 million was recognised in the Income statement while, for the Notes classified among financial assets at fair value through other comprehensive income, no impairment has been recognised in the Income statement.

Relais transaction

In relation to Relais transaction, realised in the fourth quarter 2020, and referring to the securitisation of a non-performing real estate lease portfolio of €1.6 billion claim originated by UniCredit Leasing S.p.A. (UCL) and transferred to the securitisation vehicle Relais SPV S.r.l., issuer of the Asset Backed Secured Notes (Senior, Mezzanine e Junior), it should be noted that, as at 30 June 2024, following the redemptions made, the notes amount to €252 million (Senior note for €237 million held by UniCredit S.p.A. and for €13 million held by UCL recognised in item “30. Financial asset at fair value through other comprehensive income”, Mezzanine and Junior notes for €2 million held by UCL and recognised under item “20. Financial assets at fair value through profit or loss c) other financial assets mandatorily at fair value”).
During the first half 2024, with reference to both the notes recorded among the Other financial assets mandatorily at fair value and the notes classified among Financial assets at fair value through other comprehensive income, no significant amount was recognised in the Income statement.

Olympia transaction

In relation to Olympia transaction, finalised in the fourth quarter 2021, and referring to the securitisation of a non-performing secured and unsecured loans, of €1.6 billion in terms of gross book value originated by UniCredit S.p.A. and transferred to the securitisation vehicle Olympia SPV S.r.l., issuer of the Asset Backed Securities (named also ABS or Notes), it should be noted that, as at 30 June 2024, following the redemptions made, the total amount of the Notes owned by UniCredit S.p.A. amount to €132 million (of which €131 million recorded under item “30. Financial assets at fair

Other information

value through other comprehensive income" pertaining to the Senior securities, and €1 million recorded under item "20. Financial assets at fair value through profit or loss c) other financial assets mandatorily at fair value" in connection with the Mezzanine and Junior Notes).
During the first half 2024, with reference both to the notes recorded among the Other financial assets mandatorily at fair value and the notes classified among Financial assets at fair value through other comprehensive, no material impacts have been recognised in the Income statement.

Itaca transaction

In relation to Itaca transaction finalised in the second quarter 2022, and referring to the securitisation of a non-performing secured and unsecured loans of €0.9 billion in terms of gross book value originated by UniCredit S.p.A. and transferred to the securitisation vehicle Itaca SPV S.r.l., issuer of the Asset Backed Securities (named also ABS or Notes), it should be noted that, as at 30 June 2024, following the redemptions made, the total amount of the Notes owned by UniCredit S.p.A. amount to €42 million (of which €41 million recorded under item "30. Financial assets at fair value through other comprehensive income" pertaining to the Senior securities, and €1 million recorded under item "20. Financial assets at fair value through profit or loss c) other financial assets mandatorily at fair value" in connection with the Mezzanine and Junior Notes).
During the first half 2024, with reference to both the notes recorded among the Other financial assets mandatorily at fair value and the notes classified among Financial assets at fair value through other comprehensive, no material impacts have been recognised in the Income statement.

Altea transaction (Panthers project)

In relation to Altea transaction, finalised in the second quarter 2022 and referring to the securitisation of Unlikely to Pay secured and unsecured loan Portfolio of €2 billion gross book value originated by UniCredit S.p.A. and transferred to the securitisation vehicle Altea SPV S.r.l., issuer of the Asset Backed Securities (named also ABS or Note), it should be noted that, as at 30 June 2024, following the redemptions made, the total amount of the Notes owned by UniCredit S.p.A. amount to €312 million (of which Senior notes for €306 million recorded under item "40. Financial assets at amortised cost", Mezzanine and Junior notes for €6 million recorded under item "20. Financial assets at fair value through profit or loss c) other financial assets mandatorily at fair value").
During the first half 2024, with reference to both the notes recorded among the Financial assets at amortised cost and to the notes recorded in Other financial assets mandatorily at fair value, no significant impacts was recognised in the Income statement.

Purchase of Aurora fund

On 2 January 2024, UniCredit S.p.A. perfected the purchase of the 100% of the quota of Fondo Aurora, a real estate fund, from Fondo Pensione UniCredit.

Placement of a Tier 2 bond

On 9 January 2024 UniCredit S.p.A. placed a €1.0 billion Tier 2 benchmark, targeted to institutional investors.
The bond, with 10.25 years maturity callable after 5.25 years, pays a fixed coupon of 5.375% until April 2029 and has an issue price of 99.847%, equivalent to a spread of 280 bps over the reference mid swap rate. If not redeemed by the issuer, the coupon will be reset based on the then applicable 5-year swap rate, increased by the initial spread.

Placement of €1 billion Senior Non-Preferred bond

On 16 January UniCredit S.p.A. issued a fix-to-floater Senior Non-Preferred Bond for €1 billion with 7 years maturity and a call after year 6, targeted to institutional investors. A fixed coupon of 4.30% is paid with an issue/re-offer price of 99.751%.
The bond will have a one-time issuer call at year 6, as to maximise regulatory efficiency. Should the issuer not call the bond after 6 years, the coupons for the subsequent periods until maturity will reset to a floating rate equal to 3-months Euribor plus the initial spread of 180 bps, paid quarterly.

Early redemption of notes for €1 billion

On 23 January 2023 UniCredit S.p.A. announced that, with reference to the notes Fixed Rate Resettable Tier 2 Subordinated Callable, ISIN XS1953271225 dated 18 February 2019 for €1 billion, in accordance with the terms and conditions for the notes, it received the European Central Bank authorisation; the option to early redeem in whole the notes was exercised on 20 February 2024.

Issue of Senior Preferred Notes for €1.25 billion

On 27 February 2024 UniCredit S.p.A. issued a fixed rate Senior Preferred Bond for €1.25 billion with 10 years maturity, targeted to institutional investors.
The initial guidance of 170 bps over the 10-year mid swap rate has been revised downwards and set at 125 bps, resulting in a fixed coupon of 4.00% paid annually, with an issue/re-offer price of 99.935%.

Share Buy-Back Programmes

On 16 January UniCredit S.p.A. cancellation of No.72,239,501 treasury shares was ordered, without reduction of the share capital, pursuant to the resolutions passed by the Shareholders' Meeting on 31 March and 27 October 2023.

Other information

The number of shares cancelled is equal to the sum of the remaining shares purchased in execution of the “2022 Buy-Back Program” and not previously cancelled and the shares purchased in execution of the “First Tranche of the 2023 Buy-Back Program” up to the date of 29 December 2023.

Last March 2024 UniCredit S.p.A. announced the completion of the "First Tranche of the Buy-Back Programme 2023", communicated to the market on 30 October 2023 and initiated on the same date, purchasing No.95,995,258 shares for a total consideration of €2,500 million.
In the same month, UniCredit ordered the cancellation of No.37,815,422 treasury shares, without reduction of the share capital.
The number of shares cancelled is equal to the remaining shares purchased in execution of the “First Tranche of the 2023 Buy-Back Program” and not previously cancelled.

Following the ECB authorisation for the execution of the remainder of the 2023 share buy-back programme, on 12 April 2024 the Shareholders’ Meeting approved the share buy-back programme as part of the overall remuneration to shareholders: a first distribution, for a maximum disbursement of €3,085 million to be carried out also in several tranches during the 2024 relating to the residual part of the overall payout for the 2023 financial year (the "2023 SBB Residual") and a second distribution as an anticipation of the expected distributions for the 2024 financial year (the "2024 SBB Anticipation") defined on the base the Company’s results for the half 2024. The new remuneration policy, defined by the UniCredit Board of Directors also envisages the distribution of an interim cash dividend.

On 9 May 2024 the "Second Tranche of the Buy-Back Programme 2023 was launched for a maximum amount of €1,585 million as part of the residual amount of the overall payout for the 2023 financial year equal to €3,085 million ("2023 SBB Residual") and completed on 20 June 2024 with the purchase of No.44,859,171 treasury shares for a total consideration equal to the maximum expenditure authorised. On 26 June 2024 the shares purchased were canceled without reduction of the share capital.

At the end of June 2024, the third and final tranche of the 2023 share buy-back programme for a maximum amount of €1,500 million (the "Third Tranche of the Buy-Back Programme 2023"); this is the last part of the residual amount of the overall payout for the 2023 financial year equal to €3,085 million ("2023 SBB Residual"). The programme may be completed indicatively by September 2024.

For further information refer to paragraph “Group and UniCredit share historical data series” of this Consolidated interim report on operations.

Appointment of Chair and Chief Executive Officer of UniCredit S.p.A.

On 12 April 2024 UniCredit informed that the Board of Directors of UniCredit S.p.A, appointed Director Pietro Carlo Padoan as Chair of the Board of Directors and Director Andrea Orcel as Chief Executive Officer (CEO) with all the powers and authorisations necessary for this purpose.
It also appointed Director Elena Carletti as Deputy Vice Chair.
Moreover, the Board of Directors appointed the members of the Board Committees.

Early redemption of notes for USD 1,250 million

On 19 April 2024 UniCredit informed that, with reference to the notes Non Cumulative Temporary Write-Down deeply Subordinated Fixed Rate Resettable, ISIN XS1046224884 issued on 3 April 2014 for USD 1,250 million, in accordance with the terms and conditions of the notes, it received the European Central Bank authorisation; the option to early redeem in whole the notes was exercised on 3 June 2024.

Early redemption of notes for €1,250 million

On 3 June 2024 UniCredit announced that, with reference to Fixed to Fixed to Floating Rate Callable Senior Notes, ISIN XS2017471553 issued on 25 June 2019 for €1,250 million, in accordance with the terms and conditions for the notes, it received the Single Resolution Board authorisation; the option to early redeem in whole the notes was exercised on 25 June 2024.

Early redemption of notes for €750 million

On 3 June 2024 UniCredit announced that, with reference to Fixed to Floating Rate Callable Non-Preferred Senior Notes ISIN XS2021993212 issued on 3 July 2019 for €750 million, in accordance with the terms and conditions for the notes, it received the Single Resolution Board early redemption authorisation.
For further information refer to paragraph “Subsequent events” of this Consolidated interim report on operations.

Issues of Senior Non-Preferred bonds for an amount of €2 billion

On 4 June 2024, UniCredit successfully issued dual tranche Senior Non-Preferred bonds: €1 billion with 4 years maturity, callable after 3 years, and €1 billion with 10 years maturity, targeted to institutional investors.
For the 4 years bond, the initial guidance of 120 bps over the 3-year mid swap rate has been revised downwards and set at 85 bps, resulting in a fixed coupon of 3.875% paid annually, with an issue/re-offer price of 99.822%.

Other information

For the 10 years bond, the initial guidance of 180 bps over the 10-year mid swap rate has been revised downwards and set at 145 bps, resulting in a fixed coupon of 4.20% paid annually, with an issue/re-offer price of 99.904%.

MREL requirements set by Resolution Authorities
On 17 June 2024 it has been announced that, following the communication received by the Single Resolution Board (SRB) and Banca d'Italia, the Minimum Requirements for Own Funds and Eligible Liabilities (MREL) to be applied to UniCredit S.p.A. on a consolidated basis.

Organisational model

Significant organisational changes in the first half of 2024

Organisational structure
During the first half of 2024 the organisational set up has been revised coherently with the Group simplification strategies and business/operating model strengthening, e.g. within the Italy division perimeter for further simplifying and adapting the “buddy” organisational set up to the new service model and to the new and expanded commercial offer of the "on demand" bank; within the Central Europe & Eastern Europe division for streamlining the set-up by leveraging more on the support of central governance functions and the Group Client Solutions product lines; and within the Group Digital & Information division, revising the first reporting line for ensuring the alignment of the organisational set-up with the new operating model and to progress in its simplification.

Conversion of deferred tax assets (DTAs) into tax credits
On the basis of the 2023 accounting result, the conditions to carry out a new transformation of deferred tax assets for IRES and IRAP into tax credits are not verified.

In order to preserve for the future the regime of conversion of DTAs into tax credits, and in order to overcome the issues raised by the European Commission in connection to the application of State Aid rules, Art.11 of Law Decree No.59/2016, converted into Law No.119/2016 (as modified by Law Decree No.237/2016, converted in to Law No.15/2017) provides for the possibility, starting from 2016 till 2030, to elect for the payment of an annual fee equal to 1.5% of an aggregate amount deriving from the difference between:
- the increase in convertible DTAs recognised at the end of the fiscal year and the convertible DTAs existing as at the end of 2007, for IRES tax, and as at the end of 2012 for IRAP tax, taking into account the amounts already converted into tax credits (including those carried out pursuant to Art.44-bis Law Decree No.34/2019 as extended by Law Decree No.73/2021);
- taxes:
  - IRES paid starting by the Tax Group from 1 January 2008;
  - IRAP paid registered starting from 1 January 2013 by legal entities included in the Tax Group with convertible DTAs;
  - substitute taxes that generated convertible DTAs.

Certifications and other communications
With reference to the “Rules of Markets organised and managed by Borsa Italiana S.p.A.” dated 3 October 2011 (Title 2.6 “Obligations of issuers”, Section 2.6.2. “Disclosure requirements”, paragraph 10), reference is made to paragraph “Certifications and other communications” of the 2023 Annual reports and accounts, Consolidated report and accounts 2023 of UniCredit group, Consolidated report on operations, Other information.

With reference to paragraph 8 of Art.5 - “Public information on transactions with related parties" of Consob Regulation containing provisions relating to transactions with related parties (adopted by Consob with Resolution No.17221 of 12 March 2010, as subsequently amended by Resolution No.17389 of 23 June 2010), it should be noted that:
a) according to the Global Policy “Transactions with related parties, associated persons and Corporate Officers ex Art.136 CBA” adopted by the Board of Directors of UniCredit S.p.A. on 8 November 2023, and published on the website www.unicreditgroup.eu, in the first half 2024 the Bank’s Presidio Unico received no report of transaction of greater importance ended in the period;
b) in the first half of 2024, no transactions with related parties as defined by article 2427, paragraph 22-bis of the Civil Code were conducted, under different conditions from normal market conditions and materially affecting the Group’s financial and economic situation;
c) in the first half of 2024, there were no changes or developments in the individual transactions with related parties already described in the latest annual report that had a material effect on the Group’s financial position or results during the reference period.

For more information on related-party transactions refer to Part H - Related-party transactions, Explanatory notes.

Subsequent events and outlook

Subsequent events[13]

On 3 July 2024 UniCredit S.p.A. exercised the option to early redeem in whole the notes Fixed to Floating Rate Callable Non-Preferred Senior ISIN XS2021993212.
For further information refer to paragraph "Early redemption of notes for €750 million" in the chapter Group activities development operations and other corporate transactions, Other information on Group activities of this Consolidated interim report on operations.

In July 2024, UniCredit and Alpha International Holdings Single Member signed a share purchase agreement, pursuant to which UniCredit will acquire from Alpha International Holdings Single Member 90.1% of the share capital of Alpha Bank Romania S.A. (Alpha Bank Romania) in consideration of (i) 9.9% of the share capital of UniCredit Bank S.A. (UniCredit Romania) and (ii) €256 million in cash. The transaction is part of the strategic partnership between Alpha Services and Holdings S.A. and UniCredit announced on 23 October 2023. Completion of the transaction, subject to regulatory approvals, is expected within the end of 2024.

Always in July 2024, UniCredit S.p.A. entered into a binding agreement for the acquisition of the entire share capital of Aion Bank NV/SA and Vodeno S.p.z.o.o. (the "Companies"). The Companies combine an innovative, scalable, and flexible cloud-based platform with banking services based on Aion's ECB licence to enable fully end-to-end Banking-as-a-Service (BaaS) for both financial and non-financial companies across Europe. The Companies are able to embed financial solutions, including accounts, deposits, lending and payment propositions, directly into the customer journeys of retailers, e-Commerce marketplaces, fintechs, financial technology providers and banks. Closing of the transaction, subject to regulatory approvals, is expected in the fourth quarter 2024.

13 Up to the date of approval by the Board of Directors' Meeting of 23 July 2024 which, on the same date, authorised the publication also in accordance with IAS10.

Subsequent events and outlook

Outlook

US economy is expected to grow by 2.2% this year and by 1.3% in 2025, with quarterly GDP growth likely to slow in the second half of 2024 before recovering in 2025. The main drivers of private consumption have lost steam, while business investment is unlikely to offer much support amid election-related uncertainty and high interest rates. In China, GDP growth is forecasted to reach 4.8% this year and 4.3% in 2025. The outlook on the demand side is not bright: consumer confidence is not recovering and remains stuck at historically low levels. The main growth impulse is from exports and state-driven investment.
In the eurozone, economic activity surprised to the upside in the first quarter 2024, but with domestic demand still weak, the economic outlook remains uncertain. GDP is forecasted to rise by 0.6% this year and by 1.2% in 2025 as the drag from monetary policy eases while growth in real wages supports private consumption. A resilient labor market mitigates downside risks to activity.
In Italy, GDP is expected to expand by 0.8% in 2024 (on the back of stronger-than-expected growth in the first quarter 2024) and by 1.1% in 2025. Activity in industry, excluding construction, remains weak amid a still-modest recovery in demand and high financing costs, while the construction sector is likely to cool as the positive impact from housing tax credits has begun to fade. The main growth engine is likely to remain consumer demand and service activity, amid improving purchasing power and strong tourism and professional activities, together with investment related to the National Recovery and Resilience Plan. Disinflation has slowed in recent months, with eurozone headline inflation hovering around 2.5% since February, but the downward trend remains intact. Wage growth has likely peaked, while companies are increasingly absorbing high labor costs into their profit margins. The ECB cut interest rates at its June meeting without giving guidance about a future rate path. It is expected a slow easing cycle at a pace of 25bp per quarter in 2024.

The Group will remain focused on completing the transformation introduced by UniCredit Unlocked by further improving the profitability and sustainability of the performance achieved. Earnings quality, along with a continued focus on operational and capital efficiency, is the key to maximizing profitability and organic capital generation. The continuous attention paid to the customer will allow to further improve the quality of profits; this, together with the structural initiatives implemented and the investments made, will ensure future growth, allowing the Group to face the challenges and possible risks linked with the uncertainty of the global economic scenario. The combination of these elements will create further value for all stakeholders.

Milan, 23 July 2024

THE BOARD OF DIRECTORS

CHAIRMAN
PIETRO CARLO PADOAN

CEO
ANDREA ORCEL

Consolidated accounts

Consolidated balance sheet

(€ million)

	AMOUNTS AS AT	
ASSETS	30.06.2024	31.12.2023
10. Cash and cash balances	50,029	61,000
20. Financial assets at fair value through profit or loss:	63,576	65,014
a) financial assets held for trading	55,674	57,274
b) financial assets designated at fair value	244	220
c) other financial assets mandatorily at fair value	7,658	7,520
30. Financial assets at fair value through other comprehensive income	70,580	63,097
40. Financial assets at amortised cost:	577,497	556,978
a) loans and advances to banks	70,069	53,389
b) loans and advances to customers	507,428	503,589
50. Hedging derivatives	1,320	1,925
60. Changes in fair value of portfolio hedged items (+/-)	(3,707)	(3,264)
70. Equity investments	4,086	4,025
80. Insurance assets	-	-
a) insurance contracts issued that are assets	-	-
b) reinsurance contracts held that are assets	-	-
90. Property, plant and equipment	8,958	8,628
100. Intangible assets	2,194	2,272
of which: goodwill	-	-
110. Tax assets:	10,471	11,818
a) current	1,380	1,069
b) deferred	9,091	10,749
120. Non-current assets and disposal groups classified as held for sale	610	370
130. Other assets	13,311	13,111
Total assets	**798,925**	**784,974**

Consolidated accounts

(€ million)

LIABILITIES AND SHAREHOLDERS' EQUITY	AMOUNTS AS AT 30.06.2024	AMOUNTS AS AT 31.12.2023
10. Financial liabilities at amortised cost:	675,634	658,308
a) deposits from banks	82,941	71,069
b) deposits from customers	501,037	497,394
c) debt securities in issue	91,656	89,845
20. Financial liabilities held for trading	36,858	38,022
30. Financial liabilities designated at fair value	13,469	12,047
40. Hedging derivatives	750	2,359
50. Value adjustment of hedged financial liabilities (+/-)	(13,863)	(12,932)
60. Tax liabilities:	1,778	1,483
a) current	1,513	1,191
b) deferred	265	292
70. Liabilities associated with assets classified as held for sale	-	-
80. Other liabilities	14,722	13,566
90. Provision for employee severance pay	306	335
100. Provisions for risks and charges:	7,100	7,543
a) commitments and guarantees given	1,094	1,284
b) post-retirement benefit obligations	3,075	3,083
c) other provisions for risks and charges	2,931	3,176
110. Insurance liabilities	-	-
a) insurance contracts issued that are liabilities	-	-
b) reinsurance contracts held that are liabilities	-	-
120. Valuation reserves	(4,896)	(4,928)
130. Redeemable shares	-	-
140. Equity instruments	3,965	4,863
150. Reserves	36,546	35,063
160. Share premium	23	23
170. Share capital	21,368	21,278
180. Treasury shares (-)	(229)	(1,727)
190. Minority shareholders' equity (+/-)	158	164
200. Profit (Loss) for the period (+/-)	5,236	9,507
Total liabilities and shareholders' equity	**798,925**	**784,974**

Consolidated accounts

Consolidated income statement

(€ million)

ITEMS	AS AT 30.06.2024	AS AT 30.06.2023
10. Interest income and similar revenues	17,979	15,770
of which: interest income calculated with the effective interest method	*14,352*	*12,450*
20. Interest expenses and similar charges	(10,665)	(8,832)
30. Net interest margin	**7,314**	**6,938**
40. Fees and commissions income	4,530	4,250
50. Fees and commissions expenses	(840)	(811)
60. Net fees and commissions	**3,690**	**3,439**
70. Dividend income and similar revenues	341	217
80. Net gains (losses) on trading	1,347	1,215
90. Net gains (losses) on hedge accounting	(146)	38
100. Gains (Losses) on disposal and repurchase of:	69	192
a) financial assets at amortised cost	7	47
b) financial assets at fair value through other comprehensive income	64	123
c) financial liabilities	(2)	22
110. Net gains (losses) on other financial assets/liabilities at fair value through profit or loss:	(115)	(251)
a) financial assets/liabilities designated at fair value	(149)	(305)
b) other financial assets mandatorily at fair value	34	54
120. Operating income	**12,500**	**11,788**
130. Net losses/recoveries on credit impairment relating to:	(277)	(176)
a) financial assets at amortised cost	(269)	(180)
b) financial assets at fair value through other comprehensive income	(8)	4
140. Gains/Losses from contractual changes with no cancellations	(2)	(6)
150. Net profit from financial activities	**12,221**	**11,606**
160. Insurance service result	-	-
a) insurance revenues from insurance contracts issued	-	-
b) insurance service costs from insurance contracts issued	-	-
c) insurance revenues from reinsurance contracts held	-	-
d) insurance service costs from reinsurance contracts held	-	-
170. Insurance finance net revenues/costs	-	-
a) insurance finance net revenues/costs arising from insurance contracts issued	-	-
b) insurance finance net revenues/costs arising from reinsurance contracts held	-	-
180. Net profit from financial and insurance activities	**12,221**	**11,606**
190. Administrative expenses:	(4,905)	(5,302)
a) staff costs	(2,949)	(3,126)
b) other administrative expenses	(1,956)	(2,176)
200. Net provisions for risks and charges:	54	(75)
a) commitments and financial guarantees given	197	(34)
b) other net provisions	(143)	(41)
210. Net value adjustments/write-backs on property, plant and equipment	(332)	(382)
220. Net value adjustments/write-backs on intangible assets	(272)	(269)
230. Other operating expenses/income	387	239
240. Operating costs	**(5,068)**	**(5,789)**
250. Gains (Losses) of equity investments	184	144
260. Net gains (losses) on property, plant and equipment and intangible assets measured at fair value	(13)	(33)
270. Goodwill impairment	-	-
280. Gains (Losses) on disposals on investments	2	-
290. Profit (Loss) before tax from continuing operations	**7,326**	**5,928**
300. Tax expenses (income) for the period from continuing operations	(2,075)	(1,542)
310. Profit (Loss) after tax from continuing operations	**5,251**	**4,386**
320. Profit (Loss) after tax from discontinued operations	-	-
330. Profit (Loss) for the period	**5,251**	**4,386**
340. Minority profit (loss) for the period	(15)	(12)
350. Parent Company's profit (loss) for the period	**5,236**	**4,374**

Earnings per share (€)	3.058	2.282
Diluted earnings per share (€)	3.028	2.259

Consolidated accounts

Consolidated statement of total comprehensive income

(€ million)

ITEMS	AS AT 30.06.2024	AS AT 30.06.2023
10. Profit (Loss) for the period	**5,251**	**4,386**
Other comprehensive income after tax not reclassified to profit or loss	**(6)**	**(37)**
20. Equity instruments designated at fair value through other comprehensive income	36	15
30. Financial liabilities designated at fair value through profit or loss (own creditworthiness changes)	(9)	(26)
40. Hedge accounting of equity instruments designated at fair value through other comprehensive income	-	-
50. Property, plant and equipment	(13)	(42)
60. Intangible assets	-	-
70. Defined-benefit plans	(24)	(4)
80. Non-current assets and disposal groups classified as held for sale	(3)	-
90. Portion of valuation reserves from investments valued at equity method	7	20
100. Insurance finance revenue or costs arising from insurance contracts issued	-	-
Other comprehensive income after tax reclassified to profit or loss	**37**	**(133)**
110. Foreign investments hedging	1	(44)
120. Foreign exchange differences	158	(500)
130. Cash flow hedging	19	135
140. Hedging instruments (non-designated items)	-	-
150. Financial assets (different from equity instruments) at fair value through other comprehensive income	(176)	225
160. Non-current assets and disposal groups classified as held for sale	-	34
170. Part of valuation reserves from investments valued at equity method	35	17
180. Insurance finance revenue or costs arising from insurance contracts issued	-	-
190. Insurance finance revenue or costs arising from reinsurance contracts held	-	-
200. Total other comprehensive income after tax	**31**	**(170)**
210. Other comprehensive income (Item 10+200)	**5,282**	**4,216**
220. Minority consolidated other comprehensive income	(15)	(13)
230. Parent Company's consolidated other comprehensive income	**5,267**	**4,203**

Consolidated accounts

Statement of changes in the consolidated shareholders' equity as at 30 June 2024

(€ million)

	BALANCE AS AT 31.12.2023	CHANGE IN OPENING BALANCE	BALANCE AS AT 01.01.2024	PREVIOUS YEAR PROFIT (LOSS) ALLOCATION: RESERVES	PREVIOUS YEAR PROFIT (LOSS) ALLOCATION: DIVIDENDS AND OTHER ALLOCATIONS	CHANGES IN THE PERIOD: CHANGES IN RESERVES	SHAREHOLDERS' EQUITY TRANSACTIONS: ISSUE OF NEW SHARES	SHAREHOLDERS' EQUITY TRANSACTIONS: PURCHASE OF TREASURY SHARES	SHAREHOLDERS' EQUITY TRANSACTIONS: DIVIDENDS EXTRAORDINARY DISTRIBUTION	SHAREHOLDERS' EQUITY TRANSACTIONS: CHANGE IN EQUITY INSTRUMENTS	SHAREHOLDERS' EQUITY TRANSACTIONS: TREASURY SHARES DERIVATIVES	SHAREHOLDERS' EQUITY TRANSACTIONS: STOCK OPTIONS	SHAREHOLDERS' EQUITY TRANSACTIONS: CHANGES IN EQUITY INVESTMENTS	OTHER COMPREHENSIVE INCOME FIRST HALF 2024	TOTAL SHAREHOLDERS' EQUITY AS AT 30.06.2024	GROUP SHAREHOLDERS' EQUITY AS AT 30.06.2024	MINORITY SHAREHOLDERS' EQUITY AS AT 30.06.2024
Share capital:	21,331	-	21,331	-	-	-	90	-	-	-	-	-	-	-	21,421	21,368	53
- ordinary shares	*21,331*	-	*21,331*	-	-	-	*90*	-	-	-	-	-	-	-	*21,421*	*21,368*	*53*
- other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premium	50	-	50	-	-	-	-	-	-	-	-	-	-	-	50	23	27
Reserves:	35,124	-	35,124	6,469	-	(4,921)	(90)	-	-	-	-	32	-	-	36,614	36,546	68
- from profits	*25,399*	-	*25,399*	*6,469*	-	*(3,289)*	*(90)*	-	-	-	-	-	-	-	*28,489*	*28,546*	*(57)*
- other	*9,725*	-	*9,725*	-	-	*(1,632)*	-	-	-	-	-	*32*	-	-	*8,125*	*8,000*	*125*
Valuation reserves	(4,932)	-	(4,932)	-	-	-	-	-	-	-	-	-	-	31	(4,901)	(4,896)	(5)
Equity instruments	4,863	-	4,863	-	-	-	-	-	-	(898)	-	-	-	-	3,965	3,965	-
Treasury shares	(1,727)	-	(1,727)	-	-	-	4,398	(2,900)	-	-	-	-	-	-	(229)	(229)	-
Profit (Loss) for the period	9,534	-	9,534	(6,469)	(3,065)	-	-	-	-	-	-	-	-	5,251	5,251	5,236	15
Total shareholders' equity	**64,243**	**-**	**64,243**	**-**	**(3,065)**	**(4,921)**	**4,398**	**(2,900)**	**-**	**(898)**	**-**	**32**	**-**	**5,282**	**62,171**	**62,013**	**158**
Group shareholders' equity	64,079	-	64,079	-	(3,044)	(4,921)	4,398	(2,900)	-	(898)	-	32	-	5,267	62,013		
Minority shareholders' equity	164	-	164	-	(21)	-	-	-	-	-	-	-	-	15	158		

The amounts disclosed in column "Stock Options" represent the effects of the delivery of shares connected with Group Executive Incentive Plans.
The cumulated change of valuation reserves, for +€31 million, mainly includes the effect of the variation for:

- +€157 million of exchange differences, mainly related to effect of Russian Ruble for +€236 million, Czech Crown for -€44 million and Hungarian Forint for -€40 million;
- +€42 million of investments valued at net equity;
- +€29 million of non-current assets and disposal groups classified as held for sale;
- -€149 million of financial assets and liabilities at fair value;
- -€44 million of property, plant and equipment related to the properties used in business, ruled by IAS16 "Property, plant and equipment".

The change in Group share capital refers to the increase for +€90 million following the resolution of the Board of Directors of 4 February 2024 of UniCredit S.p.A. executed through a withdrawal from the specifically constituted reserve, for the issue of the shares connected to the medium term incentive plan for Group personnel.
Following the resolutions of the Shareholders' Meeting of UniCredit S.p.A. of 12 April 2024, the following events occurred:
(i) allocation of the net profit of the year 2023 to Reserves from profits and in particular to: (a) a specific reserve for tax on banks' extra-profits for €1,125 million[14]; (b) Reserve for social, charity and cultural initiatives for €5 million; (c) Reserve for the issue of the shares connected to the medium-term incentive plan for Group personnel for €100 million and (d) Statutory reserve for €6,989 million;
(ii) coverage of the negative reserves for a total amount of €445 million by use of: (a) the Reserve from business combinations (IFRS3) for €270 million to cover the reserve related to the payment of AT1 coupons and the Reserve deriving from payments related to the "equity-settled share based payments" settled in cash; (b) the Statutory reserve for €175 million to cover the reserve emerged from the cash-out related to the usufruct contract connected to the "Cashes" financial instruments;
(iii) establishment of the specific unavailable reserve for €3,085 million for the execution of the "Second and Third Tranche of Share Buy-Back Programme 2023", with withdrawal from the Statutory reserve.
The change of the other reserves includes also the payment of coupons on AT1 equity instruments for -€110 million and the allocation to reserves of the cash-out related to the usufruct contract connected to the "Cashes" financial instruments for -€126 million.

14 For further details reference is made to paragraph "Windfall tax Italy", Notes to the consolidated accounts, Part A - Accounting policies, Section 5 - Other matters of the Consolidated financial statements as at 31 December 2023.

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Moreover, the positive change in the item "Treasury shares" for +€1,498 million refers for:
(i) -€2,900 million to the purchase of ordinary shares, under execution of “First, Second and Third Tranche of the Buy-Back Programme 2023”; the “First Tranche” was completed on 7 March 2024, the “Second Tranche” was completed on 20 June 2024, while the “Third Tranche” has started on 24 June 2024 and is in progress;
(ii) +€4,398 million to the cancellation of the treasury shares purchased in execution of the Buy-Back Programme 2022 (on 16 January 2024) and the Second and Third Tranche of the Buy-Back Programme 2023 (on 26 March 2024 and 26 June 2024 respectively), by use of the established unavailable reserve (amount conventionally disclosed in the column “Issue of new shares”).

The change in the period in the item “Equity instruments” refers to early redemption of the Additional Tier 1 instruments (ISIN XS1046224884) for -€898 million, net of the related placement costs and exchange differences, in accordance with the relevant terms and conditions of the securities.

For further details about the Shareholders’ equity changes see Part B - Liabilities, Section 13 of the Explanatory notes.

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Statement of changes in the consolidated shareholders' equity as at 30 June 2023

(€ million)

				PREVIOUS YEAR PROFIT (LOSS) ALLOCATION		CHANGES IN THE PERIOD											
							SHAREHOLDERS' EQUITY TRANSACTIONS										
	BALANCE AS AT 31.12.2022	CHANGE IN OPENING BALANCE	BALANCE AS AT 01.01.2023	RESERVES	DIVIDENDS AND OTHER ALLOCATIONS	CHANGES IN RESERVES	ISSUE OF NEW SHARES	PURCHASE OF TREASURY SHARES	DIVIDENDS EXTRAORDINARY DISTRIBUTION	CHANGE IN EQUITY INSTRUMENTS	TREASURY SHARES DERIVATIVES	STOCK OPTIONS	CHANGES IN EQUITY INVESTMENTS	OTHER COMPREHENSIVE INCOME FIRST HALF 2023	TOTAL SHAREHOLDERS' EQUITY AS AT 30.06.2023	GROUP SHAREHOLDERS' EQUITY AS AT 30.06.2023	MINORITY SHAREHOLDERS' EQUITY AS AT 30.06.2023
Share capital:	21,273	-	21,273	-	-	-	58	-	-	-	-	-	-	-	21,331	21,278	53
- ordinary shares	*21,273*	-	*21,273*	-	-	-	*58*	-	-	-	-	-	-	-	*21,331*	*21,278*	*53*
- other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share premium	2,544	-	2,544	-	-	(2,494)	-	-	-	-	-	-	-	-	50	23	27
Reserves:	31,726	-	31,726	4,556	-	2,147	(58)	-	-	-	-	36	-	-	38,407	38,345	62
- from profits	*23,664*	-	*23,664*	*4,556*	-	*(213)*	*(58)*	-	-	-	-	-	-	-	*27,949*	*28,013*	*(64)*
- other	*8,062*	-	*8,062*	-	-	*2,360*	-	-	-	-	-	*36*	-	-	*10,458*	*10,332*	*126*
Valuation reserves	(4,619)	-	(4,619)	-	-	125	-	-	-	-	-	-	-	(170)	(4,664)	(4,658)	(6)
Equity instruments	6,100	-	6,100	-	-	-	-	-	-	(1,237)	-	-	-	-	4,863	4,863	-
Treasury shares	-	-	-	-	-	-	-	(2,344)	-	-	-	-	-	-	(2,344)	(2,344)	-
Profit (Loss) for the period	6,473	-	6,473	(4,556)	(1,917)	-	-	-	-	-	-	-	-	4,386	4,386	4,374	12
Total shareholders' equity	**63,497**	**-**	**63,497**	**-**	**(1,917)**	**(222)**	**-**	**(2,344)**	**-**	**(1,237)**	**-**	**36**	**-**	**4,216**	**62,029**	**61,881**	**148**
Group shareholders' equity	63,339	-	63,339	-	(1,895)	(221)	-	(2,344)	-	(1,237)	-	36	-	4,203	61,881		
Minority shareholders' equity	158	-	158	-	(22)	(1)	-	-	-	-	-	-	-	13	148		

The amounts disclosed in column "Stock Options" represented the effects of the delivery of shares connected with Group Executive Incentive Plans.
The cumulated change of valuation reserves, for -€45 million, mainly included the effect of the variation for:

- +€213 million of financial asset and liabilities at fair value;
- +€196 million of investments valued at net equity;
- +€135 million of cash-flow hedges;
- -€42 million of property, plant and equipment related to the properties used in business, ruled by IAS16 "Property, plant and equipment";
- -€44 million of hedges of foreign investments;
- -€500 million of exchange differences, mainly related to effect of Russian Ruble for -€629 million, Hungarian Forint for +€86 million and Czech Crown for +€51 million.

The change in Group share capital referred to the increase for +€58 million following the resolution of the Board of Directors of 16 February 2023 of UniCredit S.p.A. executed through a withdrawal from the specifically constituted reserve, for the issue of the shares connected to the medium term incentive plan for Group personnel.
Following the resolutions of the Shareholders' Meeting of UniCredit S.p.A. of 31 March 2023, the following events occurred:
(i) allocation of the net profit of the year 2022 to Reserves from profits and in particular to: (a) specific Reserve for social, charity and cultural initiatives for €5 million; (b) Reserve for the issue of the shares connected to the medium term incentive plan for Group personnel for €75 million; (c) Legal reserve for €100 million and (d) Statutory reserve for €1,032 million;
(ii) coverage of the negative reserves for a total amount of €376 million by use of: (a) the Share premium reserve for €302 million to eliminate the negative components related to the payment of AT1 coupons; (b) the Statutory reserve for €74 million to cover the negative reserve emerged from the cash-out related to the usufruct contract connected to the “Cashes” financial instruments;
(iii) allocation of part of the Share Premium Reserve (€2,191 million) and part of the business combination reserve (€1,152 million) to a specific unavailable reserve (€3,343 million) dedicated to the purchases of treasury shares in execution of Share Buy-Back Programme 2022.

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Moreover, the negative change of the item "Treasury shares" for -€2,344 million referred to the purchase of ordinary shares, under execution of “First and Second Tranche of the Buy-Back Programme 2022”. “First Tranche of the Buy-Back Programme 2022” was completed on 29 June 2023 while “Second Tranche of the Buy-Back Programme 2022” started on 30 June 2023 and was in progress at that date.
The change in the period in the item “Equity instruments” referred to early redemption of the Additional Tier 1 instruments issued in 2017, net of the related placement costs, in accordance with the relevant terms and conditions of the securities.

Consolidated accounts

Consolidated cash flow statement (indirect method)

(€ million)

	AS AT	
	30.06.2024	30.06.2023
A. OPERATING ACTIVITIES		
1. Operations	**11,428**	**8,121**
- profit (loss) for the period (+/-)	5,251	4,386
- gains/losses on financial assets held for trading and on other financial assets/liabilities at fair value through profit or loss (-/+)	1,519	(440)
- gains (losses) on hedge accounting (-/+)	146	(38)
- net impairment losses/writebacks on impairment for credit risk (+/-)	1,679	1,604
- net value adjustments/write-backs on property, plant and equipment and intangible assets (+/-)	617	684
- net provisions for risks and charges and other expenses/income (+/-)	(250)	(115)
- net revenues/costs arising from insurance contracts issued and reinsurance contracts held	-	-
- unpaid duties, taxes and tax credits (+/-)	1,877	1,393
- impairment/write-backs after tax on discontinued operations (+/-)	-	-
- other adjustments (+/-)	589	647
2. Liquidity generated/absorbed by financial assets	**(31,098)**	**(29,909)**
- financial assets held for trading	(394)	(8,545)
- financial assets designated at fair value	(34)	90
- other financial assets mandatorily at fair value	(167)	1,659
- financial assets at fair value through other comprehensive income	(7,732)	(2,298)
- financial assets at amortised cost	(22,448)	(20,261)
- other assets	(323)	(554)
3. Liquidity generated/absorbed by financial liabilities	**16,810**	**(7,510)**
- financial liabilities at amortised cost	17,470	(19,923)
- financial liabilities held for trading	(542)	6,161
- financial liabilities designated at fair value	1,306	691
- other liabilities	(1,424)	5,561
4. Liquidity generated/absorbed by Insurance contracts issued and by reinsurance contracts held	**-**	**-**
- insurance contracts issued that are liabilities/assets (+/-)	-	-
- reinsurance contracts held that are assets/liabilities (+/-)	-	-
Net liquidity generated/absorbed by operating activities	**(2,860)**	**(29,298)**
B. INVESTMENT ACTIVITIES		
1. Liquidity generated by	**269**	**211**
- sales of equity investments	5	1
- collected dividends on equity investments	157	87
- sales of property, plant and equipment	107	122
- sales of intangible assets	-	1
- sales of subsidiaries and business units	-	-
2. Liquidity absorbed by	**(1,082)**	**(485)**
- purchases of equity investments	(1)	(12)
- purchases of property, plant and equipment	(897)	(280)
- purchases of intangible assets	(184)	(193)
- purchases of subsidiaries and business units	-	-
Net liquidity generated/absorbed by investment activities	**(813)**	**(274)**
C. FUNDING ACTIVITIES		
- issue/purchase of treasury shares	(2,900)	(2,345)
- issue/purchase of equity instruments	(1,156)	(1,250)
- dividend distribution and other	(3,343)	(2,165)
- sale/purchase of minority control	-	-
Net liquidity generated/absorbed by funding activities	**(7,399)**	**(5,760)**
NET LIQUIDITY GENERATED/ABSORBED IN THE PERIOD	**(11,072)**	**(35,332)**

Key:
(+) generated;
(-) absorbed.

Consolidated accounts

Reconciliation

(€ million)

ITEMS	AS AT 30.06.2024	AS AT 30.06.2023
Cash and cash balances at the beginning of the period	**61,000**	**111,776**
Net liquidity generated/absorbed in the period	(11,072)	(35,332)
Cash and cash balances: foreign exchange effect	101	(375)
Cash and cash balances at the end of the period	**50,029**	**76,069**

The item "Cash and cash balances" refers to the definition according to Banca d'Italia (Circular 262 of 22 December 2005 and subsequent amendments) and is mainly related to “Current accounts and Demand deposits with Central Banks” for €40 billion, mostly held by UniCredit Bank Austria for €16 billion and UniCredit Bank GmbH for €10 billion.

Part A - Accounting policies

A.1 - General

Section 1 - Statement of compliance with IFRS

The contents of this Condensed interim consolidated financial statements are in line with IAS34 on interim reporting. In accordance with paragraph 10 of mentioned IAS34, the Group has opted to provide condensed first half Consolidated accounts.
In detail, with regard to the initial recognition, measurement and derecognition of assets and liabilities and the recognition of costs and revenues the rules set out in international accounting standards were applied including the interpretation documents issued by the SIC and the IFRIC, and endorsed by the European Commission up to 30 June 2024, pursuant to Regulation (EU) 1606/2002 which was incorporated into Italy's legislation through the Legislative Decree No.38 dated 28 February 2005 and as required by article 154-ter 3 of the Single Finance Act (Consolidated Law on Finance (TUF), Legislative Decree No.58 dated 2/24/1998).

They are an integral part of the Consolidated first half financial report as required by article 154-ter, paragraph 2, of the Consolidated Law on Finance.
As required by article 154-ter 2 Consolidated Law on Finance, this Consolidated first half financial report includes the Condensed interim consolidated financial statements, the Consolidated interim report on operations and the Certification required by article154-bis 5 Consolidated Law on Finance.

The Condensed interim consolidated financial statements are subject to review engagement by KPMG S.p.A. as per the resolution passed by the Shareholders' Meeting on 9 April 2020.

Part A - Accounting policies

Section 2 - General preparation criteria

As mentioned above, these Condensed interim consolidated financial statements of UniCredit group as at 30 June 2024 have been prepared in accordance with the international accounting standards endorsed by the European Commission.

The following documents have been used to interpret and support the application of IAS/IFRS, even though they have not all been endorsed by the European Commission:

- the Conceptual Framework for Financial Reporting;
- implementation Guidance, Basis for Conclusions, IFRICs and the documents prepared by either the IASB or the International Financial Reporting Interpretations Committee (IFRIC) supplementing the IFRS;
- interpretative documents on the application of the IAS/IFRS in Italy prepared by the Organismo Italiano di Contabilità (the Italian Standard Setter; OIC) and Associazione Bancaria Italiana (Italian Banking Association, that is the trade association of Italian banks; ABI);
- coordination table between Banca d'Italia, Consob ed Ivass with regard to the application of IAS/IFRS, in particular the Document n.9, dated 5 January 2021, Accounting Treatment of tax credits connected with the "Cura Italia" and "Rilancio" Law Decrees purchased following the sale without recourse by the direct beneficiaries or previous buyers ("Trattamento contabile dei crediti d'imposta connessi con i Decreti Legge "Cura Italia" e "Rilancio" acquistati a seguito di cessione da parte dei beneficiari diretti o di precedenti acquirenti"); such document was subsequently updated by Banca d'Italia on 24 July 2023 with the clarification note "Credit risk - Standardised method and IRB - Clarification note" ("Rischio di credito - Metodo Standardizzato e IRB - Nota di chiarimenti");
- ESMA (European Securities and Markets Authority), European Banking Authority, European Central Bank and Consob documents on the application of specific IAS/IFRS provisions also with specific reference to the presentation of the effects arising from geo-political tensions and their effects on the evaluation processes. In particular, it shall be made reference to the ESMA statements dated 29 October 2021, 14 March 2022, 13 May 2022, 28 October 2022 and 25 October 2023; and to Consob "Call for attention" dated 18 March 2022 and 19 May 2022.

These Condensed interim consolidated financial statements comprise the Balance sheet, the Income statement, the Statement of comprehensive income, the Statement of changes in shareholders' equity, the Cash flow statement (compiled using the indirect method), the Explanatory notes and Annexes.
The schemes of the Condensed interim consolidated financial statements as at 30 June 2024 are coherent with the Banca d'Italia templates as prescribed by the Circular 262 of 22 December 2005 of Banca d'Italia (and subsequent amendments) as well as 14 March 2023, communication on impacts of Covid-19 and measures to support the economy. They also present comparative figures, as at 31 December 2023 for the Balance sheet, and as at 30 June 2023 for the Income statement, the Statement of comprehensive income, the Statement of changes in shareholders' equity and the Cash flow statement.
Figures in the Consolidated accounts and Explanatory Notes to the Consolidated accounts are reported in millions of euros, unless otherwise specified.

Risks and uncertainty relating to the use of estimates

Under the IFRS, management must make judgments, estimates and assumptions that affect the application of accounting principles and the amounts of assets/liabilities and income and expenses reported in the accounts, as well as the disclosure concerning contingent assets and liabilities.
Estimates and related assumptions are based on previous experience and on the available information framework with reference to the current and expected context and have been used to estimate the carrying values of assets and liabilities not readily available from other sources.
Estimates and assumptions are regularly reviewed. Any change resulting from these reviews is recognised in the period in which the review was carried out, provided the change only concerns that period. If the review concerns both current and future periods, it is recognised accordingly in both current and future periods.
In particular, estimated figures have been used for the recognition and measurement of some of the main items in the Condensed interim consolidated financial statements as at 30 June 2024, as required by the accounting policies, statements and regulations described above.

Part A - Accounting policies

As at 30 June 2024 the market environment continues to be affected by a persistent level of uncertainty. In this respect, according to the ECB macroeconomic projections updated in June 2024[15], the outlook for the euro area showed that the economy recovered at the start of 2024 by more than expected in March 2024, with a boost from net trade and rising household spending.
Real disposable income should continue to increase, giving rise to a consumption-driven recovery in the course of 2024. The boost from net trade at the start of the year partly reflects volatility following a temporary decline at the end of 2023. However, foreign demand is expected to continue to expand, supporting euro area export growth. Over the medium term, the negative impact of the past monetary policy tightening is seen to gradually fade, with activity supported by an assumed easing of financing conditions in line with market expectations for the future path of interest rates. Growth will also benefit from a resilient labour market, with the unemployment rate declining to historically low levels later in the projection horizon. Headline inflation is projected to move broadly sideways in the near term, showing some volatility over the remainder of 2024 owing to base effects and higher energy commodity prices, before moderating further to levels close to target in the course of 2025. This reflects an easing of cost pressures, including from the labour side, and the lagged impact of past monetary policy tightening gradually feeding through to consumer prices. Over the medium term, energy inflation should settle at low positive rates. Recent quarters have seen food price inflation decline strongly, as pipeline pressures have eased with lower energy and food commodity prices. Looking ahead, food price inflation is expected to fluctuate around its current levels before moderating further from the end of 2025. In its report, the ECB acknowledges that the economic outlook continues to be surrounded by high uncertainty; indeed, according to the ECB, past monetary policy tightening and elevated economic uncertainty amid geopolitical tensions are also still dampening growth.

In the context of persisting uncertainty, UniCredit group has defined different macro-economic scenarios, to be used for the purposes of the evaluation processes of first half 2024 Condensed interim Consolidated financial statements.
In particular, in addition to the "Base" scenario, which reflects the expectations considered most likely concerning macro-economic trends, an Alternative Scenario has been outlined, the latter reflecting a downward forecast of the macroeconomic parameters and consequently in the expected profitability of the business; in light of the persistent level of uncertainty, no positive scenario was included in the approach (thus, the positive scenario was weighted at zero percent). Such updated scenarios were applied for the valuation of credit exposures and deferred tax assets.

Macroeconomic scenarios

In order to reflect the heightened uncertainty, the Group has developed the following scenarios:

- Base scenario: it is the main reference scenario, which embeds the following assumptions: (i) moderate growth expected for 2024 impacted by tight financing conditions in short-term, improving trend in 2025 and 2026 underpinned by global trade and demand; (ii) inflation along a declining path during 2024, mainly energy, food and goods inflation, converging towards the Central Banks targets in 2025-2026 in several countries; (iii) ECB monetary policy assumed unchanged up to June 2024; (iv) 3M Euribor assumed to decrease consistently with the inflation normalization, landing to 2.25% YE2025 and to 2.05% YE2026; and (v) Russia Sovereign Rating at CCC.
  In Italy and Germany, GDP is expected to expand in 2024, but still at a low pace, while an improving growth is expected in 2025 and 2026 also supported by lower inflation; for Central and Eastern Europe (including Austria and excluding Russia), the Real GDP is expected to increase in 2024, with a further additional spike in the following 2 years; for Russia, a stronger growth is expected in 2024, while decreasing in 2025 and 2026. With reference to FX rates, the Base scenario assumes the Russian ruble depreciation over time, mainly reflecting technology imports and output gap.
  Average Inflation (excluding Russia) will decrease in 2024, but generally remaining above the Central Banks targets.
  Potential pressure is assumed on BTP-Bund spread, considering that high rates could impact on Sovereign Debt.
- Alternative scenario: this scenario embeds stressed macro-economic conditions, consistent with an intensification of geopolitical tensions, implying a push up in price of oil & gas and causing weaker demand. The shock tips the economies of the countries in which UniCredit is present into a recession in 2025. It is also assumed that disinflationary forces prevail, leading Central Banks to cut interest rates more aggressively than in the Base case. Russia Sovereign and Russian Multinationals rating at CCC.
  For Italy and Germany, the GDP would contract mainly in 2025, recovering in 2026. For Central and Eastern Europe (including Austria and excluding Russia), a negative growth is assumed in 2025, with a recovery in 2026. For Russia, a more significant growth shock is assumed in 2025, while resuming in 2026.
  With reference to the inflation, the expected inflation is lower than in the base scenario for Eurozone, also considering an ECB monetary policy more dovish compared with Base scenario.
  BTP credit spread is expected to experience a higher pressure compared to the Base scenario, reflecting deteriorated economic conditions.

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15 ECB staff macroeconomic projections for the euro area, June 2024.

Part A - Accounting policies

INTEREST RATES, INFLATION AND YIELD ENVIRONMENT		2023 Actual	2024	2025	2026
Base scenario	Euribor 3M (Eop, bps)	391	300	225	205
	Spread BTP – Bund (Eop, bps)	167	170	170	170
	Real GDP growth y/y, %				
	Italy	1.0	0.6	1.1	1.3
	Germany	(0.2)	0.4	1.3	1.5
	CE & EE (excl. Russia)	0.6	1.6	2.3	2.7
	Russia	3.6	2.8	1.3	1.5
	Inflation avg, %				
	Italy	5.7	1.7	1.9	2.0
	Germany	6.0	2.4	1.7	1.8
	CE & EE (excl. Russia)	10.4	3.9	3.4	3.0
	Russia	5.9	6.7	4.5	4.0
Alternative scenario	Euribor 3M (Eop, bps)	-	236	150	155
	Spread BTP – Bund (Eop, bps)	-	190	210	200
	Real GDP growth y/y, %				
	Italy	-	(0.2)	(2.3)	0.1
	Germany	-	(0.5)	(2.0)	(0.1)
	CE & EE (excl. Russia)	-	0.8	(1.1)	1.9
	Russia	-	0.4	(2.0)	0.7
	Inflation avg, %				
	Italy	-	1.6	1.2	1.4
	Germany	-	2.1	1.0	1.4
	CE & EE (excl. Russia)	-	3.6	2.9	2.6
	Russia	-	6.5	3.6	3.8

Main items subject to valuation uncertainties

Deferred tax assets

With reference to deferred tax assets, for the purposes of Condensed interim consolidated financial statements as at 30 June 2024, the following analyses were performed with reference to the Italian Tax Perimeter (which accounts for the significant majority of the DTAs): (i) analysis of the evolution of the macroeconomic scenarios highlighted above compared to the scenario underlying the valuation process at 31 December 2023; (ii) comparison between the actual profit before taxes and the budget underlying the test executed in December 2023; (iii) confirmation of the validity of the additional methodological assumptions (reference tax legislation, perimeter of companies, volatility of the parameters underlying the model and reversal timeline of non-convertible DTAs) used in the valuation process.

For further information about the analysis performed and the related results, reference is made to the "Section 5 - Other matters", Explanatory notes, Part A - Accounting policies, A.1 General.

It shall be noted that the outcome of the measurement is significantly influenced by assumptions on future cash flows, which in turn incorporate assumptions on the evolution of the macroeconomic scenario. Moreover, the sustainability of deferred tax assets is influenced by criteria and assumptions of the statistic model used for future taxable income projections, for the period following that for which the official projections are available, as the volatility of expected results and by the confidence level used.

Therefore, the results of these evaluations might be subject to changes currently not foreseeable, depending on the existence and degree of economic recovery which in turn depends on the evolution of the geo-political tensions as well as the evolution of the macroeconomic conditions. 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 regarding the future cash flows, and the consequent change in the valuation.

Measurement of Real estate portfolio

Always with reference to the valuation of the non-financial assets, the valuation of the real estate portfolio has become relevant following the adoption, starting from 31 December 2019, of the fair value model (assets held for investment) and the revaluation model (assets used in the business). For these assets, with reference to the 30 June 2024 reporting date, the fair value has been determined through external appraisals, following the Group guidelines.

In this context it is worth to note that, in the upcoming financial years, fair value of these assets might be different from the fair value observed as at 30 June 2024, as a result of the possible evolution of real estate market, which also depend on the evolution of the macro-economic scenario, including but not limited to the geo-political tensions as well as the evolution of the macroeconomic conditions.

Further information is reported in "Section 5 - Other matters", Explanatory notes, Part A - Accounting policies, A.1 General.

Part A - Accounting policies

Measurement of Credit Exposures
With reference to the credit exposures as at 30 June 2024, the macroeconomic scenarios used for calculation of credit risk parameters (Probability of Default, Loss Given Default, Exposure at Default) were updated according to the Group policies, on the basis of the scenarios highlighted above. Considering the persistent level of uncertainty, the overall blended probability did not consider the positive scenario (whose weighting was kept at 0%), in coherence with the fourth quarter 2023; the Base scenario was set at 60% and the Adverse[16] scenario at 40%. For further information about the valuation of the credit exposures, reference is made to "Section 2.1 Credit risk", Explanatory notes, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidation perimeter.

It must be noted that the amount of loan loss provisions is determined by considering: (i) the classification (current and expected) of credit exposures as non-performing; (ii) the expected sale prices, for those non-performing exposure whose recovery is expected through sale to external counterparties; and (iii) credit parameters (Probability of Default, Loss Given Default and Exposure at Default) which, in accordance with IFRS9, incorporate, among the other factors, forward looking information and the expected evolution of the macro-economic scenario.
Therefore, also in this case, the measurement is affected by the mentioned degree of uncertainty on the evolution of the geopolitical tension as well as the evolution of the macroeconomic conditions.
The evolution of these factors may, indeed, require, in future financial years, the classification of additional credit exposures as non-performing, thus determining the recognition of additional loan loss provisions related to both these exposures, as well as performing exposures, following the update in credit parameters.
In addition, adjustments to the loan loss provisions might derive from the occurrence of a macro-economic scenario different from the one estimated for the calculation of the credit risk parameters, or by the prevalence on the market of non-performing exposures of prices different from those used in the measurement. Eventually, the evolution of the real estate market could impact on the value of properties received as collateral and may require an adjustment to the loan loss provisions.

Russia
The Group is exposed to Russia through (i) its investments in AO UniCredit Bank, its subsidiaries OOO UniCredit Garant, OOO UniCredit Leasing and its associate Barn BV, and (ii) exposures toward Russian Counterparty held by non - Russian subsidiaries.

Geopolitical tension arose from the conflict between Russia and Ukraine leading to sanctions and countersanctions among the parties; the Russian administration also took actions towards western investors, in terms of, e.g.,: (i) temporary management by Russian entities of subsidiaries of western investors; (ii) lack of procedures for capital repatriation from Russia; (iii) limiting ability for Russian subsidiaries to distribute dividends towards western investors; (iv) ruling of Russian Courts which considered local subsidiaries of western investors jointly and severally liable in legal cases.
The evolution of such geopolitical tensions may affect, also significantly, the value of these assets and liabilities possibly determining the need to recognise additional losses.

Regarding the Russian Ruble FX rate, the ECB stopped the quotation of EUR/RUB exchange rate since 2 March 2022. Therefore, as at 30 June 2024 and in coherence with the previous years, the Group is applying an OTC foreign exchange rate provided by Electronic Broking Service (EBS[17]). In this regard it cannot be excluded that, once the ECB will restart listing RUB/EUR FX rate, these quotes might be different from EBS quotes, thus requiring the recognition of an impact in Net Equity and in P&L.
For further information about the exposures to the Group to Russian assets and liabilities reference is made Section 5 - Other matters", Explanatory notes, Part A - Accounting policies, A.1 General.

Other measurement
The following additional Balance sheet items might be significantly affected in their evaluation by risks and uncertainties, even if not directly connected with the slow-down of the economic activity and the associated uncertainty level of the economic recovery:
- fair value of financial instruments not listed in active markets;
- severance pay (in Italy) and other employee's benefits (including defined benefit obligation);
- provisions for risks and charges.

While evaluations have been made on the basis of information deemed to be reasonable and supportable as at 30 June 2024, they might be subject to changes not foreseeable at the moment, as a result of the evolution in the parameters used for the evaluation.

16 Adverse scenario is based on the alternative scenario released by UniCredit group Planning and Control but embeds a worsened evolution of macro-economic context.
17 EBS is a wholesale electronic trading platform used to trade on the foreign exchange market (FX) with market-making banks. It is part of CME Group (Chicago Mercantile Exchange).

Part A - Accounting policies

Furthermore, the following factors, in addition to those illustrated above, might influence the future results of the Group and cause outcomes materially different from those deriving from the valuations: (i) general economic and industrial conditions of the regions in which the Group operates or holds significant investments; (ii) exposure to various market risks (e.g. foreign exchange risk); (iii) political instability in the areas in which the Group operates or holds significant investments; (iv) legislative, regulatory and tax changes, including regulatory capital and liquidity requirements, and increased regulation in response to the financial crisis; (v) adverse change in climate which may affect the value of the assets held and/or the ability of customers to serve their debts[18]. Other unknown and unforeseeable factors could determine material deviations between actual and expected results.

Statement of going concern

In their joint document No.4 of 3 March 2010, Banca d'Italia, Consob and ISVAP made observations on the situation of the markets and businesses and requested that information essential for a better understanding of business trends and outlook be disclosed in financial reports. Also following such guideline, the present statement of going concern is released.
UniCredit Directors observed that during the first half 2024 the geopolitical tensions between Russian Federation and Ukraine and in the middle - east persisted. Such events determined a relevant uncertainty in the macroeconomic outlook, in terms of GDP, inflation rates and interest rates. The Directors assessed such circumstances, and concluded, with reasonable certainty, that the Group will be able to operate profitably in the foreseeable future; as a result, in accordance with the provisions of IAS1, the Consolidated reports as at 30 June 2024 was prepared on a going concern basis.

For releasing such statement and the connected evaluations, the main regulatory ratios were also taken into account at 30 June 2024, in terms of: (i) actual figures as at 30 June 2024 (CET1 Ratio Transitional equal to 16.32%; MREL Ratio equal to 32.53% in terms of RWEA and 10.11% in terms of Leverage Exposure; Liquidity Coverage Ratio at 146% based on monthly average on 12 months); (ii) the related buffer versus the minimum requirements at the same reference date (CET1 Ratio Transitional: excess of 575 basis points; MREL Ratio: excess of 519 basis points in terms of RWEA and 402 in terms of Leverage Exposure; Liquidity Coverage Ratio: excess of about 46 percentage points); iii) the expected evolution of the same ratios during the following periods of 2024 (in particular, in 2024, it is expected to stay well above the capital requirements, consistently with the "UniCredit Unlocked" CET1 ratio target of 12.5-13 per cent).

On 12 April 2024 the Shareholders meeting has authorised the purchase of a maximum No.200,000,000 of UniCredit S.p.A. shares, to be carried out, even in more transactions, within the earliest of: (i) the date which will fall after 18 (eighteen) months from the date of the authorisation of the shareholders' meeting; and (ii) the date of the shareholders' meeting which will be called to approve the financial statements for the year ending on 31 December 2024. The request for authorisation to purchase treasury shares was proposed by the Board of Directors as a part of the activities envisaged in the 2022-2024 Strategic Plan ("UniCredit Unlocked") presented to the market on 9 December 2021.
In particular, the following distributions are envisaged:
- a first distribution, for a maximum disbursement of €3,085,250,000, relating to the residual part of the overall payout for the 2023 financial year (the "2023 SBB Residual")[19];
- a second distribution as an anticipation of the expected distributions for the 2024 financial year, the amount of which will be defined by the Board of Directors of the Company in accordance with the criteria listed below (the "2024 SBB Anticipation").

With reference to the 2024 SBB Anticipation, the Board of Directors shall determine the maximum disbursement within the limits set forth in the shareholders' meeting authorisation considering, inter alia, the Company's results for the half-year period ending on 30 June 2024. It is expected, in this regard, that the amount of the 2024 SBB Anticipation will be equal to the lower amount between (i) €1,700,000,000 and (ii) 50% of the net profit for the period relating to the semester ended on 30 June 2024.
The shares purchased pursuant to the aforementioned programmes will be subject to cancellation.
The purchase programmes are subject to the prior permissions of the European Central Bank (ECB). In this respect, on 11 April 2024 the "2023 SBB Residual" buy-back programme has been entirely authorised by the ECB and it is being executed in two tranches during 2024. The execution of a tranche for an amount of Euro 1,585,250,000 denominated "Second Tranche of the Buy-Back Programme 2023", was initiated on 9 May 2024 and completed on 20 June 2024. While the execution of the final tranche for a maximum amount of Euro 1,500,000,098.53, denominated "Third Tranche of the Buy-Back Programme 2023", was initiated on 21 June 2024 and still on-going.

The measurement criteria adopted are therefore consistent with the going concern assumption and with the principles of accrual-based accounting, the relevance and materiality of accounting information, and the prevalence of economic substance over legal form.
These criteria have not changed with respect to the previous year.

18 For additional information about climate risk and how the Group affects it refer to Part E - Information on risks and related hedging policies - Climate-related and environmental risks.
19 For the sake of completeness, on 27 October 2023 the shareholders' meeting authorised the Board of Directors to purchase treasury shares for a total disbursement of approx. Euro 2,500,000,000 (First Tranche of the Buy-Back Program 2023); these purchases began on 30 October 2023 and completed on 7 March 2024. These shares, together with those related to 2022 SBB, were cancelled on 26 March 2024 pursuant to the resolution passed by the Shareholders' Meeting on 27 October 2023.

Part A - Accounting policies

Section 3 - Consolidation scope and methods

The consolidation criteria and principles used to prepare the Consolidated first half financial report as at 30 June 2024 are described below.

Consolidated accounts

For the preparation of the Consolidated first half financial report as at 30 June 2024 the following sources have been used:

- the parent company UniCredit S.p.A. first half accounts as at 30 June 2024;
- the first half accounts as at 30 June 2024 of the other fully consolidated subsidiaries duly reclassified and adjusted to take account of consolidation needs and, where necessary, to align them to the Group accounting principles;
- the sub-consolidated accounts as at 30 June 2024 of Nuova Compagnia di Partecipazioni group, including Nuova Compagnia di Partecipazioni S.p.A. (formerly Compagnia Italpetroli S.p.A.) and its direct and indirect subsidiaries.

Amounts in foreign currencies are converted at closing exchange rates in the Balance sheet, whereas the average exchange rate for the year is used for the Income statement.
The accounts and explanatory notes of the main fully consolidated subsidiaries prepared under IAS/IFRS for the Consolidated financial report purposes are subject to limited review by leading audit companies.

Subsidiaries

Entities, including structured entities, over which the Group has direct or indirect control, are considered subsidiaries.

Control over an entity entails:

- the existence of power over the relevant activities;
- the exposure to the variability of returns;
- the ability to use the power exercised in order to influence the returns to which the Group is exposed.

In order to verify the existence of control, the Group considers the following factors:

- the purpose and design of the investee, in order to identify which are the entity's objectives, the activities that determine its returns and how these activities are governed;
- the power, in order to understand whether the Group has contractual rights that attribute the ability to govern the relevant activities; to this end only substantial rights that provide practical ability to govern are considered;
- the exposure held in relation to the investee, in order to assess whether the Group has relations with the investee, the returns of which are subject to changes depending on the investee's performance;
- the existence of potential "*principal - agent*" relationships.

If the relevant activities are governed through voting rights, the existence of control is verified considering the voting rights held, including the potential ones, and the existence of any shareholders' or other agreements which attribute the right to control the majority of the voting rights, to appoint the majority of the governing body or in any case the power to determine the entity's financial and operating policies.

Subsidiaries may also include any "structured entity" in which the voting rights are not significant for establishing control, including special purpose entities and investment funds.

In the case of structured entities, the existence of control is ascertained considering both the contractual rights that enable governance of the relevant activities of the entity (or those that contribute most to the results) and the Group's exposure to the variability of returns deriving from these activities.

The carrying amount of an equity interest in a fully consolidated entity held by the Parent company or another Group company is eliminated against the recognition of the assets and liabilities of the investee as an offsetting entry to the corresponding portion of net equity of the subsidiary attributable to the Group.

Intragroup balances, the off-balance sheet transactions, the income and expenses, and the gain/losses between consolidated companies are eliminated in full, according to the method of consolidation adopted.

A subsidiary's income and expenses are included in the consolidation from the date the Parent acquires the control. On disposal of a subsidiary, its income and expenses are consolidated up to the date of the disposal, i.e., until the Parent ceases to control the subsidiary. The difference between the consideration received for the subsidiary and the carrying amount of its net assets at the same date is recognised: (i) in the Income statement under item "280. Gains (Losses) on disposal of investments" in case the disposal determines the loss of control; (ii) in the net equity if the sale does not entail loss of control.

Part A - Accounting policies

The portion attributable to non-controlling interests is presented in the Balance sheet under item “190. Minorities shareholders’ equity”, separately from the liabilities and net equity attributable to the Group. In the Income statement, the portion attributable to minorities is also presented separately under item “340. Minority profit (loss) of the year”.
With respect to companies included in the consolidation scope for the first time, the fair value of the consideration paid to obtain control of this equity interest is measured at the acquisition date.

Joint arrangements

A joint arrangement is a contractual agreement under the terms of which two or more counterparties arrange to jointly control an entity.
Joint control is the contractually agreed sharing of control of an arrangement, which exists only when the decisions about the relevant activities require the unanimous consent of the parties sharing control.
According to the standard IFRS11 - Joint Arrangements, such agreements must be classified as *Joint Operations* or *Joint Ventures* according to the contractual rights and obligations held by the Group.
A *Joint Operation* is a joint arrangement in which the parties have rights on the assets and obligations with respect to the liabilities of the arrangement.
A *Joint Venture* is a joint arrangement in which the parties have rights on the net assets of the arrangement.
The Group has assessed the nature of the joint arrangements and has determined that its jointly controlled equity investments are of the *Joint Venture* type. These equity investments are recognised using the equity method.
Carrying amount of the *Joint Ventures* is tested in accordance with IAS36 as a single asset, by comparing it with the corresponding recoverable amount (i.e., higher of value in use (VIU) and fair value (FV) less cost to sell).

Associates

An associate is an entity over which the investor has significant influence and which are not subsidiaries or joint ventures. Significant influence is presumed when the investor:

- holds, directly or indirectly, at least 20%[20] of the share capital of another entity, or
- is able, also through shareholders' agreements, to exercise significant influence through:
  - representation on the governing body of the company;
  - participation in the policy-making process, including participation in decisions about dividends or other distributions;
  - the existence of significant transactions;
  - interchange of managerial personnel;
  - provision of key technical information.

It is to be pointed out that only companies which are governed through voting rights can be classified as subject to significant influence.
Investments in associates are recognised using the equity method. Carrying amount of Associates is tested in accordance with IAS36 as a single asset, by comparing it with the corresponding recoverable amount (i.e., higher of VIU and FV less cost to sell).

Equity method

The carrying value of companies measured using the equity method include the goodwill (less any impairment loss) paid to purchase them. The investor’s share of the profit and loss of the investee after the date of acquisition is recognised in the Income statement under item “250. Gains (Losses) of equity investments”. Any dividends distributed reduce the carrying amount of the equity investment.

If the investor’s share of an investee’s losses is equal to or greater than its carrying amount, no further losses are recognised, unless the investor has incurred specific obligations or made payments on behalf of the associate.
Gains and losses on transactions with associates or joint arrangements are eliminated according to the percentage interest in the said company.
Any changes in the revaluation reserves of associates or joint arrangements, which are recorded as a contra item to changes in value of the phenomena relevant to this purpose, are reported separately in the Statement of other comprehensive income.
The following table shows the companies included in the scope of consolidation.

20 10% for listed companies.

Part A - Accounting policies

Investments in subsidiaries and valued at equity

	COMPANY NAME	ADMINISTRATIVE OFFICE	MAIN OFFICE	COUNTRY	TYPE OF RELATIONSHIP[1]	BUSINESS SECTOR[5]	OWNERSHIP RELATIONSHIP HELD BY	OWNERSHIP RELATIONSHIP HOLDING %	VOTING RIGHTS %[2]
	A. LINE BY LINE METHOD								
1	**UNICREDIT SPA** Issued capital EUR 21,367,680,521	**MILAN**	**MILAN**	**ITALY**			**HOLDING**		
2	ALLEGRO LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
							UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
3	ALLIB LEASING S.R.O. Issued capital CZK 100,000	PRAGUE	PRAGUE	CZECH REPUBLIC	1	4	UNICREDIT LEASING CZ, A.S.	100.00	
4	ALMS LEASING GMBH. Issued capital EUR 36,000	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
5	ALPHA RENT DOO BEOGRAD Issued capital RSD 3,285,948,900	BELGRADE	BELGRADE	SERBIA	1	38	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
6	ANTARES IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
							UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
7	ANTHEMIS EVO LLP	LONDON	LONDON	UNITED KINGDOM	4	38	UNICREDIT SPA	..	[3]
8	AO UNICREDIT BANK [4] Issued capital RUB 41,787,805,174	MOSCOW	MOSCOW	RUSSIA	1	2	UNICREDIT SPA	100.00	
9	ARABELLA FINANCE DAC	DUBLIN	DUBLIN	IRELAND	4	4	UNICREDIT BANK GMBH	..	[3]
10	ARGENTAURUS IMMOBILIEN-VERMIETUNGS- UND VERWALTUNGS GMBH Issued capital EUR 511,300	MUNICH	MUNICH	GERMANY	1	38	HVB PROJEKT GMBH	100.00	
11	ARNO GRUNDSTUECKSVERWALTUNGS GESELLSCHAFT M.B.H. Issued capital EUR 36,337	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
							GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	
12	ARTS CONSUMER 2023 SRL (CARTOLARIZZAZIONE: CONSUMER 2023)	VERONA	VERONA	ITALY	4	3	UNICREDIT SPA	..	[3]
13	ARTS CONSUMER SRL (CARTOLARIZZAZIONE: CONSUMER IV)	VERONA	VERONA	ITALY	4	3	UNICREDIT SPA	..	[3]
14	BA CA SECUND LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
							UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
15	BA EUROLEASE BETEILIGUNGSGESELLSCHAFT M.B.H. Issued capital EUR 363,364	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT ZEGA LEASING-GESELLSCHAFT M.B.H.	100.00	
16	BA GEBAEUDEVERMIETUNGSGMBH Issued capital EUR 36,336	VIENNA	VIENNA	AUSTRIA	1	2	UNICREDIT BANK AUSTRIA AG	89.00	
							PAYTRIA UNTERNEHMENSBETEILIGUNGEN GMBH	1.00	
							BA-CA MARKETS & INVESTMENT BETEILIGUNG GES.M.B.H.	10.00	
17	BA-CA ANDANTE LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
18	BA-CA LEASING DREI GARAGEN GMBH Issued capital EUR 35,000	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
							BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	99.80	
19	BA-CA LEASING MAR IMMOBILIEN LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
							UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
20	BA-CA MARKETS & INVESTMENT BETEILIGUNG GES.M.B.H. Issued capital EUR 127,177	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT BANK AUSTRIA AG	100.00	
21	BA-CA PRESTO LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
							UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
22	BA/CA-LEASING BETEILIGUNGEN GMBH Issued capital EUR 454,000	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
							CALG DELTA GRUNDSTUECKVERWALTUNG GMBH	99.80	
23	BACA HYDRA LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
							UNICREDIT LEASING (AUSTRIA) GMBH	99.80	

Part A - Accounting policies

	COMPANY NAME	ADMINISTRATIVE OFFICE	MAIN OFFICE	COUNTRY	TYPE OF RELATIONSHIP(1)	BUSINESS SECTOR(5)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS %(2)
24	BACA KOMMUNALLEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
25	BACA LEASING UND BETEILIGUNGSMANAGEMENT GMBH Issued capital EUR 18,287	VIENNA	VIENNA	AUSTRIA	1	4	CALG IMMOBILIEN LEASING GMBH	98.80	
							UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
							UNICREDIT LEASING (AUSTRIA) GMBH	1.00	
26	BAHBETA INGATLANHASZNOSITO KFT. Issued capital HUF 30,000,000	BUDAPEST	BUDAPEST	HUNGARY	1	4	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
27	BAL HESTIA IMMOBILIEN LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
							UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
28	BAL HORUS IMMOBILIEN LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
							CALG DELTA GRUNDSTUECKVERWALTUNG GMBH	99.80	
29	BAL HYPNOS IMMOBILIEN LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
							CALG DELTA GRUNDSTUECKVERWALTUNG GMBH	99.80	
30	BAL LETO IMMOBILIEN LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
							UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
31	BAL OSIRIS IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
							UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
32	BAL SOBEK IMMOBILIEN LEASING GMBH IN LIQU. Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
							UNICREDIT ZEGA LEASING-GESELLSCHAFT M.B.H.	99.80	
33	BANK AUSTRIA BAF GMBH IN LIQU. Issued capital EUR 490,542	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT BANK AUSTRIA AG	100.00	
34	BANK AUSTRIA CREDITANSTALT LEASING IMMOBILIENANLAGEN GMBH Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
							GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	
35	BANK AUSTRIA LEASING ARGO IMMOBILIEN LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
							WOEM GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	99.80	
36	BANK AUSTRIA LEASING IKARUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
							UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
37	BANK AUSTRIA LEASING MEDEA IMMOBILIEN LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
							UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
38	BANK AUSTRIA REAL INVEST IMMOBILIEN-KAPITALANLAGE GMBH Issued capital EUR 5,000,000	VIENNA	VIENNA	AUSTRIA	1	4	BANK AUSTRIA REAL INVEST IMMOBILIEN-MANAGEMENT GMBH	100.00	
39	BANK AUSTRIA REAL INVEST IMMOBILIEN-MANAGEMENT GMBH Issued capital EUR 10,900,500	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT BANK AUSTRIA AG	94.95	
40	BANK AUSTRIA WOHNBAUBANK AG Issued capital EUR 18,765,944	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT BANK AUSTRIA AG	100.00	
41	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
42	BF NINE HOLDING GMBH Issued capital EUR 35,000	VIENNA	VIENNA	AUSTRIA	1	38	ALLEGRO LEASING GESELLSCHAFT M.B.H.	100.00	
43	BIL LEASING-FONDS VERWALTUNGS-GMBH Issued capital EUR 26,000	GRUENWALD	GRUENWALD	GERMANY	1	36	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	
44	BREWO GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H. Issued capital EUR 36,337	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT PEGASUS LEASING GMBH	100.00	

Part A - Accounting policies

							OWNERSHIP RELATIONSHIP		
	COMPANY NAME	ADMINISTRATIVE OFFICE	MAIN OFFICE	COUNTRY	TYPE OF RELATIONSHIP[1]	BUSINESS SECTOR[5]	HELD BY	HOLDING %	VOTING RIGHTS %[2]
45	CA-LEASING OVUS S.R.O. Issued capital CZK 100,000	PRAGUE	PRAGUE	CZECH REPUBLIC	1	4	UNICREDIT LEASING CZ, A.S.	100.00	
46	CA-LEASING SENIOREN PARK GMBH IN LIQU.	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500						BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	99.80	
47	CA-ZETA REAL ESTATE DEVELOPMENT LIMITED LIABILITY COMPANY Issued capital HUF 3,000,000	BUDAPEST	BUDAPEST	HUNGARY	1	38	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
48	CABET-HOLDING GMBH Issued capital EUR 290,909	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT BANK AUSTRIA AG	100.00	
49	CABO BETEILIGUNGSGESELLSCHAFT M.B.H. Issued capital EUR 35,000	VIENNA	VIENNA	AUSTRIA	1	4	CABET-HOLDING GMBH	100.00	
50	CALG 307 MOBILIEN LEASING GMBH Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT ZEGA LEASING-GESELLSCHAFT M.B.H.	100.00	
51	CALG 443 GRUNDSTUECKVERWALTUNG GMBH	VIENNA	VIENNA	AUSTRIA	1	4	CALG IMMOBILIEN LEASING GMBH	1.00	
	Issued capital EUR 36,336						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
							BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	98.80	
52	CALG 445 GRUNDSTUECKVERWALTUNG GMBH	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.40	
	Issued capital EUR 18,168						CALG IMMOBILIEN LEASING GMBH	99.60	
53	CALG ALPHA GRUNDSTUECKVERWALTUNG GMBH	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500						CALG DELTA GRUNDSTUECKVERWALTUNG GMBH	99.80	
54	CALG ANLAGEN LEASING GMBH	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500						UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
55	CALG ANLAGEN LEASING GMBH, WIEN & CO. GRUNDSTUECKSVERMIETUNG UND - VERWALTUNG KG Issued capital EUR 2,326,378	MUNICH	MUNICH	GERMANY	1	4	CALG ANLAGEN LEASING GMBH	99.90	
56	CALG DELTA GRUNDSTUECKVERWALTUNG GMBH	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,336						CALG ANLAGEN LEASING GMBH	99.80	
57	CALG GAMMA GRUNDSTUECKVERWALTUNG GMBH	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,337						CALG IMMOBILIEN LEASING GMBH	99.80	
58	CALG GRUNDSTUECKVERWALTUNG GMBH	VIENNA	VIENNA	AUSTRIA	1	4	CALG IMMOBILIEN LEASING GMBH	74.80	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
							UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
59	CALG IMMOBILIEN LEASING GMBH	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 254,355						CALG ANLAGEN LEASING GMBH	99.80	
60	CALG MINAL GRUNDSTUECKVERWALTUNG GMBH	VIENNA	VIENNA	AUSTRIA	1	4	CALG ANLAGEN LEASING GMBH	99.80	
	Issued capital EUR 18,286						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
61	CAPITAL MORTGAGE SRL (CARTOLARIZZAZIONE: CAPITAL MORTGAGE 2007 - 1)	VERONA	VERONA	ITALY	4	3	UNICREDIT SPA	..	[3]
62	CARD COMPLETE SERVICE BANK AG Issued capital EUR 6,000,000	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT BANK AUSTRIA AG	50.10	
63	CASTELLANI LEASING GMBH	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	10.00	
	Issued capital EUR 1,800,000						UNICREDIT ZEGA LEASING-GESELLSCHAFT M.B.H.	90.00	
64	CHARADE LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500						UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
							BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	74.80	

Part A - Accounting policies

	COMPANY NAME	ADMINISTRATIVE OFFICE	MAIN OFFICE	COUNTRY	TYPE OF RELATIONSHIP(1)	BUSINESS SECTOR(5)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS %(2)
65	CHEFREN LEASING GMBH	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
	Issued capital EUR 36,500								
66	CIVITAS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
67	COMMUNA - LEASING GRUNDSTUECKSVERWALTUNGSGESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	REAL-LEASE GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	99.80	
	Issued capital EUR 36,337						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
68	COMPAGNIA FONDIARIA ROMANA - SOCIETA' A RESPONSABILITA' LIMITATA	ROME	ROME	ITALY	1	37	NUOVA COMPAGNIA DI PARTECIPAZIONI SPA	100.00	
	Issued capital EUR 103,400								
69	CONSUMER THREE SRL (CARTOLARIZZAZIONE: CONSUMER THREE)	VERONA	VERONA	ITALY	4	3	UNICREDIT SPA	..	(3)
70	CONTRA LEASING-GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500						BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	74.80	
							JAUSERN-LEASING GESELLSCHAFT M.B.H.	25.00	
71	CORDUSIO SOCIETA' FIDUCIARIA PER AZIONI	MILAN	MILAN	ITALY	1	3	UNICREDIT SPA	100.00	
	Issued capital EUR 520,000								
72	DIRANA LIEGENSCHAFTSVERWERTUNGSGESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	38	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
	Issued capital EUR 35,000								
73	DLV IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	90.00	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	10.00	
74	DUODEC Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
75	EBS FINANCE S.R.L.	MILAN	MILAN	ITALY	1	3	UNICREDIT SPA	100.00	
	Issued capital EUR 10,000								
76	EBS FINANCE S.R.L. (PATR.SEPARATO)	MILAN	MILAN	ITALY	4	3	UNICREDIT SPA	..	(3)
77	ELEKTRA PURCHASE NO. 28 DAC	DUBLIN	DUBLIN	IRELAND	4	4	UNICREDIT BANK GMBH	..	(3)
78	ELEKTRA PURCHASE NO. 31 DAC	DUBLIN	DUBLIN	IRELAND	4	4	UNICREDIT BANK GMBH	..	(3)
79	ELEKTRA PURCHASE NO. 32 S.A. - COMPARTMENT 1	LUXEMBOURG	LUXEMBOURG	LUXEMBOURG	4	4	UNICREDIT BANK GMBH	..	(3)
80	ELEKTRA PURCHASE NO. 33 DAC	DUBLIN	DUBLIN	IRELAND	4	4	UNICREDIT BANK GMBH	..	(3)
81	ELEKTRA PURCHASE NO. 350 DAC	DUBLIN	DUBLIN	IRELAND	4	4	UNICREDIT BANK GMBH	..	(3)
82	ELEKTRA PURCHASE NO. 36 DAC	DUBLIN	DUBLIN	IRELAND	4	4	UNICREDIT BANK GMBH	..	(3)
83	ELEKTRA PURCHASE NO. 37 DAC	DUBLIN	DUBLIN	IRELAND	4	4	UNICREDIT BANK GMBH	..	(3)
84	ELEKTRA PURCHASE NO. 38 DAC	DUBLIN	DUBLIN	IRELAND	4	4	UNICREDIT BANK GMBH	..	(3)
85	ELEKTRA PURCHASE NO. 43 DAC	DUBLIN	DUBLIN	IRELAND	4	4	UNICREDIT BANK GMBH	..	(3)
86	ELEKTRA PURCHASE NO. 46 DAC	DUBLIN	DUBLIN	IRELAND	4	4	UNICREDIT BANK GMBH	..	(3)
87	ELEKTRA PURCHASE NO. 54 DAC	DUBLIN	DUBLIN	IRELAND	4	4	UNICREDIT BANK GMBH	..	(3)
88	ELEKTRA PURCHASE NO. 56 DAC	DUBLIN	DUBLIN	IRELAND	4	4	UNICREDIT BANK GMBH	..	(3)
89	ELEKTRA PURCHASE NO. 69 DAC	DUBLIN	DUBLIN	IRELAND	4	4	UNICREDIT BANK GMBH	..	(3)
90	ELEKTRA PURCHASE NO. 71 DAC	DUBLIN	DUBLIN	IRELAND	4	4	UNICREDIT BANK GMBH	..	(3)
91	ELEKTRA PURCHASE NO. 74 DAC	DUBLIN	DUBLIN	IRELAND	4	4	UNICREDIT BANK GMBH	..	(3)
92	ELEKTRA PURCHASE NO. 79 DAC	DUBLIN	DUBLIN	IRELAND	4	4	UNICREDIT BANK GMBH	..	(3)
93	EUROLEASE ANUBIS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
94	EUROLEASE ISIS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	

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	COMPANY NAME	ADMINISTRATIVE OFFICE	MAIN OFFICE	COUNTRY	TYPE OF RELATIONSHIP(1)	BUSINESS SECTOR(5)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS %(2)
95	EUROLEASE MARDUK IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
96	EUROLEASE RA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
97	EUROLEASE RAMSES IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
	Issued capital EUR 36,336						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
98	EUROPA BEFEKTETESI ALAPKEZELOE ZRT (EUROPA INVESTMENT FUND MANAGEMENT LTD.) Issued capital HUF 100,000,000	BUDAPEST	BUDAPEST	HUNGARY	1	4	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
99	EUROPA INGATLANBEFEKTETESI ALAP (EUROPE REAL-ESTATE INVESTMENT FUND)	BUDAPEST	BUDAPEST	HUNGARY	4	4	UNICREDIT BANK HUNGARY ZRT.	..	(3)
100	F-E MORTGAGES SRL (CARTOLARIZZAZIONE: F-E MORTGAGES 2005)	VERONA	VERONA	ITALY	4	3	UNICREDIT SPA	..	(3)
101	FACTORBANK AKTIENGESELLSCHAFT Issued capital EUR 3,000,000	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT BANK AUSTRIA AG	100.00	
102	FINN ARSENAL LEASING GMBH	VIENNA	VIENNA	AUSTRIA	1	4	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	99.60	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
							UNICREDIT LEASING (AUSTRIA) GMBH	0.20	
103	FOLIA LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,336						BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	99.80	
104	FONDO AURORA	MILAN	MILAN	ITALY	4	3	UNICREDIT SPA	..	(3)
105	GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	CALG IMMOBILIEN LEASING GMBH	99.80	
	Issued capital EUR 27,434						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
106	GEBAEUDELEASING GRUNDSTUCKSVERWALTUNGSGESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	1.00	
	Issued capital EUR 36,500						BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	98.80	
							UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
107	GEMEINDELEASING GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	CALG IMMOBILIEN LEASING GMBH	37.50	
	Issued capital EUR 18,333						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
							UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
							BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	37.30	
108	GEMMA VERWALTUNGSGESELLSCHAFT MBH & CO. VERMIETUNGS KG Issued capital EUR 74,248,181	PULLACH	PULLACH	GERMANY	1	4	HVB PROJEKT GMBH	98.69	
109	GRUNDSTUECKSVERWALTUNG LINZ-MITTE GMBH	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
	Issued capital EUR 35,000						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
110	H.F.S. IMMOBILIENFONDS GMBH Issued capital EUR 25,565	MUNICH	MUNICH	GERMANY	1	38	WEALTHCAP INVESTMENT SERVICES GMBH	100.00	
111	H.F.S. LEASINGFONDS DEUTSCHLAND 7 GMBH & CO. KG Issued capital EUR 85,430,630	MUNICH	MUNICH	GERMANY	1	4	HVB IMMOBILIEN AG	99.43	

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112	H.F.S. LEASINGFONDS GMBH Issued capital EUR 26,000	GRUENWALD	GRUENWALD	GERMANY	1	38	WEALTHCAP INVESTMENT SERVICES GMBH	100.00	
113	H.F.S. LEASINGFONDS GMBH & CO. DEUTSCHLAND 10 KG	EBERSBERG	EBERSBERG	GERMANY	4	38	WEALTH MANAGEMENT CAPITAL HOLDING GMBH	..	(3)
114	H.F.S. LEASINGFONDS GMBH & CO. DEUTSCHLAND 11 KG	EBERSBERG	EBERSBERG	GERMANY	4	38	WEALTH MANAGEMENT CAPITAL HOLDING GMBH	..	(3)
115	H.F.S. LEASINGFONDS GMBH & CO. DEUTSCHLAND 12 KG	EBERSBERG	EBERSBERG	GERMANY	4	38	WEALTH MANAGEMENT CAPITAL HOLDING GMBH	..	(3)
116	H.F.S. LEASINGFONDS GMBH & CO. DEUTSCHLAND 8 KG	EBERSBERG	EBERSBERG	GERMANY	4	38	WEALTH MANAGEMENT CAPITAL HOLDING GMBH	..	(3)
117	H.F.S. LEASINGFONDS GMBH & CO. DEUTSCHLAND 9 KG	EBERSBERG	EBERSBERG	GERMANY	4	38	WEALTH MANAGEMENT CAPITAL HOLDING GMBH	..	(3)
118	HVB IMMOBILIEN AG Issued capital EUR 520,000	MUNICH	MUNICH	GERMANY	1	4	UNICREDIT BANK GMBH	100.00	
119	HVB PROJEKT GMBH	MUNICH	MUNICH	GERMANY	1	4	UNICREDIT BANK GMBH	10.00	
	Issued capital EUR 25,633,778						HVB IMMOBILIEN AG	90.00	
120	HVB TECTA GMBH	MUNICH	MUNICH	GERMANY	1	4	UNICREDIT BANK GMBH	6.00	
	Issued capital EUR 1,534,000						HVB IMMOBILIEN AG	94.00	
121	HVB VERWA 4 GMBH Issued capital EUR 26,000	MUNICH	MUNICH	GERMANY	1	4	UNICREDIT BANK GMBH	100.00	
122	HVB VERWA 4.4 GMBH Issued capital EUR 25,000	MUNICH	MUNICH	GERMANY	1	4	HVB VERWA 4 GMBH	100.00	
123	ICE CREEK POOL NO. 5 DAC	DUBLIN	DUBLIN	IRELAND	4	4	UNICREDIT BANK GMBH	..	(3)
124	ICE CREEK POOL NO.1 DAC	DUBLIN	DUBLIN	IRELAND	4	4	UNICREDIT BANK GMBH	..	(3)
125	ICE CREEK POOL NO.3 DAC	DUBLIN	DUBLIN	IRELAND	4	4	UNICREDIT BANK GMBH	..	(3)
126	IDEA FIMIT SGR FONDO SIGMA IMMOBILIARE	ROME	ROME	ITALY	4	3	UNICREDIT SPA	..	(3)
127	INTRO LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,336	VIENNA	VIENNA	AUSTRIA	1	4	PROJEKT-LEASE GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	100.00	
128	ISB UNIVERSALE BAU GMBH Issued capital EUR 6,288,890	BERLIN	BERLIN	GERMANY	1	38	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
129	JAUSERN-LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,336	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
130	KAISERWASSER BAU- UND ERRICHTUNGS GMBH UND CO OG Issued capital EUR 36,336	VIENNA	VIENNA	AUSTRIA	1	38	UNICREDIT BANK AUSTRIA AG	99.80	100.00
131	KUTRA GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,337						CALG DELTA GRUNDSTUECKVERWALTUNG GMBH	99.80	
132	LAGEV IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500						UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
133	LARGO LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	1.00	
	Issued capital EUR 36,500						VAPE COMMUNA LEASINGGESELLSCHAFT M.B.H.	98.80	
							UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
134	LEASFINANZ ALPHA ASSETVERMIETUNG GMBH Issued capital EUR 35,000	VIENNA	VIENNA	AUSTRIA	1	38	LEASFINANZ GMBH	100.00	
135	LEASFINANZ GAMMA GMBH Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	BACA LEASING UND BETEILIGUNGSMANAGEMENT GMBH	100.00	
136	LEASFINANZ GMBH Issued capital EUR 218,019	VIENNA	VIENNA	AUSTRIA	1	4	BACA LEASING UND BETEILIGUNGSMANAGEMENT GMBH	100.00	

	COMPANY NAME	ADMINISTRATIVE OFFICE	MAIN OFFICE	COUNTRY	TYPE OF RELATIONSHIP(1)	BUSINESS SECTOR(5)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS %(2)
137	LEGATO LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	74.80	
	Issued capital EUR 36,500						UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
							UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
138	LELEV IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
139	LIPARK LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500						BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	74.80	
							UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
140	LIVA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
141	M. A. V. 7., BANK AUSTRIA LEASING BAUTRAEGER GMBH & CO.OG.	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	1.97	
	Issued capital EUR 3,707						UNICREDIT LUNA LEASING GMBH	98.04	
142	MBC IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
143	MENUETT GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
	Issued capital EUR 36,337						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
144	MOMENTUM ALLWEATHER STRATEGIES - LONG TERM STRATEG	HAMILTON	HAMILTON	BERMUDA	4	4	UNICREDIT SPA	..	(3)
145	MOMENTUM LONG TERM VALUE FUND	HAMILTON	HAMILTON	BERMUDA	4	4	UNICREDIT SPA	..	(3)
146	MONNET 8-10 S. A R.L.*	LUXEMBOURG	LUXEMBOURG	LUXEMBOURG	1	2	UNICREDIT BANK GMBH	100.00	
	Issued capital EUR 60,000,000								
147	NAGE LOKALVERMIETUNGSGESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
148	NUOVA COMPAGNIA DI PARTECIPAZIONI SPA	ROME	ROME	ITALY	1	37	UNICREDIT SPA	100.00	
	Issued capital EUR 200,000								
149	OCT Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
150	OLG HANDELS- UND BETEILIGUNGSVERWALTUNGSGESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	100.00	
	Issued capital EUR 36,336								
151	OMNIA GRUNDSTUCKS-GMBH & CO. OBJEKT HAIDENAUPLATZ KG	MUNICH	MUNICH	GERMANY	1	38	UNICREDIT BANK GMBH	6.00	
	Issued capital EUR 26,000						HVB IMMOBILIEN AG	94.00	
152	OOO UNICREDIT GARANT(4)	MOSCOW	MOSCOW	RUSSIA	1	2	OOO UNICREDIT LEASING	100.00	
	Issued capital RUB 106,998,000								
153	OOO UNICREDIT LEASING(4)	MOSCOW	MOSCOW	RUSSIA	1	4	AO UNICREDIT BANK	100.00	
	Issued capital RUB 149,160,248								
154	ORBIT PERFORMANCE STRATEGIES - ORBIT US CLASSE I U	HAMILTON	HAMILTON	BERMUDA	4	4	UNICREDIT SPA	..	(3)
155	OTHMARSCHEN PARK HAMBURG GMBH & CO. GEWERBEPARK KG	MUNICH	MUNICH	GERMANY	1	38	HVB PROJEKT GMBH	10.00	
	Issued capital EUR 51,129						T & P FRANKFURT DEVELOPMENT B.V.	30.00	
							T & P VASTGOED STUTTGART B.V.	60.00	
156	PADEL FINANCE 01 DAC	DUBLIN	DUBLIN	IRELAND	4	4	UNICREDIT BANK GMBH	..	(3)
157	PAI (BERMUDA) LIMITED	HAMILTON	HAMILTON	BERMUDA	1	4	UNICREDIT SPA	100.00	
	Issued capital USD 12,000								
158	PAI MANAGEMENT LTD	DUBLIN	DUBLIN	IRELAND	1	4	UNICREDIT SPA	100.00	
	Issued capital EUR 1,032,000								

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	COMPANY NAME	ADMINISTRATIVE OFFICE	MAIN OFFICE	COUNTRY	TYPE OF RELATIONSHIP[1]	BUSINESS SECTOR[5]	OWNERSHIP RELATIONSHIP: HELD BY	OWNERSHIP RELATIONSHIP: HOLDING %	VOTING RIGHTS %[2]
159	PALAIS ROTHSCHILD VERMIETUNGS GMBH & CO OG Issued capital EUR 2,180,185	VIENNA	VIENNA	AUSTRIA	1	2	SCHOELLERBANK AKTIENGESELLSCHAFT	100.00	
160	PAYTRIA UNTERNEHMENSBETEILIGUNGEN GMBH Issued capital EUR 36,336	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT BANK AUSTRIA AG	100.00	
161	PELOPS LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,337	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
							EUROLEASE RAMSES IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	99.80	
162	PENSIONSKASSE DER HYPO VEREINSBANK VVAG	MUNICH	MUNICH	GERMANY	4	38	UNICREDIT BANK GMBH	..	[3]
163	PIANA LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
							UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
164	PIRTA VERWALTUNGS GMBH Issued capital EUR 2,067,138	VIENNA	VIENNA	AUSTRIA	1	38	UNICREDIT SPA	100.00	
165	POLLUX IMMOBILIEN GMBH Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	2	PAYTRIA UNTERNEHMENSBETEILIGUNGEN GMBH	0.20	
							UNICREDIT BANK AUSTRIA AG	99.80	
166	POSATO LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	74.80	
							UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
							UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
167	PROJEKT-LEASE GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	ARNO GRUNDSTUECKSVERWALTUNGS GESELLSCHAFT M.B.H.	74.80	
							UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
							UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
168	QUADEC Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
							UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
169	QUART Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
							CALG ANLAGEN LEASING GMBH	99.80	
170	QUINT Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
							UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
171	RANA-LIEGENSCHAFTSVERWERTUNG GMBH Issued capital EUR 72,700	VIENNA	VIENNA	AUSTRIA	1	38	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	99.90	
172	REAL INVEST EUROPE DER BANK AUSTRIA REAL INVEST IMMOBILIEN- KAPI	VIENNA	VIENNA	AUSTRIA	4	4	UNICREDIT BANK AUSTRIA AG	..	[3]
173	REAL-LEASE GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H. Issued capital EUR 36,500	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
							UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
174	REAL-RENT LEASING GESELLSCHAFT M.B.H. Issued capital EUR 73,000	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
							UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
175	REDEUS FUND	MILAN	MILAN	ITALY	4	3	UNICREDIT SPA	..	[3]
176	ROLIN GRUNDSTUCKSPLANUNGS- UND -VERWALTUNGSGESELLSCHAFT MBH Issued capital EUR 30,677	MUNICH	MUNICH	GERMANY	1	38	WEALTHCAP INVESTMENT SERVICES GMBH	100.00	
177	ROSENKAVALIER 2008 GMBH	FRANKFURT	FRANKFURT	GERMANY	4	4	UNICREDIT BANK GMBH	..	[3]
178	ROSENKAVALIER 2015 UG	FRANKFURT	FRANKFURT	GERMANY	4	4	UNICREDIT BANK GMBH	..	[3]
179	ROSENKAVALIER 2020 UG	FRANKFURT	FRANKFURT	GERMANY	4	4	UNICREDIT BANK GMBH	..	[3]
180	ROSENKAVALIER 2022 UG	FRANKFURT	FRANKFURT	GERMANY	4	4	UNICREDIT BANK GMBH	..	[3]
181	SCHOELLERBANK AKTIENGESELLSCHAFT Issued capital EUR 20,000,000	VIENNA	VIENNA	AUSTRIA	1	2	PAYTRIA UNTERNEHMENSBETEILIGUNGEN GMBH	0.01	
							UNICREDIT BANK AUSTRIA AG	99.99	
182	SCHOELLERBANK INVEST AG Issued capital EUR 2,543,549	SALZBURG	SALZBURG	AUSTRIA	1	4	SCHOELLERBANK AKTIENGESELLSCHAFT	100.00	

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	COMPANY NAME	ADMINISTRATIVE OFFICE	MAIN OFFICE	COUNTRY	TYPE OF RELATIONSHIP(1)	BUSINESS SECTOR(5)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS %(2)
183	SECA-LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	CALG DELTA GRUNDSTUECKVERWALTUNG GMBH	74.80	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
							UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
184	SEDEC Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500						UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
185	SEXT Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500						CALG DELTA GRUNDSTUECKVERWALTUNG GMBH	99.80	
186	SIGMA LEASING GMBH	VIENNA	VIENNA	AUSTRIA	1	4	CALG ANLAGEN LEASING GMBH	99.40	
	Issued capital EUR 18,286						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
							UNICREDIT LEASING (AUSTRIA) GMBH	0.40	
187	SPECTRUM GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	WOEM GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	100.00	
	Issued capital EUR 36,336								
188	STEWE GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	75.80	
	Issued capital EUR 36,337						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
							PROJEKT-LEASE GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	24.00	
189	STRUCTURED INVEST SOCIETE ANONYME	LUXEMBOURG	LUXEMBOURG	LUXEMBOURG	1	4	UNICREDIT INTERNATIONAL BANK (LUXEMBOURG) SA	100.00	
	Issued capital EUR 125,500								
190	T & P FRANKFURT DEVELOPMENT B.V.	AMSTERDAM	AMSTERDAM	NETHERLANDS	1	38	HVB PROJEKT GMBH	100.00	
	Issued capital EUR 4,938,271								
191	T & P VASTGOED STUTTGART B.V.	AMSTERDAM	AMSTERDAM	NETHERLANDS	1	38	HVB PROJEKT GMBH	87.50	
	Issued capital EUR 10,769,773								
192	TERRENO GRUNDSTUCKSVERWALTUNG GMBH & CO. ENTWICKLUNGS- UND FINANZIERUNGSVERMITTLUNGS-KG	MUNICH	MUNICH	GERMANY	1	38	HVB TECTA GMBH	75.00	
	Issued capital EUR 920,400								
193	TERZ Z IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500						UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
194	UCLA AM WINTERHAFEN 11 IMMOBILIENLEASING GMBH & CO OG	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT PEGASUS LEASING GMBH	50.00	
	Issued capital EUR 0						UNICREDIT ZEGA LEASING-GESELLSCHAFT M.B.H.	50.00	
195	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	VIENNA	VIENNA	AUSTRIA	1	4	BA-CA ANDANTE LEASING GMBH	10.00	
	Issued capital EUR 10,000						BA EUROLEASE BETEILIGUNGSGESELLSCHAFT M.B.H.	90.00	
196	UCTAM BALTICS SIA	RIGA	RIGA	LATVIA	1	2	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
	Issued capital EUR 4,265,585								
197	UCTAM BULGARIA EOOD	SOFIA	SOFIA	BULGARIA	1	2	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
	Issued capital BGN 20,000								
198	UCTAM D.O.O. BEOGRAD	BELGRADE	BELGRADE	SERBIA	1	2	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
	Issued capital RSD 631,564,325								
199	UCTAM RU LIMITED LIABILITY COMPANY(4)	MOSCOW	MOSCOW	RUSSIA	1	2	UCTAM BALTICS SIA	0.00	
	Issued capital RUB 4,000,000						UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	100.00	
200	UFFICIUM IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	95.00	
	Issued capital EUR 36,337						KUTRA GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	5.00	
201	UNICOM IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500						UNICREDIT LEASING (AUSTRIA) GMBH	99.80	

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	COMPANY NAME	ADMINISTRATIVE OFFICE	MAIN OFFICE	COUNTRY	TYPE OF RELATIONSHIP(1)	BUSINESS SECTOR(5)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS %(2)
202	UNICREDIT ACHTERHAUS LEASING GMBH	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	10.00	
	Issued capital EUR 35,000						UNICREDIT ZEGA LEASING-GESELLSCHAFT M.B.H.	90.00	
203	UNICREDIT AURORA LEASING GMBH Issued capital EUR 219,000	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	100.00	
204	UNICREDIT BANK A.D. BANJA LUKA Issued capital BAM 97,055,000	BANJA LUKA	BANJA LUKA	BOSNIA AND HERZEGOVINA	1	2	UNICREDIT SPA	99.64	
205	UNICREDIT BANK AUSTRIA AG Issued capital EUR 1,681,033,521	VIENNA	VIENNA	AUSTRIA	1	2	UNICREDIT SPA	100.00	
206	UNICREDIT BANK CZECH REPUBLIC AND SLOVAKIA, A.S. Issued capital CZK 8,754,617,898	PRAGUE	PRAGUE	CZECH REPUBLIC	1	2	UNICREDIT SPA	100.00	
207	UNICREDIT BANK D.D. Issued capital BAM 119,195,000	MOSTAR	MOSTAR	BOSNIA AND HERZEGOVINA	1	2	ZAGREBACKA BANKA D.D.	99.35	99.31
208	UNICREDIT BANK GMBH Issued capital EUR 2,407,151,016	MUNICH	MUNICH	GERMANY	1	2	UNICREDIT SPA	100.00	
209	UNICREDIT BANK HUNGARY ZRT. Issued capital HUF 24,118,220,000	BUDAPEST	BUDAPEST	HUNGARY	1	2	UNICREDIT SPA	100.00	
210	UNICREDIT BANK S.A. Issued capital RON 1,177,748,253	BUCHAREST	BUCHAREST	ROMANIA	1	2	UNICREDIT SPA	98.63	
211	UNICREDIT BANK SERBIA JSC Issued capital RSD 23,607,620,000	BELGRADE	BELGRADE	SERBIA	1	2	UNICREDIT SPA	100.00	
212	UNICREDIT BANKA SLOVENIJA D.D. Issued capital EUR 20,383,698	LJUBLJANA	LJUBLJANA	SLOVENIA	1	2	UNICREDIT SPA	100.00	
213	UNICREDIT BETEILIGUNGS GMBH Issued capital EUR 1,000,000	MUNICH	MUNICH	GERMANY	1	36	UNICREDIT BANK GMBH	100.00	
214	UNICREDIT BPC MORTAGE SRL (COVERED BONDS)	VERONA	VERONA	ITALY	4	3	UNICREDIT SPA	..	(3)
215	UNICREDIT BPC MORTGAGE S.R.L. Issued capital EUR 12,000	VERONA	VERONA	ITALY	1	3	UNICREDIT SPA	60.00	
216	UNICREDIT BROKER S.R.O. Issued capital EUR 8,266	BRATISLAVA	BRATISLAVA	SLOVAKIA	1	36	UNICREDIT LEASING SLOVAKIA A.S.	100.00	
217	UNICREDIT BULBANK AD Issued capital BGN 285,776,674	SOFIA	SOFIA	BULGARIA	1	2	UNICREDIT SPA	99.45	
218	UNICREDIT CAPITAL MARKETS LLC Issued capital USD 100,100	NEW YORK	NEW YORK	U.S.A.	1	4	UNICREDIT U.S. FINANCE LLC	100.00	
219	UNICREDIT CENTER AM KAISERWASSER GMBH Issued capital EUR 35,000	VIENNA	VIENNA	AUSTRIA	1	38	UNICREDIT BANK AUSTRIA AG	100.00	
220	UNICREDIT CONSUMER FINANCING EAD Issued capital BGN 2,800,000	SOFIA	SOFIA	BULGARIA	1	4	UNICREDIT BULBANK AD	100.00	
221	UNICREDIT CONSUMER FINANCING IFN S.A.	BUCHAREST	BUCHAREST	ROMANIA	1	4	UNICREDIT BANK S.A.	50.10	
	Issued capital RON 103,269,200						UNICREDIT SPA	49.90	
222	UNICREDIT DIRECT SERVICES GMBH Issued capital EUR 767,000	MUNICH	MUNICH	GERMANY	1	2	UNICREDIT BANK GMBH	100.00	
223	UNICREDIT FACTORING CZECH REPUBLIC AND SLOVAKIA, A.S. Issued capital CZK 222,600,000	PRAGUE	PRAGUE	CZECH REPUBLIC	1	4	UNICREDIT BANK CZECH REPUBLIC AND SLOVAKIA, A.S.	100.00	
224	UNICREDIT FACTORING SPA Issued capital EUR 414,348,000	MILAN	MILAN	ITALY	1	3	UNICREDIT SPA	100.00	
225	UNICREDIT FLEET MANAGEMENT EOOD Issued capital BGN 100,000	SOFIA	SOFIA	BULGARIA	1	2	UNICREDIT BULBANK AD	100.00	
226	UNICREDIT FLEET MANAGEMENT S.R.O. Issued capital CZK 5,000,000	PRAGUE	PRAGUE	CZECH REPUBLIC	1	38	UNICREDIT LEASING CZ, A.S.	100.00	
227	UNICREDIT FLEET MANAGEMENT S.R.O. Issued capital EUR 6,639	BRATISLAVA	BRATISLAVA	SLOVAKIA	1	38	UNICREDIT LEASING SLOVAKIA A.S.	100.00	
228	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 57,000						EUROLEASE RAMSES IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	99.80	
229	UNICREDIT GUSTRA LEASING GMBH	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	10.00	
	Issued capital EUR 35,000						UNICREDIT PEGASUS LEASING GMBH	90.00	

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	COMPANY NAME	ADMINISTRATIVE OFFICE	MAIN OFFICE	COUNTRY	TYPE OF RELATIONSHIP[1]	BUSINESS SECTOR[5]	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS %[2]
230	UNICREDIT HAMRED LEASING GMBH	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	10.00	
	Issued capital EUR 35,000						UNICREDIT PEGASUS LEASING GMBH	90.00	
231	UNICREDIT INSURANCE BROKER EOOD	SOFIA	SOFIA	BULGARIA	1	36	UNICREDIT LEASING EAD	100.00	
	Issued capital BGN 5,000								
232	UNICREDIT INSURANCE BROKER GMBH	VIENNA	VIENNA	AUSTRIA	1	36	PIRTA VERWALTUNGS GMBH	100.00	
	Issued capital EUR 156,905								
233	UNICREDIT INSURANCE BROKER SRL	BUCHAREST	BUCHAREST	ROMANIA	1	36	UNICREDIT LEASING CORPORATION IFN S.A.	100.00	
	Issued capital RON 150,000								
234	UNICREDIT INTERNATIONAL BANK (LUXEMBOURG) SA	LUXEMBOURG	LUXEMBOURG	LUXEMBOURG	1	2	UNICREDIT SPA	100.00	
	Issued capital EUR 13,406,600								
235	UNICREDIT JELZALOGBANK ZRT.	BUDAPEST	BUDAPEST	HUNGARY	1	2	UNICREDIT BANK HUNGARY ZRT.	100.00	
	Issued capital HUF 3,000,000,000								
236	UNICREDIT KFZ LEASING GMBH	VIENNA	VIENNA	AUSTRIA	1	4	GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	100.00	
	Issued capital EUR 648,000								
237	UNICREDIT LEASED ASSET MANAGEMENT SPA	MILAN	MILAN	ITALY	1	1	UNICREDIT LEASING SPA	100.00	
	Issued capital EUR 1,000,000								
238	UNICREDIT LEASING (AUSTRIA) GMBH	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT BANK AUSTRIA AG	89.98	
	Issued capital EUR 17,296,134						PAYTRIA UNTERNEHMENSBETEILIGUNGEN GMBH	0.02	
							BA-CA MARKETS & INVESTMENT BETEILIGUNG GES.M.B.H.	10.00	
239	UNICREDIT LEASING ALPHA ASSETVERMIETUNG GMBH	VIENNA	VIENNA	AUSTRIA	1	38	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	100.00	
	Issued capital EUR 35,000								
240	UNICREDIT LEASING CORPORATION IFN S.A.	BUCHAREST	BUCHAREST	ROMANIA	1	4	UNICREDIT CONSUMER FINANCING IFN S.A.	0.05	
	Issued capital RON 90,989,013						UNICREDIT BANK S.A.	99.96	
241	UNICREDIT LEASING CROATIA D.O.O. ZA LEASING	ZAGREB	ZAGREB	CROATIA	1	4	ZAGREBACKA BANKA D.D.	100.00	
	Issued capital EUR 3,810,000								
242	UNICREDIT LEASING CZ, A.S.	PRAGUE	PRAGUE	CZECH REPUBLIC	1	4	UNICREDIT BANK CZECH REPUBLIC AND SLOVAKIA, A.S.	100.00	
	Issued capital CZK 981,452,000								
243	UNICREDIT LEASING EAD	SOFIA	SOFIA	BULGARIA	1	4	UNICREDIT BULBANK AD	100.00	
	Issued capital BGN 2,605,000								
244	UNICREDIT LEASING FINANCE GMBH	HAMBURG	HAMBURG	GERMANY	1	4	UNICREDIT LEASING GMBH	100.00	
	Issued capital EUR 17,580,000								
245	UNICREDIT LEASING FLEET MANAGEMENT S.R.L.	BUCHAREST	BUCHAREST	ROMANIA	1	38	PIRTA VERWALTUNGS GMBH	90.02	
	Issued capital RON 680,000						UNICREDIT LEASING CORPORATION IFN S.A.	9.99	
246	UNICREDIT LEASING GMBH	HAMBURG	HAMBURG	GERMANY	1	4	UNICREDIT BANK GMBH	100.00	
	Issued capital EUR 15,000,000								
247	UNICREDIT LEASING HUNGARY ZRT	BUDAPEST	BUDAPEST	HUNGARY	1	4	UNICREDIT BANK HUNGARY ZRT.	100.00	
	Issued capital HUF 50,000,000								
248	UNICREDIT LEASING INSURANCE SERVICES S.R.O.	BRATISLAVA	BRATISLAVA	SLOVAKIA	1	38	UNICREDIT LEASING SLOVAKIA A.S.	100.00	
	Issued capital EUR 5,000								
249	UNICREDIT LEASING SLOVAKIA A.S.	BRATISLAVA	BRATISLAVA	SLOVAKIA	1	4	UNICREDIT LEASING CZ, A.S.	100.00	
	Issued capital EUR 26,560,000								
250	UNICREDIT LEASING SPA	MILAN	MILAN	ITALY	1	3	UNICREDIT SPA	100.00	
	Issued capital EUR 1,106,877,000								
251	UNICREDIT LEASING SRBIJA D.O.O. BEOGRAD	BELGRADE	BELGRADE	SERBIA	1	4	UNICREDIT BANK SERBIA JSC	100.00	
	Issued capital RSD 1,078,133,000								
252	UNICREDIT LEASING TECHNIKUM GMBH	VIENNA	VIENNA	AUSTRIA	1	4	LEASFINANZ GMBH	99.80	
	Issued capital EUR 35,000						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
253	UNICREDIT LUNA LEASING GMBH	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500						UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
254	UNICREDIT MOBILIEN UND KFZ LEASING GMBH	VIENNA	VIENNA	AUSTRIA	1	4	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	98.80	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
							UNICREDIT LEASING (AUSTRIA) GMBH	1.00	

Part A - Accounting policies

	COMPANY NAME	ADMINISTRATIVE OFFICE	MAIN OFFICE	COUNTRY	TYPE OF RELATIONSHIP(1)	BUSINESS SECTOR(5)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS %(2)
255	UNICREDIT OBG S.R.L.	VERONA	VERONA	ITALY	1	3	UNICREDIT SPA	60.00	
	Issued capital EUR 10,000								
256	UNICREDIT OBG SRL (COVERED BONDS)	VERONA	VERONA	ITALY	4	3	UNICREDIT SPA	..	(3)
257	UNICREDIT OK1 LEASING GMBH	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT ZEGA LEASING-GESELLSCHAFT M.B.H.	90.00	
	Issued capital EUR 35,000						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	10.00	
258	UNICREDIT PEGASUS LEASING GMBH	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
							CALG IMMOBILIEN LEASING GMBH	74.80	
259	UNICREDIT POJISTOVACI MAKLERSKA SPOL.S R.O.	PRAGUE	PRAGUE	CZECH REPUBLIC	1	36	UNICREDIT LEASING CZ, A.S.	100.00	
	Issued capital CZK 510,000								
260	UNICREDIT POLARIS LEASING GMBH	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500						UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
261	UNICREDIT SERVICES GMBH	VIENNA	VIENNA	AUSTRIA	1	2	UNICREDIT SPA	100.00	
	Issued capital EUR 1,200,000								
262	UNICREDIT STERNECK LEASING GMBH	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	10.00	
	Issued capital EUR 35,000						UNICREDIT PEGASUS LEASING GMBH	90.00	
263	UNICREDIT SUBITO CASA SPA	MILAN	MILAN	ITALY	1	37	UNICREDIT SPA	100.00	
	Issued capital EUR 500,000								
264	UNICREDIT TECHRENT LEASING GMBH	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	1.00	
	Issued capital EUR 36,336						BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	99.00	
265	UNICREDIT TURN-AROUND MANAGEMENT CEE GMBH	VIENNA	VIENNA	AUSTRIA	1	2	UNICREDIT SPA	100.00	
	Issued capital EUR 750,000								
266	UNICREDIT U.S. FINANCE LLC	WILMINGTON	WILMINGTON	U.S.A.	1	4	UNICREDIT BANK GMBH	100.00	
	Issued capital USD 130								
267	UNICREDIT ZEGA LEASING-GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500						BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	99.80	
268	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT BANK AUSTRIA AG	100.00	
	Issued capital EUR 32,715,000								
269	V.M.G. VERMIETUNGSGESELLSCHAFT MBH	MUNICH	MUNICH	GERMANY	1	38	WEALTHCAP INVESTMENT SERVICES GMBH	100.00	
	Issued capital EUR 25,565								
270	VAPE COMMUNA LEASINGGESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	BETEILIGUNGSVERWALTUNGSGESELLSCHAFT DER BANK AUSTRIA CREDITANSTALT LEASING GMBH	74.80	
	Issued capital EUR 36,500						UNICREDIT LEASING (AUSTRIA) GMBH	25.00	
							UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
271	VERMIETUNGSGESELLSCHAFT MBH & CO OBJEKT MOC KG	MUNICH	MUNICH	GERMANY	1	38	HVB IMMOBILIEN AG	89.29	89.23
	Issued capital EUR 48,728,161								
272	VISCONTI SRL	MILAN	MILAN	ITALY	1	37	UNICREDIT SPA	76.00	
	Issued capital EUR 11,000,000								
273	WEALTH MANAGEMENT CAPITAL HOLDING GMBH	MUNICH	MUNICH	GERMANY	1	4	UNICREDIT BANK GMBH	100.00	
	Issued capital EUR 26,000								
274	WEALTHCAP ENTITY SERVICE GMBH	MUNICH	MUNICH	GERMANY	1	38	WEALTHCAP REAL ESTATE MANAGEMENT GMBH	100.00	
	Issued capital EUR 25,000								
275	WEALTHCAP EQUITY GMBH	MUNICH	MUNICH	GERMANY	1	4	WEALTHCAP INITIATOREN GMBH	100.00	
	Issued capital EUR 500,000								
276	WEALTHCAP EQUITY MANAGEMENT GMBH	MUNICH	MUNICH	GERMANY	1	36	WEALTHCAP EQUITY GMBH	100.00	
	Issued capital EUR 25,000								
277	WEALTHCAP FONDS GMBH	MUNICH	MUNICH	GERMANY	1	4	WEALTHCAP INITIATOREN GMBH	100.00	
	Issued capital EUR 512,000								

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	COMPANY NAME	ADMINISTRATIVE OFFICE	MAIN OFFICE	COUNTRY	TYPE OF RELATIONSHIP(1)	BUSINESS SECTOR(5)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS %(2)
278	WEALTHCAP IMMOBILIEN 1 GMBH & CO. KG Issued capital EUR 5,000	MUNICH	MUNICH	GERMANY	1	2	WEALTHCAP REAL ESTATE MANAGEMENT GMBH	100.00	50.00
279	WEALTHCAP IMMOBILIEN 2 GMBH & CO. KG	MUNICH	MUNICH	GERMANY	1	2	WEALTHCAP REAL ESTATE MANAGEMENT GMBH	94.34	50.00
	Issued capital EUR 10,600						WEALTHCAP VORRATS-2 GMBH	5.66	50.00
280	WEALTHCAP IMMOBILIEN 43 KOMPLEMENTAER GMBH Issued capital EUR 25,000	MUNICH	MUNICH	GERMANY	1	38	WEALTHCAP ENTITY SERVICE GMBH	100.00	
281	WEALTHCAP IMMOBILIENANKAUF KOMPLEMENTAER GMBH Issued capital EUR 25,000	MUNICH	MUNICH	GERMANY	1	38	WEALTHCAP ENTITY SERVICE GMBH	100.00	
282	WEALTHCAP IMMOBILIENFONDS DEUTSCHLAND 36 KOMPLEMENTAR GMBH Issued capital EUR 25,565	MUNICH	MUNICH	GERMANY	1	38	H.F.S. LEASINGFONDS GMBH	100.00	
283	WEALTHCAP IMMOBILIENFONDS DEUTSCHLAND 38 KOMPLEMENTAR GMBH Issued capital EUR 25,000	MUNICH	MUNICH	GERMANY	1	38	WEALTHCAP ENTITY SERVICE GMBH	100.00	
284	WEALTHCAP INITIATOREN GMBH Issued capital EUR 1,533,876	MUNICH	MUNICH	GERMANY	1	4	WEALTH MANAGEMENT CAPITAL HOLDING GMBH	100.00	
285	WEALTHCAP INVESTMENT SERVICES GMBH	MUNICH	MUNICH	GERMANY	1	4	UNICREDIT BANK GMBH	10.00	
	Issued capital EUR 4,000,000						WEALTH MANAGEMENT CAPITAL HOLDING GMBH	90.00	
286	WEALTHCAP INVESTMENTS INC. Issued capital USD 312,000	WILMINGTON	WILMINGTON	U.S.A.	1	38	WEALTHCAP FONDS GMBH	100.00	
287	WEALTHCAP INVESTORENBETREUUNG GMBH Issued capital EUR 60,000	MUNICH	MUNICH	GERMANY	1	4	WEALTHCAP INVESTMENT SERVICES GMBH	100.00	
288	WEALTHCAP KAPITALVERWALTUNGSGESELLSCHAFT MBH Issued capital EUR 125,000	GRUENWALD	GRUENWALD	GERMANY	1	4	WEALTH MANAGEMENT CAPITAL HOLDING GMBH	100.00	
289	WEALTHCAP LEASING GMBH Issued capital EUR 25,000	GRUENWALD	GRUENWALD	GERMANY	1	4	WEALTH MANAGEMENT CAPITAL HOLDING GMBH	100.00	
290	WEALTHCAP MANAGEMENT SERVICES GMBH Issued capital EUR 50,000	MUNICH	MUNICH	GERMANY	1	4	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	
291	WEALTHCAP OBJEKT STUTTGART III GMBH & CO. KG	MUNICH	MUNICH	GERMANY	1	38	WEALTHCAP REAL ESTATE MANAGEMENT GMBH	89.90	33.33
	Issued capital EUR 10,000						WEALTHCAP IMMOBILIEN 1 GMBH & CO. KG	10.10	33.33
292	WEALTHCAP OBJEKT-VORRAT 35 GMBH & CO. KG	MUNICH	MUNICH	GERMANY	1	2	WEALTHCAP IMMOBILIEN 1 GMBH & CO. KG	10.10	25.00
	Issued capital EUR 10,000						WEALTHCAP KAPITALVERWALTUNGSGESELLSCHAFT MBH	79.80	25.00
							WEALTHCAP IMMOBILIEN 2 GMBH & CO. KG	10.10	25.00
293	WEALTHCAP OBJEKT-VORRAT 37 GMBH & CO. KG	MUNICH	MUNICH	GERMANY	1	2	WEALTHCAP IMMOBILIEN 1 GMBH & CO. KG	10.10	25.00
	Issued capital EUR 10,000						WEALTHCAP IMMOBILIEN 2 GMBH & CO. KG	10.10	25.00
							WEALTHCAP KAPITALVERWALTUNGSGESELLSCHAFT MBH	79.80	25.00
294	WEALTHCAP PEIA KOMPLEMENTAR GMBH Issued capital EUR 26,000	GRUENWALD	GRUENWALD	GERMANY	1	38	WEALTHCAP PEIA MANAGEMENT GMBH	100.00	
295	WEALTHCAP PEIA MANAGEMENT GMBH	MUNICH	MUNICH	GERMANY	1	4	UNICREDIT BANK GMBH	6.00	
	Issued capital EUR 1,023,000						WEALTH MANAGEMENT CAPITAL HOLDING GMBH	94.00	
296	WEALTHCAP REAL ESTATE MANAGEMENT GMBH Issued capital EUR 60,000	MUNICH	MUNICH	GERMANY	1	4	WEALTHCAP INVESTMENT SERVICES GMBH	100.00	
297	WEALTHCAP SPEZIAL- AIF-SV BUERO 8	GRUENWALD	GRUENWALD	GERMANY	4	4	WEALTH MANAGEMENT CAPITAL HOLDING GMBH	..	(3)
298	WEALTHCAP VORRATS-2 GMBH Issued capital EUR 25,000	MUNICH	MUNICH	GERMANY	1	2	WEALTHCAP FONDS GMBH	100.00	

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	COMPANY NAME	ADMINISTRATIVE OFFICE	MAIN OFFICE	COUNTRY	TYPE OF RELATIONSHIP(1)	BUSINESS SECTOR(5)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS %(2)
299	WEICKER S. A R.L.*	LUXEMBOURG	LUXEMBOURG	LUXEMBOURG	1	38	UNICREDIT BANK GMBH	100.00	
	Issued capital EUR 20,658,840								
300	WOEM GRUNDSTUECKSVERWALTUNGS-GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
	Issued capital EUR 36,336						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
301	Z LEASING ALFA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
302	Z LEASING ARKTUR IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
303	Z LEASING AURIGA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
304	Z LEASING CORVUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H. IN LIQU.	VIENNA	VIENNA	AUSTRIA	1	4	BA EUROLEASE BETEILIGUNGSGESELLSCHAFT M.B.H.	99.80	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
305	Z LEASING DORADO IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	CALG GRUNDSTUECKVERWALTUNG GMBH	99.80	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
306	Z LEASING DRACO IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
307	Z LEASING GAMA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
308	Z LEASING GEMINI IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
309	Z LEASING HEBE IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500						GEBAEUDELEASING GRUNDSTUCKSVERWALTUNGSGESELLSCHAFT M.B.H.	99.80	
310	Z LEASING HERCULES IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500						UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
311	Z LEASING IPSILON IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500						UNICREDIT GARAGEN ERRICHTUNG UND VERWERTUNG GMBH	99.80	
312	Z LEASING ITA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
313	Z LEASING JANUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
314	Z LEASING KALLISTO IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
315	Z LEASING KAPA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500						GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	
316	Z LEASING LYRA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	GALA GRUNDSTUECKVERWALTUNG GESELLSCHAFT M.B.H.	99.80	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
317	Z LEASING NEREIDE IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
	Issued capital EUR 36,500						UNICREDIT LEASING (AUSTRIA) GMBH	99.80	

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	COMPANY NAME	ADMINISTRATIVE OFFICE	MAIN OFFICE	COUNTRY	TYPE OF RELATIONSHIP(1)	BUSINESS SECTOR(5)	OWNERSHIP RELATIONSHIP HELD BY	OWNERSHIP RELATIONSHIP HOLDING %	VOTING RIGHTS %(2)
318	Z LEASING OMEGA IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	CALG DELTA GRUNDSTUECKVERWALTUNG GMBH	99.80	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
319	Z LEASING PERSEUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	10.00	
	Issued capital EUR 36,500						UNICREDIT ZEGA LEASING-GESELLSCHAFT M.B.H.	90.00	
320	Z LEASING VENUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H.	VIENNA	VIENNA	AUSTRIA	1	4	UNICREDIT LEASING (AUSTRIA) GMBH	99.80	
	Issued capital EUR 36,500						UCLA IMMO-BETEILIGUNGSHOLDUNG GMBH & CO KG	0.20	
321	ZAGREBACKA BANKA D.D.	ZAGREB	ZAGREB	CROATIA	1	2	UNICREDIT SPA	96.19	
	Issued capital EUR 850,068,233								
322	ZAPADNI TRGOVACKI CENTAR D.O.O.	RIJEKA	RIJEKA	CROATIA	1	38	UNIVERSALE INTERNATIONAL REALITAETEN GMBH	100.00	
	Issued capital EUR 2,655								
323	ZB EPLUS	ZAGREB	ZAGREB	CROATIA	4	4	ZAGREBACKA BANKA D.D.	..	(3)

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								OWNERSHIP RELATIONSHIP		
	COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	COUNTRY	TYPE OF RELATIONSHIP[1]	NATURE OF RELATIONSHIP[6]	BUSINESS SECTOR[5]	HELD BY	HOLDING %	VOTING RIGHTS %[2]
	VALUED AT EQUITY METHOD									
	A.2 INVESTMENTS IN JOINT VENTURES									
1	FIDES LEASING GMBH Issued capital EUR 36,000	VIENNA	VIENNA	AUSTRIA	7	2	36	CALG ANLAGEN LEASING GMBH	50.00	
2	PALATIN GRUNDSTUECKVERWALTUNGS GESELLSCHAFT M.B.H. Issued capital EUR 36,336	ST.POELTEN	ST.POELTEN	AUSTRIA	7	2	36	UNICREDIT LEASING (AUSTRIA) GMBH	50.00	
	A.3 COMPANIES UNDER SIGNIFICANT INFLUENCE									
3	ALLIANZ ZB D.O.O. DRUSTVO ZA UPRAVLJANJE OBVEZNIM I DOBROVOLJNIM MIROVINSKIM FONDOVIMA Issued capital EUR 13,935,895	ZAGREB	ZAGREB	CROATIA	8	2	36	ZAGREBACKA BANKA D.D.	49.00	
4	ASSET BANCARI II Issued capital EUR 23,774,203	MILAN	MILAN	ITALY	8	2	35	UNICREDIT SPA	21.55	
5	BANK FUER TIROL UND VORARLBERG AKTIENGESELLSCHAFT Issued capital EUR 74,250,000	INNSBRUCK	INNSBRUCK	AUSTRIA	8	1	34	UNICREDIT BANK AUSTRIA AG	9.85	
								CABO BETEILIGUNGSGESELLSCHAFT M.B.H.	37.53	
6	BARN B.V.* Issued capital EUR 237,890,000	AMSTERDAM	AMSTERDAM	NETHERLANDS	8	2	36	AO UNICREDIT BANK	40.00	
7	BKS BANK AG Issued capital EUR 91,612,000	KLAGENFURT	KLAGENFURT	AUSTRIA	8	1	34	CABO BETEILIGUNGSGESELLSCHAFT M.B.H.	23.15	
								UNICREDIT BANK AUSTRIA AG	6.63	
8	CAMFIN S.P.A. Issued capital EUR 110,000,000	MILAN	MILAN	ITALY	8	5	37	UNICREDIT SPA	8.53	15.82
9	CASH SERVICE COMPANY AD Issued capital BGN 12,500,000	SOFIA	SOFIA	BULGARIA	8	2	36	UNICREDIT BULBANK AD	25.00	
10	CBD INTERNATIONAL SP.ZO.O. Issued capital PLN 100,500	WARSAW	WARSAW	POLAND	8	2	36	ISB UNIVERSALE BAU GMBH	49.75	
11	CNP UNICREDIT VITA S.P.A. Issued capital EUR 381,698,529	MILAN	MILAN	ITALY	8	4	31	UNICREDIT SPA	49.00	
12	COMPAGNIA AEREA ITALIANA S.P.A. Issued capital EUR 352,940	ROME	ROME	ITALY	8	2	35	UNICREDIT SPA	36.59	
13	COMTRADE GROUP S.A R.L. Issued capital EUR 4,522,000	LUXEMBOURG	LUXEMBOURG	LUXEMBOURG	8	5	38	UNICREDIT BANK GMBH	21.05	
14	DA VINCI S.R.L. Issued capital EUR 100,000	ROME	ROME	ITALY	8	5	37	IDEA FIMIT SGR FONDO SIGMA IMMOBILIARE	37.50	
15	INCONTRA ASSICURAZIONI S.P.A. Issued capital EUR 5,200,000	MILAN	MILAN	ITALY	8	4	31	UNICREDIT SPA	50.00	
16	NOTARTREUHANDBANK AG Issued capital EUR 8,030,000	VIENNA	VIENNA	AUSTRIA	8	2	36	UNICREDIT BANK AUSTRIA AG	25.00	
17	OBERBANK AG Issued capital EUR 105,898,000	LINZ	LINZ	AUSTRIA	8	1	34	CABO BETEILIGUNGSGESELLSCHAFT M.B.H.	23.76	
								UNICREDIT BANK AUSTRIA AG	3.41	
18	OESTERREICHISCHE KONTROLLBANK AKTIENGESELLSCHAFT Issued capital EUR 130,000,000	VIENNA	VIENNA	AUSTRIA	8	1	34	UNICREDIT BANK AUSTRIA AG	16.14	
								SCHOELLERBANK AKTIENGESELLSCHAFT	8.26	
								CABET-HOLDING GMBH	24.75	
19	OESTERREICHISCHE WERTPAPIERDATEN SERVICE GMBH Issued capital EUR 100,000	VIENNA	VIENNA	AUSTRIA	8	5	38	UNICREDIT BANK AUSTRIA AG	29.30	
20	PSA PAYMENT SERVICES AUSTRIA GMBH Issued capital EUR 285,000	VIENNA	VIENNA	AUSTRIA	8	2	36	UNICREDIT BANK AUSTRIA AG	24.00	
21	RCI FINANCIAL SERVICES S.R.O. Issued capital CZK 70,000,000	PRAGUE	PRAGUE	CZECH REPUBLIC	8	2	36	UNICREDIT LEASING CZ, A.S.	50.00	49.86
22	RISANAMENTO SPA* Issued capital EUR 107,689,512	MILAN	MILAN	ITALY	8	5	37	UNICREDIT SPA	10.12	
23	UNI GEBAEUDEMANAGEMENT GMBH Issued capital EUR 18,168	LINZ	LINZ	AUSTRIA	8	2	36	BA GEBAEUDEVERMIETUNGSGMBH	50.00	

Part A - Accounting policies

	COMPANY NAME	MAIN OFFICE	ADMINISTRATIVE OFFICE	COUNTRY	TYPE OF RELATIONSHIP(1)	NATURE OF RELATIONSHIP(6)	BUSINESS SECTOR(5)	OWNERSHIP RELATIONSHIP HELD BY	HOLDING %	VOTING RIGHTS %(2)
24	UNICREDIT ALLIANZ ASSICURAZIONI S.P.A. Issued capital EUR 52,000,000	MILAN	MILAN	ITALY	8	4	31	UNICREDIT SPA	50.00	
25	UNICREDIT ALLIANZ VITA S.P.A. Issued capital EUR 112,200,000	MILAN	MILAN	ITALY	8	4	31	UNICREDIT SPA	50.00	
26	WKBG WIENER KREDITBUERGSCHAFTS- UND BETEILIGUNGSBANK AG Issued capital EUR 9,205,109	VIENNA	VIENNA	AUSTRIA	8	2	36	UNICREDIT BANK AUSTRIA AG	21.54	

Notes to the table showing the investments in subsidiaries and valued at equity:
*Company classified in the Financial Statements as "non-current assets and disposal groups classified as held for sale" according to IFRS5 and therefore valued at minor between fair value net of cost to sell and booking value. The latter is determined by interrupting the valuation at Equity starting from the date of IFRS5 classification.
(1) Type of relationship:
1= majority of voting rights at ordinary shareholders' meeting;
2= dominant influence at ordinary shareholders' meeting;
3= agreements with other shareholders;
4= other types of control;
5= centralised management pursuant to paragraph 1 of Art.39 of "Legislative decree 136/2015";
6= centralised management pursuant to paragraph 2 of Art.39 of "Legislative decree 136/2015";
7= joint control;
8= associated companies.
(2) Voting rights available in general meeting. Voting rights are disclosed only if different from the percentage of ownership.
(3) Companies consolidated line by line under IFRS10 as a result of the simultaneous availability of power to govern the relevant activities and exposures to variability of related returns.
(4) It should be noted that as at 30 June 2024 the voting rights that can be exercised directly or indirectly relating to subsidiaries based in Russia, or companies subject to significant influence by them, are fully enforceable and not being restricted the ability to appoint members of the Management Bodies there are no indications that lead to reconsider the effectiveness of the shareholding relationship with these companies on the same date.
(5) Business sector:
1= Banking Group: resident banks and ancillary companies;
2= Banking Group: non resident banks and ancillary companies;
3= Banking Group: resident financial companies;
4= Banking Group: non resident financial companies;
31= Other companies included in the consolidation scope: resident insurance companies;
32= Other companies included in the consolidation scope: non resident insurance companies;
33= Other companies included in the consolidation scope: resident banks;
34= Other companies included in the consolidation scope: non resident banks;
35= Other companies included in the consolidation scope: resident financial companies;
36= Other companies included in the consolidation scope: non resident financial companies;
37= Other companies included in the consolidation scope: resident non financial companies;
38= Other companies included in the consolidation scope: non resident non financial companies.
(6) Nature of relationship:
1= Banks;
2= Financial entities;
3= Ancillary banking entities services;
4= Insurance enterprises;
5= Non-financial enterprises;
6= Other equity investments

Changes in the scope of consolidation
Companies consolidated line by line, including the Parent Company and those ones classified as non-current assets and asset disposal groups, decreased by 2 entities compared with 31 December 2023 (2 inclusions and 4 exclusions as a result of disposals/liquidations, changes of the consolidation method and mergers), from 325 as at 31 December 2023 to 323 as at 30 June 2024.

Companies consolidated at equity, including those ones classified as non-current assets and asset disposal groups, decreased from 27 as at December 2023 to 26 as at 30 June 2024 due to 1 liquidation.

With reference to 30 June 2024, it can be noted that 164 controlled entities (of which 22 belonging to the banking group) were not consolidated, of which 162 for materiality threshold and/or liquidation procedures, while the remaining 2 companies relate to one restructuring procedure whose risks are measured coherently as part of the credit exposures. Based on available information, it is believed that their consolidation would not have impacted significantly the Group net equity.

Wholly-owned subsidiaries
The following table shows the changes in equity investments in wholly-owned subsidiaries.

Part A - Accounting policies

Equity investments in wholly-owned subsidiaries (consolidated line by line): annual changes

	NUMBER OF COMPANIES
A. Opening balance (from previous year)	**325**
B. Increased by	**2**
B.1 Newly established companies	1
B.2 Change of the consolidation method	-
B.3 Entities consolidated for the first time in the year	1
C. Reduced by	**4**
C.1 Disposal/Liquidation	1
C.2 Change of the consolidation method	2
C.3 Absorption by other Group entities	1
D. Closing balance	**323**

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

Increases

Newly established companies

COMPANY NAME	MAIN OFFICE
REDEUS FUND	MILAN

Entities consolidated for the first time in the year

COMPANY NAME	MAIN OFFICE
FONDO AURORA	VERONA

Reductions

Disposal/Liquidation

COMPANY NAME	MAIN OFFICE
BAULANDENTWICKLUNG GDST 1682/8 GMBH & CO OG	VIENNA

The table above refers to liquidation of inactive company.

Change of the consolidation method

COMPANY NAME	MAIN OFFICE
BARD HOLDING GMBH	EMDEN
BARD ENGINEERING GMBH	EMDEN

Absorption by other Group entities

COMPANY NAME OF THE MERGED ENTITY	MAIN OFFICE	COMPANY NAME OF THE TAKING IN ENTITY	MAIN OFFICE
NF OBJEKT FFM GMBH	MUNICH	HVB IMMOBILIEN AG	MUNICH

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

COMPANY NAME	MAIN OFFICE
BANK AUSTRIA BAF GMBH IN LIQU. (ex BANK AUSTRIA FINANZSERVICE GMBH)	VIENNA
Z LEASING CORVUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H. IN LIQU. (ex da Z LEASING CORVUS IMMOBILIEN LEASING GESELLSCHAFT M.B.H)	VIENNA
BAL SOBEK IMMOBILIEN LEASING GMBH IN LIQU. (ex BAL SOBEK IMMOBILIEN LEASING GMBH)	VIENNA

COMPANY NAME	MAIN OFFICE
CA-LEASING SENIOREN PARK GMBH IN LIQU. (ex CA-LEASING SENIOREN PARK GMBH)	VIENNA
LEASFINANZ GAMMA GMBH (ex. LEASFINANZ BANK GMBH)	VIENNA

Part A - Accounting policies

Equity investments in joint ventures and in companies under significant influence (consolidated at net equity): annual changes

	NUMBER OF COMPANIES
A. Opening balance (from previous year)	**27**
B. Increased by	**-**
B.1 Newly established companies	-
B.2 Change of the consolidation method	-
B.3 Entities consolidated for the first time in the year	-
C. Reduced by	**1**
C.1 Disposal/Liquidation	1
C.2 Change of the consolidation method	-
C.3 Absorption by other entities	-
C.4 Other changes	-
D. Closing balance	**26**

Increases

During the period there were no changes in newly established companies, change of the consolidation method and entities consolidated for the first time in the year.

Reductions

Disposal/Liquidation

COMPANY NAME	MAIN OFFICE
HETA BA LEASING SUED GMBH	KLAGENFURT

Joint ventures and the companies under significant influence that changed their names during the year

COMPANY NAME	MAIN OFFICE
COMTRADE GROUP S.A R.L. (ex COMTRADE GROUP B.V.)	LUXEMBOURG

As at 30 June 2024, 6 equity investments (all held either directly or through consolidated subsidiaries) in associates were carried at cost.

Section 4 - Events subsequent to the reference date

In July 2024, UniCredit and Alpha International Holdings Single Member signed a share purchase agreement, pursuant to which UniCredit will acquire from Alpha International Holdings Single Member 90.1% of the share capital of Alpha Bank Romania S.A. (Alpha Bank Romania) in consideration of (i) 9.9% of the share capital of UniCredit Bank S.A. (UniCredit Romania) and (ii) €256 million in cash. The transaction is part of the strategic partnership between Alpha Services and Holdings S.A. and UniCredit, announced on 23 October 2023. Completion of the transaction, subject to regulatory approvals, is expected within the end of 2024.

Always in July 2024, UniCredit S.p.A entered into a binding agreement for the acquisition of the entire share capital of Aion Bank NV/SA and Vodeno S.p.z.o.o. (the “Companies”). The Companies combine an innovative, scalable, and flexible cloud-based platform with banking services based on Aion's ECB licence to enable fully end-to-end Banking-as-a-Service (BaaS) for both financial and non-financial companies across Europe. The Companies are able to embed financial solutions, including accounts, deposits, lending and payment propositions, directly into the customer journeys of retailers, e-Commerce marketplaces, fintechs, financial technology providers and banks. Closing of the transaction, subject to regulatory approvals, is expected in the fourth quarter 2024.

Both transactions envisage the acquisition of control over the target companies which, therefore, will be subject to line-by-line consolidation. In compliance with IFRS3 accounting standard, for the purpose of UniCredit group consolidated financial statements, the assets and liabilities of the target companies will be recognized at their acquisition date fair values applying, if required, the exceptions provided by the standard.

Part A - Accounting policies

Section 5 - Other matters

In 2024 the following standards, amendments or interpretations of the existing accounting standards came into force:

- amendments to IFRS16 Leases: Lease Liability in a Sale and Leaseback (EU Regulation 2023/2579);
- amendments to IAS1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current; Classification of Liabilities as Current or Non-current - Deferral of Effective Date and Non-current Liabilities with Covenants (EU Regulation 2023/2822);
- amendments to IAS7 Statement of Cash Flows and IFRS7 Financial Instruments: Disclosures: Supplier Finance Arrangements (EU Regulation 2024/1317).

The entry into force of these new standards, amendments or interpretations has not determined substantial effects on the amounts recognised in balance sheet or income statement.

As at 30 June 2024, no accounting standards applicable to reporting starting from 1 January 2025 have been endorsed by the European Commission.

As at 30 June 2024 the IASB issued the following accounting standards, amendments or interpretations of the existing accounting standards, whose application is subject to completion of the endorsement process by the competent bodies of the European Union, which is still ongoing:

- amendments to IAS21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023);
- IFRS18 Presentation and Disclosure in Financial Statements (issued on 9 April 2024);
- IFRS19 Subsidiaries without Public Accountability: Disclosures (issued on 9 May 2024);
- amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS9 and IFRS7) (issued on 30 May 2024).

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

The document "Consolidated first half financial report of UniCredit group as at 30 June 2024" has been approved by the Board of Directors of 23 July 2024 and is subject to review engagement by the External auditors KPMG S.p.A.

IBOR transition

Following the concerns raised about the integrity and reliability of major financial market benchmarks the Financial Stability Board (FSB) started in 2013 a comprehensive reference rates reform with the end goal of a successful transition to robust benchmarks, including the transition away from LIBOR.

It is worth to mention that a *European working group on euro risk-free rates* (the Working Group) was initially established in 2018 by the ECB together with the Belgian Financial Services and Markets Authority (FSMA), the European Securities and Markets Authority (ESMA) and the European Commission to identify and recommend risk-free rates that could serve as an alternative to prevailing EUR interest rate benchmarks while other international working groups and bodies (e.g., International Swaps and Derivatives Association - ISDA; ICE Benchmark Administration - IBA; London Clearing House - LCH) issued recommendations, focused on LIBOR discontinuation for relevant financial instruments to be considered while envisaging market practice to handle transitioning.

At the same time UniCredit group launched a Group wide project to assess relevant risks and taking appropriate actions in order to manage the IBORs (Interbank Offered Rates) discontinuation with a multiyear roadmap defined based on both Group exposure and transition timeline.

The EU Benchmark Regulation was amended to allow the European Commission to provide for statutory replacement rates, while the other involved international market authorities (e.g., Financial Conduct Authority and Bank of England in the UK, New York State Department of Financial Services in the US) defined amendments to the applicable laws to support a smooth transition.
The European Commission adopted an Implementing Act of the BMR in October 2021; the Implementing Act provided legal ground for an EU Statutory Replacement Rate for legacy contracts indexed to CHF LIBOR and EONIA that had not yet been repapered or did not contain adequate fallback rates.

Such a replacement rate operating by law in Europe brought further stability in the market and reduced the conduct risk associated with the outstanding stock of assets, liabilities and derivatives transformed or transitioned or yet to be transformed or transitioned.

Part A - Accounting policies

The end of June 2023 marked the final major milestone in the LIBOR transition, managed by *ICE Benchmarking Administration* according to the *Financial Conduct Authorities* recommendations/requisites, with the end of the remaining USD LIBOR panelist. After June 2023 only three of the US dollar LIBOR settings (1,3,6 months) and one GBP sterling LIBOR setting (3 month) continue in a synthetic form. The US dollar LIBOR settings are intended to cease at end-September 2024 while the GBP sterling LIBOR setting ceased at end-March 2024.

In November 2023, the *European working group on euro risk-free rates* agreed that the Working Group in its current form will cease as the original mandate had been successfully completed following the transition from EONIA to €STR at the end of 2021, the recommendation issued in May 2021 on EURIBOR fallbacks and the availability of a term €STR rate alongside the already existing backward-looking €STR.
In addition, reform of other interest rate benchmarks and related transition efforts have either been completed or are near their planned conclusion.

As a result, also UniCredit successfully completed the Group transition away from IBOR's to reference risk-free rates and identified appropriate alternatives for the limited number of contracts that continue to use synthetic LIBORs.

Valuation of the Group real estate portfolio
The Group adopts the fair value model for the measurement of properties held for investment and the revaluation model for the measurement of properties used in business.

Such approach is deemed to result in reliable and more relevant information for financial statements' users taking into account:
- the expected disposal of real estate assets held for investment (IAS40), as fair value model presents a higher capability to approximate the expected disposal price, accounting for the related effects timely in advance;
- the possibility to better represent the equity of the Group, with regard to real estate assets used in business (IAS16), as revaluation model represents the net equity updated in light of current market conditions.

As at 30 June 2024, according to the Group regulation, the fair value of the Group Real Estate properties (both held for investment and used in business) was determined through external appraisals for the whole perimeter (through full or desktop appraisals, also depending on the significance of properties, the real estate assets type, if held for investment or used in business, and/or the elapsed time since the last full external appraisal).

With reference to the Group, for the first half 2024, the update of appraisals has led to an overall negative Balance sheet effect of -€28 million, whose breakdown is here outlined:
- -€21 million for assets used in business, of which -€13 million through Net Equity (decrease in the valuation reserve) and -€8 million in the Income statement;
- -€7 million in the Income statement for assets held for investment.

Update of the sustainability test for Deferred Tax Assets for the carry-forward of unused tax losses regarding the Italian Tax perimeter
The possibility to recognise DTAs Tax Losses to be Carried Forward (TLCF), to be utilised against available future taxable profit, implies an estimation of future economic results, which relies on the execution of a sustainability test.
Since December 2019, UniCredit updated the calculation of the sustainability test methodology considering appropriate a 10 years' time horizon for recognition of DTAs TLCF given: (i) the absence in Italy of legal time-limits; and (ii) a reasonable time limitation given that lengthening of forecast horizon increases the uncertainty.

Considering the uncertainty deriving from the lengthiness of the 10 years' time horizon, and in line with ESMA opinion[21], the sustainability test envisages:
- a deterministic approach for the years for which official projections are available;
- a statistical approach for the years beyond official projections.

Furthermore, in line with IAS12, as well as taking into consideration the ESMA document, a confidence interval was selected which reflects a probability higher than 50% in relation to the expected taxable profits.

21 EU Securities Markets regulator; "ESMA Public Statement. Consideration on recognition of deferred tax assets arising from the carry-forward of unused tax losses", issued on 15 July 2019, which summarises systematically the criteria to be followed by the financial statements preparers to make their judgment and it has become a fundamental reference for the application of IAS12 on the matter. The document states that: "the longer the estimates/forecasts extend into the future, the less reliable they are, and their weight should be assessed accordingly".

Part A - Accounting policies

As at 30 June 2024, the following checks were executed for the assessment of the sustainability test relating to the balance of DTAs TLCF:
- Considering the update of the macroeconomic scenarios (released in by UniCredit Research in second quarter 2024), possible differences between the latest available scenario and the one underlying 2023 Year-End test were checked. The assessment confirmed the outlook of December 2023, by highlighting that:
  - Italy GDP Y/Y growth on a cumulated basis 2024-2026 is +3.0%, compared to +3.3% of Base case utilized in Year-end 2023 test;
  - no significant changes are overall detected for Euribor projections compared with those underlying Year-end 2023 test[22];
  - Inflation is lower in 2024 and in line in 2025-2026 compared to the expectations at 2023 Year-end.
- Furthermore, the actual profit before tax was compared with the Base scenario, highlighting that the Italian Fiscal Perimeter profit before tax is higher than the projection. Since the comparison provides a positive outcome, the profit before tax projections were kept aligned to the Year-end 2023 figures.
- Regarding the composition of Italian Tax Perimeter (ITP), no change in the Legal Entities scope occurred vs Year-end 2023.
- With reference to the tax base, the calculation methodology used in December 2023 test is confirmed as no fiscal changes triggering an update of model assumptions occurred in the period.

Finally, the Monte Carlo Multiplier parameters were kept at the values used in December 2023 in light of the mentioned uncertainty.

The assessment, as at 30 June 2024, of the DTAs sustainability test on:
- the ITP by applying the current ordinary tax rate of 24%;
- UniCredit S.p.A. by applying the additional tax rate of 3.5%, confirmed, according to an approach based on blended scenario (60% Base and 40% Alternative), in coherence with the ESMA recommendation[23], the full sustainability of the DTAs TLCF in balance sheet.

Moreover, the update of the DTAs test as at 30 June 2024 confirmed the sustainability of DTAs from temporary differences (both for IRES and IRAP purposes) since the tax bases ante reversal were fully capable to absorb the reversal of temporary differences in each of the years within the time horizon.

Implications of geopolitical tensions between Russia and Ukraine on Condensed interim consolidated financial statements

UniCredit group holds assets and liabilities potentially exposed to the consequences of the geopolitical tensions between Russia and Ukraine, specifically: (i) the Russian Subsidiaries included in the accounting scope of consolidation; (ii) the financial assets held by UniCredit S.p.A. and its non-Russian subsidiaries towards Russian counterparties.

The following sections outline further details specifically for Russian Subsidiaries (section “Assets and liabilities of Russian subsidiaries”) and for financial assets held by UniCredit S.p.A. and its non-Russian subsidiaries toward Russian counterparties (section “Financial assets held by UniCredit S.p.A. and its non-Russian subsidiaries toward Russian counterparties”).

1. Assets and liabilities of Russian subsidiaries

The Group invested in Russia through AO UniCredit Bank, its subsidiaries OOO UniCredit Garant, OOO UniCredit Leasing and its associate Barn BV (the latter classified as held for sale).
The line-by-line consolidation determined the recognition of total assets for €8,435 million vs €8,668 million as at 31 December 2023. The difference in total assets is attributable to a reduction in financial assets held for trading and cash.
As at 30 June 2024, the foreign exchange revaluation reserve arising from the conversion of assets and liabilities in EUR is equal to -€2,553 million; the positive delta for +€234 million vs year-end 2023 (-€2,787 million) is mainly due the appreciation of the RUB over the period[24].

The following tables present the Balance sheet of such entities, together with their incidence over the corresponding consolidated (UniCredit group level) Balance sheet line item[25].

22 It is to be noted that projections behind the test performed at YE2023 embedded a reduction of about 50/60 bps applied to the Base Euribor, for 2024 and 2025 to be aligned with the latest market expectations.
23 Statement ESMA 32-193237008-1793, “European common enforcement priorities for 2023 annual financial reports”.
24 Indeed the Ruble exchange Euro as at 30 June 2024 was equal to 91.53 vis a vis 99.17 as at 31 December 2023.
25 The reported amounts provide the contribution of the mentioned subsidiaries to the consolidated financial statements thus net of intercompany assets and liabilities.

Part A - Accounting policies

(€ million)

ASSETS	AMOUNTS AS AT 30.06.2024	% OVER CONSOLIDATED ITEM
10. Cash and cash balances	1,843	3.7%
20. Financial assets at fair value through profit or loss:	128	0.2%
a) financial assets held for trading	128	0.2%
b) financial assets designated at fair value	-	0.0%
c) other financial assets mandatorily at fair value	-	0.0%
30. Financial assets at fair value through other comprehensive income	8	0.0%
40. Financial assets at amortised cost:	6,244	1.1%
a) loans and advances to banks	3,176	4.5%
b) loans and advances to customers	3,068	0.6%
50. Hedging derivatives	11	0.8%
60. Changes in fair value of portfolio hedged items (+/-)	(37)	1.0%
70. Equity investments	-	0.0%
80. Insurance assets	-	0.0%
a) insurance contracts issued that are assets	-	0.0%
b) reinsurance contracts held that are assets	-	0.0%
90. Property, plant and equipment	124	1.4%
100. Intangible assets	27	1.2%
of which: goodwill	-	0.0%
110. Tax assets:	50	0.5%
a) current	1	0.1%
b) deferred	49	0.5%
120. Non-current assets and disposal groups classified as held for sale	37	6.1%
130. Other assets	-	0.0%
Total assets	**8,435**	**1.1%**

(€ million)

LIABILITIES AND SHAREHOLDERS' EQUITY	AMOUNTS AS AT 30.06.2024	% OVER CONSOLIDATED ITEM
10. Financial liabilities at amortised cost:	6,519	1.0%
a) deposits from banks	251	0.3%
b) deposits from customers	6,268	1.3%
c) debt securities in issue	-	0.0%
20. Financial liabilities held for trading	24	0.1%
30. Financial liabilities designated at fair value	-	0.0%
40. Hedging derivatives	18	2.4%
50. Value adjustment of hedged financial liabilities (+/-)	(5)	0.0%
60. Tax liabilities:	25	1.4%
a) current	22	1.5%
b) deferred	3	1.1%
70. Liabilities associated with assets classified as held for sale	-	0.0%
80. Other liabilities	892	6.1%
90. Provision for employee severance pay	-	0.0%
100. Provisions for risks and charges:	274	3.9%
a) commitments and guarantees given	80	7.3%
b) post-retirement benefit obligations	26	0.8%
c) other provisions for risks and charges	168	5.7%
110. Insurance liabilities	-	0.0%
a) insurance contracts issued that are liabilities	-	0.0%
b) reinsurance contracts held that are liabilities	-	0.0%
Equity	688	
Total liabilities and shareholders' equity	**8,435**	1.1%

Part A - Accounting policies

1.1 IFRS9 macroeconomic scenario

The IFRS9 macroeconomic scenarios for the Russian subsidiaries were updated as at 30 June 2024 consistently with other geographies of the Group, leading to no material changes vs year-end 2023 situation.

In line with IFRS9 standards and ESMA recommendations, the ECL is computed based on multi-scenario approach, specifically the following scenarios, coherently with the Budget/Multiyear Plan, were considered:

- Baseline scenario, which assumptions are aligned with the scenario used for the Shareholding Impairment Test and the Deferred Tax Assets Sustainability Test. It represents the reference central scenario with the higher probability of realization (60%);
- Adverse scenario, embedding a worsened evolution of macro-economic context, with a lower probability of realization vis-à-vis the baseline (40%).

For a description of main assumptions behind baseline and adverse IFRS9 scenarios and related probability of realization, refer to Part A - Accounting policies, A.1 General, Section 2 - General preparation criteria.

1.2 Classification and re-rating of loans exposure

Starting from 31 March 2022, in line with the IFRS9[26] provisions, the AO UniCredit Bank loan exposures were entirely classified in Stage 2 as a significant increase in credit risk was triggered by macro-economic circumstances, given the geopolitical crisis and the expected decrease in Russian GDP for the period 2022-2024, observed starting from the first quarter 2022.

In addition, the internal ratings of Russian Sovereign exposures (resulting from IRB Groupwide Sovereign PD Model) were reviewed throughout 2022; and ultimately downgraded to timely embed the worsening of Russia creditworthiness, triggered by the severity of Western countries' sanctions, the Russian authorities' response (ban on transfer of FX abroad) and the economic effects of the war.

The downgrade of the Sovereign internal ratings triggered the downgrades of Groupwide Multinationals (i.e., MNC) and Banks (the bulk of downgrades), which had Russia as country of risk. These downgrades determined an increase in the Expected Credit Losses (resulting from the combination of PD, LGD and EAD parameters) and Loan Loss Provisions.

Starting from June 2024, the classification to Stage 2 for AO UniCredit Bank loan exposures was removed: consequently, staging is driven by the ordinary IFRS9 framework. The reasons underlying the removal of collective staging measures are motivated by the following risk analyses observed throughout an approx. 2 years' time span:

- regular repayment performance of local portfolio;
- low level of default in-flows;
- significant portfolio de-risking achieved since first quarter 2022 thus further reducing the expected future default and loss risks;
- local portfolio progressively re-rated, thus incorporating quali-quantitative information representative of a post-crises outbreak in the Financial and Qualitative modules;
- substantial irrelevance of government moratoria supporting measures activated in 2022;
- lower riskiness of onshore domestic portfolio compared to Russian cross-border/offshore portfolio booked outside AO UniCredit Bank.

As at 30 June 2024 the related stock of LLP amounts to -€87 million, with reference to a gross exposure of €5,449 million. It should be noted that out of this gross exposure:

- €3,179 million are represented by exposures towards banks, with -€3 million LLPs (as at December 2023 the Gross exposure was equal to €2,672 million, the increase in the carrying value observed as at June 2024 is basically stemming from the de-risking activity which led to increase the cash and cash assets, and the related management of liquidity on the local interbank market);
- €2,270 million are represented by exposures towards customers, with -€84 million LLPs (as at December 2023 the Gross exposure was equal to €2,919 million with -€133 million LLPs).

As a result of the removal of the Stage 2 Classification, the credit exposures reported in Stage 1 are equal to €4,727 million (with -€22 million LLPs) of which €3,179 million towards banks and €1,548 million towards customers.

26 IFRS9 par. B5.5.17.

Part A - Accounting policies

1.3 Classification and re-rating of Russian government bonds

During the 2022, the Russian debt securities belonging to the Amortized cost and FVtOCI portfolios were classified in Stage 2 and downgraded, given the increase in credit risk according to the internal models, in coherence with the loan exposures[27].

As at 30 June 2024:

- the collective staging measure was removed for AO UniCredit Bank Debt securities portfolio as well, with non-material LLP impact;
- the related LLPs stock amounts to -€120 million (-€132 million as of year-end 2023) with reference to €829 million gross exposure (€766 million as of year-end 2023): the increase in gross exposure vs year-end 2023 arises from the appreciation of the RUB during the period, while the decrease in LLPs mainly stems from the removal of (i) the stage 2 classification and (ii) previous fixing of LLPs to the level of March 2022.

With reference to the fair value calculation, starting from 28 February 2022, the Moscow Stock Exchange (MOEX) closed, and RUB bonds quotes became rare, disperse and actually not executable. Despite the MOEX progressively resumed trading starting from 21 March 2022, the bonds quotes were deemed to be not suitable for valuation purposes at consolidated level: as a matter of fact, from the perspective of UniCredit group (i.e., a western based financial institution), the Russian market is not accessible and it cannot be representative of the fair value for consolidated purposes' evaluation; as a consequence, the fair value of the Russian Government debt securities was determined by applying a mark-to-model approach, instead of a mark-to-market approach.

In more detail, the implied spreads related to the Russian Federation debt in USD were used by the UniCredit group to evaluate Russian Federation RUB bonds, adjusted according to the effective trades' prices observable on the offshore Market within 90 days' time-horizon rolling, leading to an extra spread, added flat on L1 curve used to compute the Mark-to-Model prices.

As at 30 June 2024, the Russian government bonds continue to be valued according to the methodology summarized above, with the introduction of an additional adjustment to reflect the increased lack of liquidity observed in 2023/2024 and applied since end of June 2023.

1.4 Overlays

During the 2022, given the uncertainties over the evolution of the crisis and the related effects on AO UniCredit Bank loan portfolio, some actions were taken to cope with potential future default migrations.

Specifically, an overlay was applied on the loan portfolio at amortized cost, since the second quarter of 2022, and aimed to: (i) fix the LLPs to the level of 31 March 2022 (i.e., after application of LLPs aimed at covering Russia direct risk); (ii) re-scale the LLPs with respect to the Loan-to-Customer portfolio evolution factoring-in repayment and exposure reduction if any, in order to ensure a minimum coverage representative of the situation after Russian-Ukraine crisis.

On June 2024, this LLP overlay has been removed for the same rationales underlying the removal of the collective staging measure (refer to previous sections 1.2 and 1.3) bearing non-material LLP impact.

1.5 Asset quality

The following table provides the breakdown of financial assets held by Russian subsidiaries broken down by accounting portfolio and Credit quality.

(€ million)

PORTFOLIOS/QUALITY	NON-PERFORMING ASSETS GROSS EXPOSURE	NON-PERFORMING ASSETS OVERALL WRITEDOWNS	NON-PERFORMING ASSETS NET EXPOSURE	NON-PERFORMING ASSETS OVERALL PARTIAL WRITE-OFFS(*)	PERFORMING ASSETS GROSS EXPOSURE	PERFORMING ASSETS OVERALL WRITEDOWNS	PERFORMING ASSETS NET EXPOSURE	TOTAL (NET EXPOSURE)
1. Financial assets at amortised cost	406	226	179	-	6,270	206	6,065	6,244
2. Financial assets at fair value through other comprehensive income	-	-	-	-	7	-	7	7
3. Financial assets designated at fair value	-	-	-	-	X	X	-	-
4. Other financial assets mandatorily at fair value	-	-	-	-	X	X	-	-
5. Financial instruments classified as held for sale	12	9	4	-	-	-	-	4
Total 30/06/2024	**418**	**235**	**183**	**-**	**6,278**	**206**	**6,072**	**6,255**
Total 31/12/2023	**427**	**250**	**177**	**-**	**6,357**	**266**	**6,091**	**6,268**

1.6 Derivative exposures

In 2022, the sanctions and restrictions led the derivatives' counterparties to interrupt servicing (stopping settlement and disregarding margin call), thus resulting in the activation of close-out process according to ISDA Master Derivatives Agreements/Credit Support Annex. Such circumstance determined the recognition of Trading Profit/Losses in 2022 for -€94 million and of LLPs in 2022 and 2023 for -€45 million (the latter mainly refer to the write-downs recognised in "excess" of collaterals posted by counterparties and measured in Group Balance sheet at amortized cost). No additional LLPs have been recognised in the first half of 2024. The relevant net claim is equal to €14 million, unchanged vs year-end 2023.

27 For the sake of completeness, it should be noted that further Russian Government bonds are held by other Group legal entities in the held for trading portfolio for a not material carrying value.

Part A - Accounting policies

With reference to the Fair value calculation, an update of XVA methodology, in particular regarding calibration of risk inputs, was introduced since 31 March 2022, to reflect offshore risk (i.e., Russian risk assessment outside Russia). Indeed, till February 2022, the CVA risk mapping assimilated the country risk “Russia” to the average risks of Eastern Europe counterparties; then, since March 2022, a new CVA risk mapping was introduced to assess Russian counterparty credit risk, by referencing the Russian Sovereign Credit Default Swap (CDS), separated from the Eastern Europe counterparties in light of the changed geopolitical framework.
The overall impact stemming from XVA in 2024 was equal to +€30 million, arising from the already mentioned de-risking activity which determined a decrease in the perimeter of instruments subject to such adjustments.

1.7 Real estate portfolio
The real estate portfolio of Russian subsidiaries (mainly composed by owned instrumental assets located in Moscow and Saint Petersburg Commercial Business District) was subject to external independent appraisals right before 30 June 2024; the evaluation, aimed to update the fair value of the assets, led to recognise not-material effects.

2. Financial assets held by UniCredit S.p.A. and its non-Russian subsidiaries toward Russian counterparties
The present section provides information about the credit exposures subject to Russian risk held by UniCredit S.p.A. and its non-Russian subsidiaries (i.e., such exposures include neither the positions held by the Russian Legal Entities belonging to UniCredit group, nor Letters of Credit).

The overall Gross Book Value for €0.5 billion is composed as follows:
- €0.3 billion attributable to the credit exposures of the Russia operating segment, entirely on-balance exposures with an overall coverage for approx. 42%;
- €0.2 billion basically related to the exposures held by the Group Entities not belonging to the Russian Operating Segment, mainly having the following features:
  - on-balance exposures for approx. €0.2 billion (benefitting from ECA guarantees for €0.2 billion);
  - the related coverage substantially reflects the presence of ECA guarantees for most of the exposures.

The reduction for -€0.2 billion compared to year-end 2023 (gross exposure for €0.7 billion and overall write down for -€0.1 billion) is mainly attributable to redemptions and closing of Off-Balance exposures occurred in the period.

	PERFORMING ASSETS		
	GROSS EXPOSURE	OVERALL WRITEDOWNS	NET EXPOSURES
Deposits	-	-	-
Financial assets held for trading	-	-	-
Financial assets at FV through OCI	-	-	-
Financial assets at amortized cost	506	130	376
Total on balance exposures	**506**	**130**	**376**
Off Balance	1	-	1
Total 30/06/2024	**507**	**130**	**377**
Total 31/12/2023	**704**	**139**	**565**

Note:
Non-performing assets report a gross exposure (GBV) of €252 million and overall writedowns (LLP) of -€52 million (o/w Non-ECA amounting to €86 million in terms of GBV and -€51 million in terms of LLP).

2.1 Classification and re-rating of loans toward Russian counterparties held by UniCredit S.p.A. and its non-Russian subsidiaries
During 2022, the assessment reported in the previous paragraph (i.e., reclassification into Stage 2 and rating downgrade) was also applied to exposures held by UniCredit S.p.A. and its non-Russian subsidiaries toward Russian counterparties.
Furthermore, an analysis was performed on the amount of LLPs to grant that they would be able to reflect in the measurement the differentiation in asset valuation between onshore and offshore investors, where the latter are penalized in their ability to recover the claims against investments in Russia. Indeed, in the perspective of an offshore investor exposed towards obligors with direct risk on Russia, such exposures are expected to suffer from higher risk of missed fulfilment of credit obligation, as a consequence of sanctioning limitations and potential accelerated de-leveraging actions.

Such analysis is still valid as at 30 June 2024; indeed, the persisting sanctions against Russia indicates that the mentioned differentiation in asset valuation observed in 2022 continues to exist, thus justifying the maintenance of both (i) collective staging, differently from the removal of collective staging for AO UniCredit Bank portfolio; and (ii) specific measures.

In this regard, the additional LLPs were quantified by assuming a coverage ratio comparable with the proactive classification of these exposures as unlikely to pay. As at 30 June 2024 the stock of overall writedowns is equal to -€130 million (-€139 million as of year-end 2023).

2.2 Geopolitical overlay resulting from Russia-Ukraine crisis
For further information on geopolitical overlay refer to the paragraph “2.3.1 Staging Allocation and Expected Credit Losses Calculation”, Explanatory notes, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Qualitative information, 2. Credit risk management policies, 2.3 Measurement methods for expected losses.

3. FX rate used as at 30 June for the conversion of exposures denominated in Rubles
As a result of the geopolitical tension, the ECB suspended the EUR/RUB listing since 2 March 2022 (last fixing on 1 March 2022), while Central Bank of Russia (CBR) continued to provide a fixing versus other currencies. Despite such suspension, the availability of RUB FX rate is needed for preparing the Consolidated financial statements for the conversion into EUR of:
- RUB denominated exposures held by UniCredit S.p.A. and subsidiaries having a presentation currency different from RUB;
- Russian subsidiaries’ net assets (and related FX reserve) in the consolidated financial results of UniCredit group.

In light of the IAS21 requirements (which establish that when several exchange rates are available, the rate used is the one at which the future cash flows represented by the transaction could have been settled if those cash flows had occurred at the measurement date), the Group decided to adopt the RUB quotes listed by the Electronic Broking Service (EBS) in substitution of the lacking EUR/RUB quote. The choice of the provider was executed following qualitative and quantitative assessment, which reported the following outcome: (i) the RUB quotes published by the platform are representative of effective transactions between participants to the market; (ii) the FX quotes are liquid; (iii) the EBS RUB quotes resulted from actual transactions by non-Russian based operators, thus granting that such quote effectively represents a market participant assessment of the value of the RUB and therefore of the economic conditions of Russia[28]. In more detail, the mentioned EBS rate was used both for converting RUB denominated exposures held by entities having EUR as presentation currency, as well as for consolidating the net assets of AO UniCredit Bank (Russia) and determining the related FX reserve.

In addition to the above, it is worth reminding those exposures held by Russian subsidiaries and denominated into currencies different from RUB shall be first converted into RUB for the purpose of consolidated financial statements preparation. In this regard, while the adoption of EBS RUB quote would be appropriate, the conversion into RUB of exposures denominated in foreign currencies held by Russian Subsidiaries was executed considering the rate provided by CBR considering that difference between CBR and EBS quotes was not significant.

4. Claims in relation to guarantees and sanctions
It should be noted that, in August 2023, UCB GmbH was named as a defendant in a lawsuit pertaining to guarantee claims commenced by a Russian energy company before a court in Saint Petersburg, Russia. For additional information about this lawsuit refer to Part E - Information on risks and related hedging policies, 2.5 Operational risks, B. Legal risks.

In addition, UniCredit S.p.A has made an application to the General Court of European Union (GCEU) to obtain definitive legal clarification of the obligations set by the European Central Bank's (ECB) requirements to further reduce the risks associated with UniCredit's activities in Russia, carried out by subsidiaries including AO UniCredit Bank. In this regard it should be noted that since Russia's invasion of Ukraine in February 2022, UniCredit has been adopting a series of strategies to reduce its Russian presence resulting in a significant reduction of its cross-border and domestic exposures. However, the unprecedented circumstances, the complexities inherent in the geo-political and economic scenario the lack of a harmonized regulatory framework applicable to it and the potential for serious unintended consequences of implementing the decision that would impact not only the Russian subsidiaries but UniCredit S.p.A., have compelled the Board of Directors of UniCredit to seek for clarity and certainty of the duties and of the actions to be undertaken. To this purpose, UniCredit filed the application to the GCEU to get clarity about the obligations that UniCredit shall abide by. This application has been made in the full knowledge of the ECB. While this application is being heard, UniCredit has requested an interim suspension of the Decision pending the proceeding. A ruling on that suspension can be expected in the coming months.

A.2 - Main items of the accounts

With regard to the classification and measurement criteria of the main items, refer to “Part A.2 - Main items of the accounts” of the document Annual Reports and Accounts 2023, Consolidated report and accounts 2023 of UniCredit group, Notes to the consolidated accounts, Part A - Accounting policies.

28 Such conclusions are also corroborated by the meeting held by ECB - Foreign Exchange Contact Group during May 2022 in which EBS representative reported that EBS EUR/RUB Market continue to function, and that liquidity in the Russian ruble is below pre-invasion levels, with activity concentrated mostly among larger banks in offshore markets.

Part A - Accounting policies

A.3 - Information on transfers between portfolios of financial assets

There were no transfers between portfolios of financial assets in the first half 2024.

A.4 - Information on fair value

Qualitative information

This section presents a disclosure on fair value as required by IFRS13.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants in the principal market at the measurement date (i.e., an exit price).

The fair value of a financial liability with a demand feature (e.g., a demand deposit) cannot be lower than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

For financial instruments listed in active markets, fair value is determined on the basis of official prices in the principal market to which the Group has access (*Mark to Market*).

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from a pricing service, dealer, broker, agency that determines prices or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If a published price quotation in an active market does not exist for a financial instrument in its entirety, but active markets exist for its component parts, fair value can be determined on the basis of the relevant market prices for the component parts.

The Group may use valuation techniques, such as:
- a market approach (e.g., using quoted prices for similar assets, liabilities or equity instruments held by other parties as assets);
- cost approach (e.g., it reflects the amount that would be required currently to replace the service capacity of an asset, that is the current replacement cost);
- an income approach (e.g., a present value technique that takes into account the future cash flows that a market participant would expect to receive from holding the liability or equity instrument as an asset).

The Group uses valuation models (*Mark to Model*) in line with the methods generally accepted and used by the market. Valuation models include techniques based on the discounting of future cash flows and on volatility estimates, and they are subject to revision both during their development and periodically in order to ensure their consistency with the objectives of the valuation.

These methods use inputs based on prices set in recent transactions for the instrument being valued and/or prices/quotations for instruments having similar characteristics in terms of risk profile. Indeed, these prices/quotations are relevant for determining significant parameters in terms of credit, liquidity and price risk of the instrument being valued.
Reference to these market parameters allows to limit the discretionary nature of the valuation and ensures that the resulting fair value can be verified. If, for one or more risk factors it is not possible to refer to market data, the valuation models employed use estimates based on historical data as inputs.

As a further guarantee of the objectivity of valuations derived from valuation models, the Group employs:
- independent price verifications (IPVs);
- fair value adjustments (FVAs).

Independent price verification requires that the prices are verified at least monthly by Risk Management units that are independent from the units that assume the risk exposure.
This verification calls for comparing and adjusting the price in line with valuations obtained from independent market participants.

For instruments not quoted in active markets, the above verification process uses prices contributed by info providers as a reference and assigns a greater weighting to those prices that are considered representative of the instrument being valued.
This valuation can include the feasibility of the transaction at the price observed, the number of contributors, the degree of similarity of the financial instruments, the consistency of prices from different sources, and the process followed by the info provider to obtain the information.

A.4.1 Fair value levels 2 and 3: valuation techniques and inputs used

Hereby we provide IFRS13 disclosure requirements about accounting portfolios measured at fair value on a recurring basis, not measured at fair value, or measured at fair value on a non-recurring basis.

Assets and Liabilities measured at fair value on a recurring basis

Debt securities

Debt securities are priced in a two-tier process depending on the liquidity in the respective market. Liquid instruments in active markets are marked to market and consequently they are allocated in the fair value hierarchy under Level 1[29].

Instruments not traded in active markets are marked to model through discounted cash flows model whose inputs include implied credit spread curves. With this respect, depending on the proximity of the credit spread curve applied, the bonds are disclosed as Level 2 or Level 3 respectively. Under fair value accounting, fair value adjustments for liquidity and model deficiencies compensate for the lack of market observables for the Level 2 and Level 3 positions.
In the global bond IPV process market prices of Level 1 bonds and pricing models for illiquid bonds are regularly verified for accuracy.

Structured financial products

The Group determines the fair value of structured financial products not quoted on active markets using the appropriate derivative valuation methodology given the nature of the embedded structure (when this is not to be separated). Such instruments are classified as Level 2 or Level 3 depending on the observability of significant inputs to the model.

Asset Backed Securities

UniCredit valuation process assigns prices considering quotes available on the market.

As a second step, prices are assessed by benchmarking each security to a pool of similar securities with available market quotes. An alternative approach consists in evaluating the instrument through the use of quantitative pricing models, which are applicable every time that information regarding market participants assumptions on model parameters is reasonably made available without excessive costs or efforts.

ABS are assigned to Level 2 or Level 3 depending on the observability of either prices or model inputs.

Derivatives

Fair value of derivatives not traded in an active market is determined using a mark-to-model valuation technique.
Where active markets exist for its component parts, then fair value is determined on the basis of the relevant market prices for the component parts.
Valuation techniques that are based on significant inputs that are observable are referred to as Level 2 valuations, while those based on techniques that use significant unobservable inputs are referred to as Level 3 valuations.

Equity instruments

Equity instruments are assigned to Level 1 when a quoted price is available on a liquid market and to Level 3 when no quotations are available, or quotations have been suspended indefinitely. These instruments are classified as Level 2 only when trading volume on the market is not sufficient to qualify the market as active.

Investment funds

The Group holds investments in certain investment funds that publish net asset value (NAV) per share, including mutual funds, private equity funds, hedge funds (including funds of funds) and real estate funds. The Group's investments include co-investments in funds that are managed by the Group and investments in funds that are managed by third parties and in particular:

- Real estate funds: these funds are mapped to Level 1 when quoted prices are available on an active market; when this condition does not hold, real estate funds are disclosed as Level 3 and they are evaluated through an adequate credit adjustment of the NAV based on the specific features of each fund;
- Other funds: the Group holds investments also in mutual funds, hedge funds and private equity funds. Funds are usually assigned to Level 1 when a quoted price is available on an active market. Funds are disclosed as Level 2 or Level 3 depending on NAV availability, portfolio transparency and possible issues relating to position write-off, these funds are measured on the basis of internal analysis that consider further information included those provided by management companies.

29 As far as Italian government bonds are concerned, it is worth stressing they are typically exchanged on the MTS market which is largely acknowledged as the main liquid platform for this kind of asset.

Part A - Accounting policies

Loans
Fair Value of loans measured at fair value is determined using either quoted prices or discounted cash flows analysis. They are classified under Level 2 if implied credit spread curves, as well as any other parameters used for determining fair value, are observable on the market. In the case the spreads curves are not observable they are derived using an internal spread model that is based both on observable and unobservable inputs, in the case the impact of unobservable inputs is significant they are classified as Level 3. These include loans to corporates and household for which no indication of applicable credit spread is available and for which, therefore, fair value has been determined through internal credit risk parameters.

Tangible assets measured at fair value
The Group owns real estate assets for which changed, starting from 31 December 2019, its measurement accounting policy moving from a cost model to a fair value model for properties held for investment and revaluation model for properties used in business.
For both type of assets the fair value/revaluation model is determined on the basis of a valuation by an independent appraiser who holds a recognised and relevant professional qualification which perform its valuation by directly visiting the property and in consideration of market analysis (i.e. full appraisal) or, always considering the market analysis, on the basis of an indirect knowledge of the assets through the information made available by the owner and relating to the localisation, consistency, destination (i.e. desktop appraisal).
The attribution of fair value levels is based on the level of observability of the significant market parameters used by the valuation technique. In particular, given the current portfolio composition, most of the positions are at Level 3.

Fair Value Adjustments (FVA)
Fair value adjustment is defined as the amount to be added either to the market observed mid-price or to the theoretical price generated by a valuation model with the aim of obtaining a fair value of the position. Therefore, FVA are aimed at insuring that the fair value reflects the actual exit price of a certain position.

Below a list of adjustments:
- Credit/Debit Valuation Adjustment (CVA/DVA);
- Funding Cost and Benefit Value Adjustment (FCA/FBA);
- model risk;
- close-out costs;
- other adjustments.

Credit/Debit Valuation Adjustment (CVA/DVA)
Credit valuation adjustments (CVAs) and debit valuation adjustments (DVAs) are incorporated into derivative valuations to reflect the impact on fair value of counterparty credit risk and UniCredit group own credit quality respectively.

UniCredit CVA/DVA methodology is based on the following inputs:
- EAD derived by simulation techniques. Simulated exposures also take into account Specific Wrong-Way Risk that arises from transactions where there is a correlation between counterparty credit risk and the underlying derivative risk factors;
- PD implied by current market default rates, obtained from Credit Default Swaps;
- LGD based on the estimated level of expected recovery should a counterparty default and implied by current market default rates, obtained from credit default swaps.

Funding Cost and Benefit Adjustment (FCA/FBA)
Funding Valuation Adjustment (FundVA) is the sum of a Funding Cost Adjustment (FCA) and of a Funding Benefit Adjustment (FBA) that indeed account for the expected future funding costs/benefits for derivatives that are not fully collateralised. Most material contributors are in-the-money trades with uncollateralised counterparties.

UniCredit FundVA methodology is based on the following inputs:
- positive and Negative exposure profiles derived leveraging on a risk-neutral spin-off of the counterparty credit risk internal model;
- PD term structure implied by current market default rates obtained from credit default swaps;
- a funding spread curve that is representative of the average funding spread of peer financial groups.

Model risk
Financial models are used for the valuation of the financial instruments if the direct market quotes are not deemed reliable. In general, the model risk is represented by the possibility that a financial instrument's evaluation is actually sensitive to the choice of model. It is possible to value the same financial instrument by using alternative models which could provide different results in term of pricing. The model risk adjustment refers to the risk that the actual fair value of the instrument differs from the value produced by the model.

Close-out cost
It measures the implicit cost of closing a trading position. The position can be closed by a long position (or purchase in the case of a short position), or by entering into a new transaction (or several transactions) that offsets (hedges) the open position. The close-out costs are typically derived from the bid/ask spreads observed on the market. It accounts for the fact that a position is valued at mid but can only be closed at bid or ask. This adjustment is not needed when the position is marked at bid or ask and already represents an exit price. In addition, a close-out adjustment of the NAV is applied when there are some penalties relating to position write-off in an investment fund.

Other adjustments
Other fair value adjustments, which are not included in the previous categories, could be taken into consideration to align the evaluation to the current exit price, also according to the level of liquidity of the market and valuation parameters, e.g. adjustment of equity prices whose quotation on the market are not representative of the effective exit price.

Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis
Financial instrument not carried at fair value, for example retail loans and deposit, and credit facilities extended to corporate clients are not managed on a fair value basis.
For these instruments fair value is calculated for disclosure purposes only and does not impact the Balance sheet or the profit or loss. Additionally, since these instruments generally do not trade, there is significant management judgment required to determine their fair values as defined by IFRS13.

Cash and cash balances
Cash and cash balances are not carried at amounts that approximate fair value, due to their short-term nature and generally negligible credit risk.

Financial assets at amortised cost
For securities, fair value is determined according to what reported in section “Assets and liabilities measured at fair value on a recurring basis - Debt securities”.
On the other hands, fair value for performing loans to banks and customers is determined using the discounted cash flow model adjusted for credit risk. Some portfolios are valued according to simplified approaches, which however take into account the financial features of the financial instruments.

Property, plant and equipment
The fair value of under construction properties, obtained through the enforcement of guarantees received and the right of use of leased assets is determined on the basis of a valuation by independent external appraisers who hold a recognised and relevant professional qualification which perform their valuation by directly visiting the property and in consideration of market analysis (i.e. full appraisal) or, always considering the market analysis, on the basis of an indirect knowledge of the assets through the information made available by the owner and relating to the localisation, consistency, destination (i.e. desktop appraisal).
The attribution of fair value levels is based on the level of observability of the significant market parameters used by the valuation technique. In particular, given the current portfolio composition, most of the positions are at Level 3.

Financial liabilities at amortised cost
Fair value for issued debt securities is determined using the discounted cash flow model adjusted for UniCredit credit risk. The Credit Spread takes seniority into account.
Likewise, fair value for other financial liabilities is determined using the discounted cash flow model adjusted for UniCredit credit risk.

Description of the valuation techniques
Specific valuation techniques are used to value positions for which a market price is not directly observable from market sources. The Group uses well known valuation techniques for determining fair values of financial and non-financial instruments that are not actively traded and quoted. The valuation techniques used for Level 2 and 3 assets and liabilities are described below.

Option Pricing Model
Option Pricing models are generally used for instruments in which the holder has a contingent right or obligation based on the occurrence of a future event, such as the price of a referenced asset going above or below a predetermined strike price. Option models estimate the likelihood of the specified event occurring by incorporating assumptions such as volatility estimates, price of the underlying instrument and expected rate of return.

Part A - Accounting policies

Discounted cash flow
Discounted cash flow valuation techniques generally consist of developing an estimate of future cash flows that are expected to occur over the life of an instrument. The model requires the estimation of the cash flow and the adoption of market's parameters for the discounting: discount rate or discount margin reflects the credit and/or funding spreads required by the market for instruments with similar risk and liquidity profiles to produce a "discounted value". The fair value of the contract is given by the sum of the present values of future cash flows.

Hazard Rate Model
The valuation of CDS instruments (Credit Default Swap) requires the knowledge of the entity's survival probability at future dates. The estimate of this probability curve uses the standard model for survival probabilities and requires as parameters the credit default swap market quotes on standard future dates in addition to the risk-free curve and the expected recovery rate. The Hazard Rate is part of the described process and it indicates the instantaneous probability of default at different future instants.

Market Approach
A valuation technique where the value is determined based on the prices generated by market or previous transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities.

Gordon Growth Model
A model used to determine the intrinsic value of a stock, based on a strip of future cash flows growing at a constant rate. Given a single cash flow and a hypothesis on constant growth through time, the model estimates the present value of future cash flows.

Dividend Discount Model
A model used to determine the value of a stock based on expectations on its future dividend flow.
Given a series of forecasts on dividends payable in future exercises and a hypothesis on the subsequent annual growth of dividends at a constant rate, the model estimates the fair value of a stock as the sum of the current value of all future dividends.

Adjusted NAV (Net Asset Value)
NAV is the total value of a fund's assets less liabilities. An increase in NAV would result in an increase in a fair value measure. Usually for funds classified as Level 3, depending on the methodology adopted by the Fund to calculate the NAV, the fair value is adjusted to consider the issuer's default risk and liquidity risk.

Sum of the parts
This approach determines the economic value of a company or a business unit as the sum of the economic capital values attributable to the various business lines within the same corporate structure.

Equity method
In the case of unlisted investments for which a limited availability of information does not allow for other methods to be adopted, the portion of shareholders' equity resulting from the latest financial statements or interim report (quarterly or half-yearly) approved by the company can be used as the best proxy of the fair value. For the purposes of determining shareholders' equity, valuation reserves must also be considered.

Simple equity method
With this method, the value of the company is determined as the difference between the assets and liabilities of the company restated at current values; this method consists, therefore, in defining the individual asset and liability values at current values, highlighting any gains or losses with respect to the carrying amounts.

Complex equity method
In addition to the measurement of the company using the Simple equity method, this method measures some "intangible" assets not present in the financial statements, such as goodwill, trademarks, patents, intellectual property, concessions.

Mixed equity/income method
Determines the value of the company taking into account objective and verifiable aspects of the equity method, without however neglecting the expected income flows, which are conceptually an essential component of the value of the economic capital and represented in the income methods.

Part A - Accounting policies

Description of the inputs used to measure the fair value of items categorised in Level 2 and 3
Hereby a description of the main significant inputs used to measure the fair value of items categorised in Level 2 and 3 of the fair value hierarchy.

Volatility
Volatility is the measure of the variation of price of a financial instrument over time. In particular, volatility measures the speed and severity of market price changes for an instrument, parameter or market index given the particular instrument, parameter or index changes in value over time, expressed as a percentage of relative change in price. The higher the volatility of the underlying, the riskier the instrument. In general, long option positions benefit from increases in volatility, whereas short option positions will suffer losses.

There are different macro-types of volatility:
- volatility of interest rate;
- inflation volatility;
- volatility of foreign exchange;
- volatility of equity stocks, equity or other indexes/prices.

Correlation
Correlation is a measure of the relationship between the movements of two variables. When parameters are positively correlated, an increase in correlation results in a higher fair value measure. On the contrary, given a short correlation position, an increase in correlation, in isolation, would generally result in a decrease in a fair value measure. Therefore, changes in correlation levels can have a major impact, favourable or unfavourable, on the fair value of an instrument, depending on the type of correlation.

Correlation is a pricing input for a derivative product where the payoff is driven by multiple underlying risks. The level of correlation used in the valuation of derivatives with multiple underlying risks depends on a number of factors including the nature of those risks.

Dividends
The derivation of a forward price for an individual stock or index is important both for measuring fair value for forward or swap contracts and for measuring fair value using option pricing models. The relationship between the current stock price and the forward price is based on a combination of expected future dividend levels and payment timings and, to a lesser extent, the relevant funding rates applicable to the stock in question.
The dividend yield and timing represent the most significant parameter in determining fair value for instruments that are sensitive to an equity forward price.

Interest rate curve
The calculation of the interest rate curve is based on standard bootstrapping techniques relying on the set of quotes of appropriate financial instruments, for each currency, which turns interest rates in zero-coupon.
Less liquid currencies interest rate curve refer to the rates in currencies for which a market liquidity doesn't exist in terms of tightness, depth and resiliency.

Inflation swap rate
The determination of forward levels for inflation indexes is based on swap quote over inflation indexes. Swap over inflation may present a low liquidity level whether there is no liquid market in terms of rigidity, deepness and resistance.

Credit spreads
Credit spreads reflects the credit quality of the associated credit name.
The credit spread of a particular security is reported in relation to the yield on a benchmark security or reference rate and is generally expressed in terms of basis points. In the loan evaluation model, the credit spread is used to estimate the market risk premium applied to discounting the cash-flows.

Loss Given Default (LGD)/Recovery Rate
LGD also known as loss severity (the inverse concept is the recovery rate) represents the percentage of contractual cash flows lost in the event of a default, expressed as the net amount of loss relating to the outstanding balance. An increase in the loss severity, in isolation, would result in a decrease in a fair value measure. Loss given default is facility-specific because such losses are generally understood to be influenced by key transaction characteristics such as the presence of collateral and the degree of subordination.

Part A - Accounting policies

Price
Where market prices are not observable, comparison via proxy is used to measure a fair value of the instrument.

Prepayment Rate (PR)
The PR is the estimated rate at which forecasted prepayments of principal of the related debt instrument are expected to occur. Voluntary unscheduled payments (prepayments) change the future cash flows for the investor and thereby change the fair value of the security.
In general, as prepayment speeds change, the weighted average life of the security changes, which impacts the valuation either positively or negatively, depending on the nature of the security and the direction of the change in the weighted average life.

Probability of Default (PD)
The probability of default is an estimate of the likelihood of not collecting contractual amounts. It provides an estimate of the likelihood that a client of a financial institution will be unable to meet its debt obligations over a particular time horizon. The PD of an obligor does not only depend on the risk characteristics of that particular obligor but also the economic environment and the degree to which it affects the obligor.

Early conversion
The early conversion is the estimate of the probability that the liability would be converted into equity earlier than the terms stated.

EBITDA
EBITDA is an indicator of the current operating profitability of the business, that is the income generated by the use of the company's assets and the commercialisation of the products manufactured.

Ke
The Ke (cost of capital) represents the minimum rate that the company has to offer to its shareholders as remuneration for the funds received.

Growth rate
It is the constant growth rate used for the future dividends estimate.

A.4.2 Valuations processes and sensitivities
The Group verifies that the value attributed to each position reflects the current fair value in an appropriate way. Assets and liabilities subject to fair value measurements are determined using different techniques, among which (but not only) models such as *discounted cash flow* and internal models. On the basis of the observability of the input used, all the measurements are classified as Level 1, Level 2 or Level 3 of the fair value hierarchy.
When a financial instrument, measured at fair value, is valued through the use of one or more significant inputs not directly observable on the market, a further procedure for the price verification is implemented. These procedures include the revision of relevant historical data, the analysis of profits and losses, the individual valuation of each component for structural products and *benchmarking*. This approach uses subjective opinions and judgments based on experience and, therefore, it could require valuation adjustments which take into account the *bid/ask* spread, liquidity and counterparty risk, in addition to the valuation model type adopted.

According to Group Market Risk Governance guidelines, in order to ensure the right separateness of the functions in charge of the model development and those in charge of the validation processes, all the valuation models developed by Group companies' front offices are independently tested centrally and validated by Risk Managements functions. The aim of this independent control structure is evaluating the model risk from a theoretical solidity, calibration techniques eventually applied and appropriateness of the model for a specific product in a defined market point of views.
In addition to the daily *mark-to-market or mark-to-model valuation*, the *Independent Price Verification* (IPV) is applied by from *Market Risk* function with the aim of guaranteeing a fair value provided by an independent structure for all instruments, illiquid included.

Part A - Accounting policies

A.4.3 Fair value hierarchy

IFRS13 establishes a fair value hierarchy according to the observability of the input used in the valuation techniques adopted for valuations.
The fair value hierarchy level associated to assets and liabilities is set as the minimum level among all the significant valuation inputs used.
A valuation input is not considered significant for the fair value of an instrument if the remaining inputs are able to explain a major part of the fair value variance itself.

In particular, three levels are considered:
- Level 1: the fair value for instruments classified within this level is determined according to the quoted prices on active markets;
- Level 2: the fair value for instruments classified within this level is determined according to the valuation models for which significant inputs are observable on active markets;
- Level 3: the fair value for instruments classified within this level is determined according to the valuation models for which significant inputs are unobservable on active markets.

Financial instruments are classified to a certain fair value level according to the observability of the input used for the valuation.

Level 1 (quoted prices in active markets): at measurement date, quoted prices in active markets are available for identical assets or liabilities. An active market is a market in which orderly transactions for the asset or liability take place with sufficient frequency and volume for pricing information to be provided on an on-going basis (e.g. MTS market about prices for most of the government bonds therein traded).

Level 2 (observable inputs): inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Inputs are observable if they are developed on the basis of publicly available information about actual events or transactions and reflect the assumptions that market participants would use when pricing the asset or liability.

Level 3 (unobservable inputs): inputs other than the ones included in Level 1 and Level 2, not directly observable on the market for the evaluation of asset and liability or used for the definition of significant adjustments to fair value. Unobservable inputs shall reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

Deciding among various valuation techniques to be used, the Group employs the one which maximises the use of observable inputs.

Transfers between hierarchy levels

The main drivers to transfers in and out the fair values levels (both between Level 1 and Level 2 and in/out Level 3) include changes in market conditions (among which liquidity parameter) and enhancements to valuation techniques and weights for unobservable inputs used for the valuation itself.

A.4.4 Other information

The Group uses the IFRS13 exception for fair value measurements on a net basis with reference to financial assets and liabilities with offsetting positions of market risk or counterparty credit risk.

Starting from 31 December 2019, UniCredit Real Estate Assets classified as “held for investment” (hereinafter referred also as “Investment properties”) as well as Real Estate Assets used in business have to be measured at fair value, by applying the “Fair Value method” determined in accordance with IFRS13.
In this context, UniCredit issued a dedicated Global Policy for Real Estate Assets Evaluation, which has the purpose to define common principles, guidelines and models to be followed by the Group Legal Entities in the evaluation of their Real Estate Properties; the policy applies to all Real Estate Assets reflected in the Group Consolidated Financial Statements. The attribution of fair value levels is based on the level of observability of the significant market parameters used by the valuation technique. In particular, given the current portfolio composition, most of the positions are at Level 3.

With specific reference to investment properties, Fair value is determined under a “market perspective”; i.e., it is the price that a third party would pay to buy the asset in an orderly transaction at the measurement date under a “Highest and Best Use” assumption. The “Highest and Best Use” assumption needs to be supported by reasonable evidence that the use is physically possible, and legally and financially allowed. As a rule, it is assumed that the use of a given asset, foreseen by UniCredit managerial intentions, is already the “Highest and Best Use”, unless there is a clear demonstration of the opposite.

In order to derive the Fair value of an asset, either a Market Comparable Approach (i.e., taking into consideration the current market conditions and prices of observable transactions) or an Income Approach (i.e., discounting market level rental fees) is used.

Part A - Accounting policies

The choice of the valuation methodology and the assumptions used shall include all the available information and reflect the strategy on the Asset; all the inputs used in the evaluation are supported by internal (e.g., technical documents, managerial planning and reporting, existing contracts, etc.) and external evidence (e.g., market reports, researches, etc.).

Fair value is determined, for both Investment properties and Assets used in business, by an external, independent, certified expert either through "full form" or through "desktop appraisals", subject to remeasurement every six months.
With specific reference to investment properties, the entire portfolio is subject to "full/on-site appraisals" over 3 years; hence, in each year, part of the portfolio is subject to "full/on-site appraisal", while "Desktop appraisals" are performed on a semi-annual basis for the remaining ones.
In case the difference between the fair value resulting from the desktop appraisals and the fair value resulting from the last "full/on-site" valuation exceeds 10%, the real estate shall be subject to full/on-site appraisal even if 3 years did not pass yet, if the quality and functionality of the RE Asset has been affected by physical trigger events (e.g., catastrophic events) or extraordinary renovation activities.

In case Market Comparable Approach is applied, fair value is determined by external appraisers, according to the features of the transactions occurred in the market for properties in the same area and with the same characteristics as the one being valued. In case the property has no comparable transactions, appraisers are asked to apply the most similar transactions available with a reasonable discount that reflects the inherent illiquidity of the property. Such approach:
- is applied when there is no long-term rental agreement in place, as well as for land plots without planned or ongoing developments;
- relies on two key parameters: (i) the area of the real estate property; (ii) the value per unit of area (through the adjustment of values in comparable transactions).

The real estate property valuation is determined as the surface area multiplied by the value per unit of area.

In case the Income approach is applied, external appraisers determine the fair value by converting future cash flows to a single current capital value. The income stream may be derived under contracts, or it can be non-contractual, thus leveraging on the most updated version of the International Valuation Standards.
In detail, cash flows generated by the property shall be calculated considering rent free periods, rental growth, incentive periods, total contractual length, as well as any additional proceeds/expenses directly related to the rental contract.
The discounted rate to be used is the Weighted Average Cost of Capital (measured at the valuation date) of an ideal entity operating in the specific real estate market of reference for the specific asset, financed through the average debt/equity structure of comparable entities operating in the same market.

The income approach is to be preferred when there is a long-term rental agreement in place and the agreement is consistent with market conditions, or when there is a decline in markets activity. Such approach could be used also for land plots with planned or ongoing developments. In this case, the value may be determined based on the analysis of the expected future cash flows, assumed that a reasonable expectation of demand for the development can be demonstrated.

Fair value coming from appraisals are subject to plausibility checks; in this regard, the following shall be noted:
- when an income approach is used by external appraisers, the main input underlying the valuation (Cash flows, Capitalisation rate, etc.) are internally assessed in term of plausibility;
- the plausibility of fair values arising from external appraisals is assessed internally through a control approach that acquires information from different external info providers, thus determining a range of possible fair values within which the valuation shall fall; for the most significant real estate assets, the analysis is further supported by a discounted cash flow analysis that compares the fair value determined by the external appraisal with the outcome of an internal Discounted Cash flow model.

Part A - Accounting policies

Quantitative information

A.4.5 Fair value hierarchy

The following tables show the portfolios breakdown in terms of financial assets and liabilities valued at fair value.

A.4.5.1 Assets and liabilities measured at fair value on a recurring basis: breakdown by fair value levels

(€ million)

FINANCIAL ASSETS/LIABILITIES MEASURED AT FAIR VALUE	AMOUNTS AS AT 30.06.2024			AMOUNTS AS AT 31.12.2023		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Financial assets at fair value through profit or loss	25,516	31,987	6,073	26,726	33,529	4,759
a) Financial assets held for trading	23,746	30,782	1,146	24,233	31,993	1,048
b) Financial assets designated at fair value	244	-	-	220	-	-
c) Other financial assets mandatorily at fair value	1,526	1,205	4,927	2,273	1,536	3,711
2. Financial assets at fair value through other comprehensive income	61,155	7,053	2,372	52,974	7,753	2,370
3. Hedging derivatives	-	1,305	15	81	1,836	8
4. Property, plant and equipment	-	1	5,939	-	-	5,446
5. Intangible assets	-	-	-	-	-	-
Total	**86,671**	**40,346**	**14,399**	**79,781**	**43,118**	**12,583**
1. Financial liabilities held for trading	10,316	25,066	1,476	11,468	25,301	1,253
2. Financial liabilities designated at fair value	-	12,281	1,188	-	11,252	795
3. Hedging derivatives	-	729	21	124	2,208	27
Total	**10,316**	**38,076**	**2,685**	**11,592**	**38,761**	**2,075**

Item “1. c) Other financial assets mandatorily at fair value” at Level 3 as at 30 June 2024 includes the investments in Atlante and Italian Recovery Fund, (former Atlante II) carrying value €233 million.
As at 30 June 2024 the Fair Value of Atlante and Italian Recovery Fund (former Atlante II) has been determined adopting an internal model in which credit risk changes of single ABS in which Atlante fund is invested are considered.
For further information reference is made to Section 2.5 - Other financial assets mandatorily at fair value income, Explanatory notes, Part B - Consolidated balance sheet - Assets.

Transfers between level of fair value occurring during the first half 2024 mainly reflect the evolution of reference market and the enhancement of processes for fair value level attribution in some Group entities.

Besides the transfers relating to financial assets and liabilities carried at Level 3 detailed in the sections below during the semester the following transfers occurred:

- from Level 1 to Level 2 owing to a worsening of the liquidity and price reliability indicators (based on the bid-ask spread, relative size and applicability of the published prices) collected by third parties as calculated and recorded in the context of the Global Bond IPV process:
  - of financial assets measured at fair value through profit or loss (financial assets held for trading, designed at fair value and mandatorily at fair value) for €62 million.
- from Level 2 to Level 1 owing to an improvement of the liquidity and price reliability indicators (based on the bid-ask spread, relative size and applicability of the published prices) collected by third parties as calculated and recorded in the context of the Global Bond IPV (Independent Price Verification) process:
  - of financial assets measured at fair value through profit or loss (financial assets held for trading, designed at fair value and mandatorily at fair value) for €148 million;
  - of financial assets measured at fair value through other comprehensive income for €448 million.

Part A - Accounting policies

A.4.5.2 Annual changes in assets measured at fair value on a recurring basis (Level 3)

(€ million)

	CHANGES IN FIRST HALF 2024							
	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS							
	TOTAL	OF WHICH: A) FINANCIAL ASSETS HELD FOR TRADING	OF WHICH: B) FINANCIAL ASSETS DESIGNATED AT FAIR VALUE	OF WHICH: C) OTHER FINANCIAL ASSETS MANDATORILY AT FAIR VALUE	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	HEDGING DERIVATIVES	PROPERTY, PLANT AND EQUIPMENT	INTANGIBLE ASSETS
1. Opening balances	**4,759**	**1,048**	**-**	**3,711**	**2,370**	**8**	**5,446**	**-**
2. Increases	**2,634**	**793**	**-**	**1,841**	**321**	**126**	**805**	**-**
2.1 Purchases	2,018	312	-	1,706	25	50	655	-
2.2 Profits recognised in	473	398	-	75	67	51	103	-
2.2.1 Income statement	473	398	-	75	3	43	43	-
- of which unrealised gains	*219*	*184*	-	*35*	-	-	*43*	-
2.2.2 Equity	X	X	X	X	64	8	60	-
2.3 Transfers from other levels	98	78	-	20	167	20	-	-
2.4 Other increases	45	5	-	40	62	5	47	-
3. Decreases	**1,320**	**695**	**-**	**625**	**319**	**119**	**312**	**-**
3.1 Sales	768	438	-	330	26	43	-	-
3.2 Redemptions	105	-	-	105	193	-	-	-
3.3 Losses recognised in	339	213	-	126	47	71	168	-
3.3.1 Income statement	339	213	-	126	17	67	94	-
- of which unrealised losses	*187*	*81*	-	*106*	-	*14*	*59*	-
3.3.2 Equity	X	X	X	X	30	4	74	-
3.4 Transfers to other levels	84	36	-	48	34	2	34	-
3.5 Other decreases	24	8	-	16	19	3	110	-
of which: business combinations	-	-	-	-	-	-	-	-
4. Closing balances	**6,073**	**1,146**	**-**	**4,927**	**2,372**	**15**	**5,939**	**-**

Items “2.2.1 Profits recognised in Income statement” and “3.3.1 Losses recognised in Income statement” in financial assets are included in the Income statement in the following items:

- Item 80: Net gains (losses) on trading;
- Item 90: Net gains (losses) on hedge accounting;
- Item 110: Net gains (losses) on other financial assets/liabilities at fair value through profit or loss.

The sub-item “2.2.2 Profits recognised in Equity” and the sub-item “3.3.2 Losses recognised in Equity” reports the profits and the losses arising from fair value changes on financial assets at fair value through other comprehensive income and tangible assets used in business, with reference to land and buildings, according to the rules explained below.
With reference to financial assets at fair value through other comprehensive income these profits and losses are accounted in item “120. Valuation reserves” of net equity until the financial assets is not sold, instant in which cumulative gains and losses are recognised: i) if referred to debt securities in Income statement under item “100. Gains (Losses) on disposal and repurchase of: b) financial assets at fair value through other comprehensive income” and ii) if referred to equity instruments in the net equity under item “150. Reserves”; the exception regards the case of impairment and gains and losses on exchange rates on monetary assets (debt securities) which are reported respectively under item “130. Net losses/recoveries on credit impairment relating to: b) financial assets at fair value through other comprehensive income” and item “80. Net gains (losses) on trading”.
With reference to tangible assets used in business, the profits arising from the valuation are recognised in item “120. Valuation reserves” of net equity for the portion exceeding the cumulated losses recognised in item “260. Net gains (losses) on property, plant and equipment and intangible assets measured at fair value”. Losses arising from the valuation are recognised in item “120. Valuation reserves” up to the cumulated revaluations recognised in the same item. Further losses are recognised in item “260. Net gains (losses) on property, plant and equipment and intangible assets measured at fair value”. On disposal the cumulated profits reported in item “120. Valuation reserves” are recycled to item “150. Reserves”.

Transfers between levels of fair value occurring during the first half 2024 mainly reflect the evolution of reference market and the enhancement of processes for fair value level attribution in some Group entities and mostly refer to exposures held by UniCredit S.p.A. and its subsidiary UniCredit Bank GmbH.

Part A - Accounting policies

A.4.5.3 Annual changes in liabilities measured at fair value on a recurring basis (Level 3)

(€ million)

	CHANGES IN FIRST HALF 2024		
	FINANCIAL LIABILITIES HELD FOR TRADING	FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE	HEDGING DERIVATIVES
1. Opening balances	**1,253**	**795**	**27**
2. Increases	**976**	**879**	**20**
2.1 Issuance	435	497	3
2.2 Losses recognised in	321	41	13
2.2.1 Income statement	321	36	5
- of which unrealised losses	*222*	*33*	*1*
2.2.2 Equity	X	5	8
2.3 Transfers from other levels	180	339	-
2.4 Other increases	40	2	4
3. Decreases	**753**	**486**	**26**
3.1 Redemptions	215	3	1
3.2 Purchases	-	50	-
3.3 Profits recognised in	251	24	4
3.3.1 Income statement	251	23	4
- of which unrealised gains	*100*	*23*	*1*
3.3.2 Equity	X	1	-
3.4 Transfers to other levels	269	406	16
3.5 Other decreases	18	3	5
of which: business combinations	-	-	-
4. Closing balances	**1,476**	**1,188**	**21**

The items “2.2.1 Losses recognised in Income statement” and “3.3.1 Profits recognised in Income statement” in financial liabilities are included in the Income statement in the following items:
- Item 80: Net gains (losses) on trading;
- Item 90: Net gains (losses) on hedge accounting;
- Item 110: Net gains (losses) on other financial assets/liabilities at fair value through profit or loss.

Transfers between levels of fair value occurring during the first half 2024 mainly reflect the evolution of reference market and the enhancement of processes for fair value level attribution in some Group’s entities and mostly refer to exposures held by UniCredit S.p.A. and its subsidiary UniCredit Bank GmbH.

Part B - Consolidated balance sheet - Assets

Assets

Section 2 - Financial assets at fair value through profit or loss - Item 20

2.1 Financial assets held for trading: breakdown by product

(€ million)

ITEMS/VALUES	AMOUNTS AS AT 30.06.2024			AMOUNTS AS AT 31.12.2023		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
A. Financial assets (non-derivatives)						
1. Debt securities	**7,601**	**732**	**82**	**10,979**	**1,018**	**106**
1.1 Structured securities	12	198	6	5	290	2
1.2 Other debt securities	7,589	534	76	10,974	728	104
2. Equity instruments	**9,160**	**6**	**1**	**7,257**	**6**	**1**
3. Units in investment funds	**1,231**	**482**	**6**	**1,169**	**410**	**7**
4. Loans	**1,213**	**6,727**	**-**	**2,082**	**4,930**	**-**
4.1 Reverse Repos	-	1,508	-	-	923	-
4.2 Other	1,213	5,219	-	2,082	4,007	-
Total (A)	**19,205**	**7,947**	**89**	**21,487**	**6,364**	**114**
B. Derivative instruments						
1. Financial derivatives	**4,538**	**22,823**	**1,056**	**2,659**	**25,546**	**934**
1.1 Trading	4,538	22,797	1,056	2,659	25,522	934
1.2 Linked to fair value option	-	17	-	-	18	-
1.3 Other	-	9	-	-	6	-
2. Credit derivatives	**3**	**12**	**1**	**87**	**83**	**-**
2.1 Trading	3	12	1	87	83	-
2.2 Linked to fair value option	-	-	-	-	-	-
2.3 Other	-	-	-	-	-	-
Total (B)	**4,541**	**22,835**	**1,057**	**2,746**	**25,629**	**934**
Total (A+B)	**23,746**	**30,782**	**1,146**	**24,233**	**31,993**	**1,048**
Total Level 1, Level 2 and Level 3			**55,674**			**57,274**

Valuations at fair value were classified according to a hierarchy of levels reflecting the observability of the valuations input.
For further information refer to paragraph "A.4 Information on fair value", Explanatory notes, Part A - Accounting policies.

The financial assets and liabilities relating to OTC Derivatives and Reverse repos managed through Central Counterparty Clearing Houses (CCPs) are offset when (i) the clearing systems of CCPs guarantee the elimination or reduce to immaterial the credit and liquidity risks of these contracts and (ii) the entity intends to settle these contracts on a net basis, in accordance with IAS32 - Offsetting, in order to improve the presentation of the liquidity profile and counterparty risk connected with them.

The sub-item "4.2 Loans - Other" includes CO_2 certificates for an amount equal to €586 million held by the subsidiary UniCredit Bank GmbH.

The offset effect as at 30 June 2024, already included in the net presentation of these transactions, totaled €148,842 million decreased in comparison to €180,918 million as at 31 December 2023 due to the evolution of the reference market conditions, relating to the activities of the subsidiary UniCredit Bank GmbH.

Part B - Consolidated balance sheet - Assets

2.3 Financial assets designated at fair value: breakdown by product

(€ million)

ITEMS/VALUES	AMOUNTS AS AT 30.06.2024 LEVEL 1	LEVEL 2	LEVEL 3	AMOUNTS AS AT 31.12.2023 LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	**244**	**-**	**-**	**220**	**-**	**-**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	244	-	-	220	-	-
2. Loans	**-**	**-**	**-**	**-**	**-**	**-**
2.1 Structured	-	-	-	-	-	-
2.2 Other	-	-	-	-	-	-
Total	**244**	**-**	**-**	**220**	**-**	**-**
Total Level 1, Level 2 and Level 3			**244**			**220**

Valuations at fair value were classified according to a hierarchy of levels reflecting the observability of the valuations input.
For further information refer to paragraph “A.4 Information on fair value”, Explanatory notes, Part A - Accounting policies.

2.5 Other financial assets mandatorily at fair value: breakdown by product

(€ million)

ITEMS/VALUES	AMOUNTS AS AT 30.06.2024 LEVEL 1	LEVEL 2	LEVEL 3	AMOUNTS AS AT 31.12.2023 LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	**828**	**373**	**185**	**1,311**	**658**	**214**
1.1 Structured securities	-	-	3	-	-	2
1.2 Other debt securities	828	373	182	1,311	658	212
2. Equity instruments	**676**	**-**	**356**	**942**	**4**	**344**
3. Units in investment funds	**22**	**11**	**2,266**	**20**	**11**	**2,269**
4. Loans	**-**	**821**	**2,120**	**-**	**863**	**884**
4.1 Reverse Repos	-	-	-	-	-	-
4.2 Other	-	821	2,120	-	863	884
Total	**1,526**	**1,205**	**4,927**	**2,273**	**1,536**	**3,711**
Total Level 1, Level 2 and Level 3			**7,658**			**7,520**

A financial asset is classified as financial asset mandatorily at fair value if it does not meet the conditions, in terms of business model or cash flow characteristics, for being measured at amortised cost or at fair value through other comprehensive income.

The item “1. Debt securities” includes investments (i) in FINO Project’s Mezzanine and Junior Notes with a value of €18 million, (ii) Mezzanine and Junior bonds of Olympia securitisation for €1 million, (iii) Mezzanine and Junior bonds of Relais securitisation for €2 million, (iv) Mezzanine and Junior bonds of Itaca securitisation for €1 million and (v) Junior bonds of Altea securitisation for €6 million, presented among Level 3 instruments.

The item “3. Unit in investment funds” includes the investments in Atlante and Italian Recovery Fund, former Atlante II (presented among Level 3) instruments, with a value of €233 million.

Valuations at fair value were classified according to a hierarchy of levels reflecting the observability of the valuations input.
For further information refer to paragraph “A.4 Information on fair value”, Explanatory notes, Part A - Accounting policies.

Part B - Consolidated balance sheet - Assets

Information about the units of Atlante Fund and Italian Recovery Fund

Atlante is a closed-end alternative investment fund (FIA) ruled by Italian law reserved to professional investors and managed by DeA Capital Alternative Funds SGR S.p.A. (DeA). The size of the fund was equal to €4,249 million, of which UniCredit S.p.A. invested for about 19.9%.
The investment policy of Atlante foresees that the fund may be invested (i) in banks with regulatory capital ratios lower than the minimum level set down in the SREP process and, thus, realise, upon request of the supervisory authority, actions of capital strengthening through capital increases and (ii) in Non-Performing Loans (NPLs) of a plurality of Italian banks.
With reference to Atlante fund, as at 30 June 2024 UniCredit S.p.A. holds shares classified as financial assets mandatory at fair value with a carrying value of €115 million. The cumulative cash investments are equal to €844 million against which impairments for €684 million and positive fair value changes for €3 million were carried out. Received reimbursement amount to €48 million. In addition, UniCredit S.p.A. has a residual commitment to invest in the fund for an amount less than €2 million.
On August 2016, it was launched the Atlante II fund, redenominated Italian Recovery Fund since 27 October 2017, a closed-end investment alternative fund reserved to professional investors, also managed by DeA, which, unlike the Atlante fund, may invest only in NPL and instruments linked to NPL transactions (such as warrants) in order to reduce the risk in line with the parameters used by the largest world institutional investors.
With reference to Italian Recovery Fund, as at 30 June 2024 UniCredit S.p.A. holds shares with a carrying value of €118 million, classified as financial assets mandatory at fair value. The cumulative cash investments have been equal to €187 million against which negative fair value changes for €5 million were carried out. Received reimbursement amount to €64 million. In addition, UniCredit S.p.A. has a residual commitment to invest in Italian Recovery Fund for about €8 million.
As at 30 June 2024 the book value (fair value) of these funds has been determined adopting an internal model in which credit risk changes of single ABS in which Atlante fund is invested are considered. This fair value valuation resulted in a lower value of €24 million in the year, accounted in the profit and loss.
Under a regulatory perspective, the treatment of the quotes held by UniCredit S.p.A. in the Atlante Fund and Italian Recovery Fund foresees the application of article 128 of the CRR (Items associated with particular high risk). With reference to the residual commitments, the regulatory treatment foresees the application of a Credit Conversion Factor equal to 100% (“full risk” according to the Annex I of CRR), for the calculation of the related Risk Weighted Exposure Amounts.

Information about the investments in the “Schema Volontario” (Voluntary Scheme)

In November 2015 UniCredit S.p.A. has joined the "Schema Volontario" (hereafter SV), a private entity introduced by Fondo Interbancario di Tutela dei Depositi (FITD), with appropriate modification of its statute. SV was fully impaired since December 2022.
SV is an instrument for the resolution of bank crises through supporting measures in favour of its member banks, if specific conditions laid down by the legislation occur. SV has an independent funding and the participating banks are committed to supply the relevant resources upon demand, when resources are needed to fund interventions. The initial participating size of the SV has been set up to €700 million (of which €110 million referred to UniCredit S.p.A.).
Here follow the main transactions carried out by SV.

Cassa di Risparmio di Cesena (CariCesena)

In June 2016 the SV approved an action supporting CariCesena, in relation to a capital increase approved by the bank itself on 8 June 2016 for €280 million of which €44 million referred to UniCredit S.p.A. On 30 September 2016 this commitment was converted into a monetary payment which has led to the recognition of capital instruments classified, on the basis of the pre-existing accounting standard IAS39, as “available for sale" for €44 million for UniCredit S.p.A. (in line with the monetary payment). The update of the evaluation of the instruments as at 31 December 2016, according to an internal evaluation model based on multiples of a banking basket integrated with estimates on Cassa di Risparmio di Cesena’s credit portfolio and the related equity/capital needs, brought to the full impairment of the position.

Part B - Consolidated balance sheet - Assets

CariCesena, Cassa di Risparmio di Rimini (Carim) e Cassa di Risparmio di San Miniato (Carismi)
In September 2017, in order to face Crédit Agricole CariParma intervention in favour of CariCesena, Carim and Carismi, based on a capital increase of €464 million and on the subscription of bonds from NPL securitisation of these banks for €170 million, the Fund increased its capital endowment for €95 million (to an overall amount of €795 million), increasing the residual commitment referred to UniCredit S.p.A. to €81 million. Hence, in the same month UniCredit S.p.A. paid €9 million in respect of the part of the intervention relating to the capital increase of Carim and Carismi, and in December 2017, UniCredit S.p.A. paid the remaining €72 million (of which €45 million referred to the capital increase of the banks and €27 million referred to the subscription of securitisations). Following these events, UniCredit group's residual commitment towards SV was substantially nil.
All the payments referred to the capital increase of the banks brought to the recognition of capital instruments classified, on the basis of the pre-existing accounting standard IAS39, as "available for sale" and amounting to €54 million for UniCredit S.p.A., entirely cancelled in 2017 financial statements due to the sale of the banks to Crédit Agricole CariParma at a symbolic price.
Regarding the portion of investment referred to the subscription of SV of Junior and Mezzanine quotes of the securitisation, the initial value (€27 million for UniCredit S.p.A.) was rectified in 2017 to reflect fair value valuation declared by the SV (€4 million for UniCredit S.p.A.) resulting from the analysis conducted by the advisors in charge of the underlying credits evaluation, conducted according to a Discounted Cash Flow model based on recovery plans elaborated by SPV's special servicer.
The update of the assessment received from the SV (supported by the analysis of the appointed advisor) as at 31 December 2022 UniCredit S.p.A. brought to the full impairment of the position.

Banca Carige
On 30 November 2018, the Shareholders' Meeting of the SV decided to intervene in favour of Banca Carige S.p.A. by subscribing a Tier 2 subordinated loan (for a maximum amount of €320 million) issued by Banca Carige S.p.A. and addressed to the conversion into capital to the extent necessary to allow an expected capital increase of €400 million.
On the same date, within the framework of the agreement stipulated with SV, Banca Carige S.p.A. placed bonds for €320 million, of which €318.2 million subscribed directly through the SV itself. The bonds were issued at par (100% of the nominal value), with a fixed rate coupon of 13% and a maturity of 10 years (maturity 30 November 2028).
Considering the failure to provide by 22 December 2018 the delegation to the Board of Directors by the Extraordinary Shareholders' Meeting of Banca Carige S.p.A. to increase by payment the share capital for a maximum total amount of €400 million, with retroactive effect interests on the principal amount of outstanding bonds from time to time mature at a nominal fixed rate of 16% starting from the date of issue.
With reference to the intervention in favour of Banca Carige S.p.A., UniCredit S.p.A. contribution to the SV at the recognition date amounts to €53 million, and it has been identified as a financial instrument classified, on the basis of the existing accounting standard IFRS9, under item "20.c) Financial assets mandatorily at fair value through profit or loss".
As at 31 December 2018, following the evaluation process of the investment, UniCredit S.p.A. recognised impairments for €16 million, thus bringing the carrying value of the instrument to €37 million.
As at 31 December 2019 UniCredit S.p.A. has evaluated instrument's fair value according to internal models (Market Multiples and Multi-Scenario Analysis) for €13 million, also considering the occurred reimbursement of interests for €9 million.
Update of evaluation at 31 December 2020 has determined a fair value of €5.1 million.
From 31 December 2021 fair value is substantially zeroed.

Part B - Consolidated balance sheet - Assets

Section 3 - Financial assets at fair value through other comprehensive income - Item 30

3.1 Financial assets at fair value through other comprehensive income: breakdown by product

(€ million)

ITEMS/VALUES	AMOUNTS AS AT 30.06.2024			AMOUNTS AS AT 31.12.2023		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
1. Debt securities	**60,806**	**6,599**	**1,539**	**52,624**	**7,301**	**1,576**
1.1 Structured securities	-	-	-	-	-	-
1.2 Other	60,806	6,599	1,539	52,624	7,301	1,576
2. Equity instruments	**349**	**454**	**833**	**350**	**452**	**794**
3. Loans	**-**	**-**	**-**	**-**	**-**	**-**
Total	**61,155**	**7,053**	**2,372**	**52,974**	**7,753**	**2,370**

Total Level 1, Level 2 and Level 3	**70,580**	**63,097**

Valuations at fair value were classified according to a hierarchy of levels reflecting the observability of the valuations input.
For further information refer to paragraph "A.4 Information on fair value", Explanatory notes, Part A - Accounting policies.

The increase of the sub-item "1.2 Debt securities - Other" is mainly due to a new purchase, in particular banks and government bonds, made by UniCredit S.p.A. and its subsidiary UniCredit Bank GmbH.

The Item "1. Debt Securities" includes investments (i) FINO Project's Senior and Mezzanine notes with a value of €34 million, (ii) in Senior bonds of Prisma securitisation for €452 million, (iii) in Senior bonds of Olympia securitisation for €131 million, (iv) in Senior bonds of Itaca securitisation for €41 million and (v) in Senior bonds of Relais securitisation for €250 million, all investments presented among Level 3 instruments.

The Item "2. Equity instruments" includes (i) Banca d'Italia stake (presented among Level 2 instruments), with a value of €375 million and (ii) ABH Holding SA investments (presented among Level 3 instruments) acquired in contemplation of the sale of PJSC Ukrsotbank to Alfa Group, with a value of €304 million.

Part B - Consolidated balance sheet - Assets

Section 4 - Financial assets at amortised cost - Item 40

Financial assets at amortised cost: breakdown by product of loans and advances to banks

(€ million)

TYPE OF TRANSACTIONS/VALUES	AMOUNTS AS AT 30.06.2024 BOOK VALUE			AMOUNTS AS AT 31.12.2023 BOOK VALUE		
	STAGE 1 AND STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	STAGE 1 AND STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS
A. Loans and advances to Central Banks	**24,462**	**-**	**-**	**15,918**	**-**	**-**
1. Time deposits	5,815	-	-	2,772	-	-
2. Compulsory reserves	8,601	-	-	7,809	-	-
3. Reverse repos	10,020	-	-	5,316	-	-
4. Other	26	-	-	21	-	-
B. Loans and advances to banks	**45,560**	**47**	**-**	**37,413**	**58**	**-**
1. Loans	29,889	47	-	23,409	58	-
1.1 Current accounts	-	-	-	-	-	-
1.2 Time deposits	3,288	-	-	2,496	-	-
1.3 Other loans	26,601	47	-	20,913	58	-
- Reverse repos	22,665	-	-	17,737	-	-
- Lease Loans	1	-	-	2	-	-
- Other	3,935	47	-	3,174	58	-
2. Debt securities	15,671	-	-	14,004	-	-
2.1 Structured	-	-	-	-	-	-
2.2 Other	15,671	-	-	14,004	-	-
Total	**70,022**	**47**	**-**	**53,331**	**58**	**-**

Financial assets at amortised cost: breakdown by product of loans and advances to customers

(€ million)

TYPE OF TRANSACTIONS/VALUES	AMOUNTS AS AT 30.06.2024 BOOK VALUE			AMOUNTS AS AT 31.12.2023 BOOK VALUE		
	STAGE 1 AND STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	STAGE 1 AND STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS
1. Loans	**425,067**	**6,130**	**22**	**421,686**	**6,134**	**23**
1.1 Current accounts	25,775	662	2	24,446	609	1
1.2 Reverse repos	27,409	-	-	19,975	-	-
1.3 Mortgages	176,753	1,828	9	179,074	1,744	9
1.4 Credit cards and personal loans, including wage assignment	19,381	285	-	18,718	242	1
1.5 Lease loans	11,801	311	-	12,257	278	-
1.6 Factoring	11,089	42	-	13,379	94	-
1.7 Other loans	152,859	3,002	11	153,837	3,167	12
2. Debt securities	**76,208**	**1**	**-**	**75,745**	**1**	**-**
2.1 Structured securities	75	1	-	71	1	-
2.2 Other debt securities	76,133	-	-	75,674	-	-
Total	**501,275**	**6,131**	**22**	**497,431**	**6,135**	**23**

The column “of which: purchased or originated credit impaired financial assets” includes impaired loans purchased as part of transactions other than business combinations.

The increase in the item “1. Loans” to banks and customers as at 30 June 2024 compared to the 31 December 2023 is mainly due to an increase in the Repos transactions volumes, attributable in particular to UniCredit S.p.A. and its subsidiaries UniCredit Bank Czech Republic and Slovakia A.S. and UniCredit Bank GmbH.

Sub-items “1.2. Reverse repos" and “1.7 Other loans” do not include the type of securities lending transactions collateralised by securities or not collateralised.

The sub-item “2.2 Other debt securities” includes investments in Senior bonds of Altea securitisation for a carrying amount of €306 million.

Part B - Consolidated balance sheet - Assets

4.4a Financial assets at amortised cost subject to Covid-19 measures: gross value and total accumulated impairments

(€ million)

	GROSS VALUE					TOTAL ACCUMULATED IMPAIRMENTS				
	STAGE 1									
		OF WHICH: INSTRUMENTS WITH LOW CREDIT RISK EXEMPTION	STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT IMPAIRED	STAGE 1	STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT IMPAIRED	PARTIAL ACCUMULATED WRITE-OFFS(*)
Loans guaranteed by public guarantee Covid 19	12,536	-	1,623	556	3	22	29	125	-	-
Total 30.06.2024	**12,536**	**-**	**1,623**	**556**	**3**	**22**	**29**	**125**	**-**	**-**
Total 31.12.2023	**13,918**	**-**	**3,696**	**507**	**5**	**25**	**52**	**125**	**-**	**-**

Section 10 - Intangible assets - Item 100

An intangible asset is an identifiable non-monetary asset without physical substance, to be used for several years.
Intangible assets may include goodwill and, among "other intangible assets", brands, customer relationships and software.
As at 30 June 2024 intangible assets amounted to €2,194 million and mostly referred to software slightly decreased in comparison to €2,272 million as at 31 December 2023.

10.1 Intangible assets: breakdown by asset type

(€ million)

	AMOUNTS AS AT 30.06.2024		AMOUNTS AS AT 31.12.2023	
ASSETS/VALUES	FINITE LIFE	INDEFINITE LIFE	FINITE LIFE	INDEFINITE LIFE
A.1 Goodwill	**X**	**-**	**X**	**-**
A.1.1 Attributable to the Group	X	-	X	-
A.1.2 Attributable to minorities	X	-	X	-
A.2 Other intangible assets	**2,194**	**-**	**2,272**	**-**
of which: software	*2,192*	-	*2,269*	-
A.2.1 Assets carried at cost	2,194	-	2,272	-
a) Intangible assets generated internally	1,811	-	1,863	-
b) Other assets	383	-	409	-
A.2.2 Assets measured at fair value	-	-	-	-
a) Intangible assets generated internally	-	-	-	-
b) Other assets	-	-	-	-
Total	**2,194**	**-**	**2,272**	**-**
Total finite and indefinite life		**2,194**		**2,272**

The Group does not use the revaluation model (fair value) to measure intangible assets.

Part B - Consolidated balance sheet - Assets

10.2 Intangible assets: annual changes

(€ million)

	CHANGES IN FIRST HALF 2024					
		OTHER INTANGIBLE ASSETS				
		GENERATED INTERNALLY		OTHER		
	GOODWILL	FINITE LIFE	INDEFINITE LIFE	FINITE LIFE	INDEFINITE LIFE	TOTAL
A. Gross opening balance	**-**	**6,147**	**-**	**2,913**	**-**	**9,060**
A.1 Total net reduction in value	-	(4,284)	-	(2,504)	-	(6,788)
A.2 Net opening balance	**-**	**1,863**	**-**	**409**	**-**	**2,272**
B. Increases	**-**	**167**	**-**	**35**	**-**	**202**
B.1 Purchases	-	7	-	24	-	31
B.2 Increases in intangible assets generated internally	X	153	-	-	-	153
B.3 Write-backs	X	-	-	-	-	-
B.4 Increases in fair value	-	-	-	-	-	-
- In equity	X	-	-	-	-	-
- Through profit or loss	X	-	-	-	-	-
B.5 Positive exchange differences	-	1	-	5	-	6
B.6 Other changes	-	6	-	6	-	12
of which: business combinations	-	-	-	-	-	-
C. Reduction	**-**	**219**	**-**	**61**	**-**	**280**
C.1 Disposals	-	-	-	-	-	-
C.2 Write-downs	-	215	-	57	-	272
- Amortisation	X	213	-	56	-	269
- Write-downs	-	2	-	1	-	3
+ In equity	X	-	-	-	-	-
+ Through profit or loss	-	2	-	1	-	3
C.3 Reduction in fair value	-	-	-	-	-	-
- In equity	X	-	-	-	-	-
- Through profit or loss	X	-	-	-	-	-
C.4 Transfer to non-current assets held for sale	-	-	-	-	-	-
C.5 Negative exchange differences	-	3	-	-	-	3
C.6 Other changes	-	1	-	4	-	5
of which: business combinations	-	-	-	-	-	-
D. Net closing balance	**-**	**1,811**	**-**	**383**	**-**	**2,194**
D.1 Total net write-down	-	(4,499)	-	(2,511)	-	(7,010)
E. Gross closing balance	**-**	**6,310**	**-**	**2,894**	**-**	**9,204**
F. Carried at cost	**-**	**-**	**-**	**-**	**-**	**-**

Section 12 - Non-current assets and disposal groups classified as held for sale - Item 120 (Assets) and Item 70 (Liabilities)

Non-current assets or groups of assets and directly connected liabilities, which constitute a set of cash flow generating assets, the sale of which is highly likely, are recognised under these items.

In the balance sheet as at 30 June 2024, compared with 31 December 2023, the main variations are referred to: (i) the new classification, partially offset by sales, of mainly non-performing loans related to portfolio's sale initiatives; (ii) the inclusion of the controlled companies Weicker S.A.R.L. and Monnet 8-10 S.A R.L.

Fair value measurements are classified, for disclosure purposes only, into a fair value hierarchy that reflects the significance of inputs used in the valuations. For further information refer to paragraph "A.4 Information on fair value", Explanatory notes, Part A - Accounting policies.

Part B - Consolidated balance sheet - Assets

12.1 Non-current assets and disposal groups classified as held for sale: breakdown by asset type

(€ million)

	AMOUNTS AS AT	
	30.06.2024	31.12.2023
A. Assets held for sale		
A.1 Financial assets	390	278
A.2 Equity investments	39	41
A.3 Property, plant and equipment	180	51
of which: obtained by the enforcement of collateral	-	-
A.4 Intangible assets	-	-
A.5 Other non-current assets	1	-
Total (A)	**610**	**370**
of which: carried at cost	*395*	*288*
of which: designated at fair value - level 1	-	-
of which: designated at fair value - level 2	*104*	*82*
of which: designated at fair value - level 3	*111*	-
B. Discontinued operations		
B.1 Financial assets at fair value through profit or loss	-	-
- Financial assets held for trading	-	-
- Financial assets designated at fair value	-	-
- Other financial assets mandatorily at fair value	-	-
B.2 Financial assets at fair value through other comprehensive income	-	-
B.3 Financial assets at amortised cost	-	-
B.4 Equity investments	-	-
B.5 Property, plant and equipment	-	-
of which: obtained by the enforcement of collateral	-	-
B.6 Intangible assets	-	-
B.7 Other assets	-	-
Total (B)	**-**	**-**
of which: carried at cost	-	-
of which: designated at fair value - level 1	-	-
of which: designated at fair value - level 2	-	-
of which: designated at fair value - level 3	-	-
C. Liabilities associated with assets classified as held for sale		
C.1 Deposits	-	-
C.2 Securities	-	-
C.3 Other liabilities	-	-
Total (C)	**-**	**-**
of which: carried at cost	-	-
of which: designated at fair value - level 1	-	-
of which: designated at fair value - level 2	-	-
of which: designated at fair value - level 3	-	-
D. Liabilities associated with discontinued operations		
D.1 Financial liabilities at amortised cost	-	-
D.2 Financial liabilities held for trading	-	-
D.3 Financial liabilities designated at fair value	-	-
D.4 Provisions	-	-
D.5 Other liabilities	-	-
Total (D)	**-**	**-**
of which: carried at cost	-	-
of which: designated at fair value - level 1	-	-
of which: designated at fair value - level 2	-	-
of which: designated at fair value - level 3	-	-

As at 30 June 2024 the financial assets classified as non-current assets and disposal groups classified as held for sale included in stage 3 are equal to €387 million (€278 million as at December 2023).

Part B - Consolidated balance sheet - Liabilities

Liabilities

Section 1 - Financial liabilities at amortised cost - Item 10

Financial liabilities at amortised cost: breakdown by product of deposits from banks

(€ million)

TYPE OF TRANSACTIONS/VALUES	AMOUNTS AS AT 30.06.2024	AMOUNTS AS AT 31.12.2023
1. Deposits from central banks	**5,761**	**15,694**
2. Deposits from banks	**77,180**	**55,375**
2.1 Current accounts and demand deposits	13,524	11,637
2.2 Time deposits	11,647	9,027
2.3 Loans	50,647	33,594
2.3.1 Repos	34,995	17,153
2.3.2 Other	15,652	16,441
2.4 Liabilities relating to commitments to repurchase treasury shares	-	-
2.5 Lease deposits	25	27
2.6 Other deposits	1,337	1,090
Total	**82,941**	**71,069**

The decrease in the item "1. Deposits from central banks" mainly derives from the reduction due to a reimbursement of the TLTRO III exposures liabilities occurred during the first half 2024 for €12,6 billion.

The increase in the item "2. Deposits from banks" is mainly due to an increase in the Repos transactions volumes, attributable in particular to the subsidiaries UniCredit Bank Austria Ag and UniCredit Bank GmbH.

Sub-item "2.3 Loans" includes repos executed using proprietary securities issued by Group companies, which were eliminated from assets on consolidation.
The same sub-item does not include the type of bond lending transactions collateralised by securities or not collateralised.

Financial liabilities at amortised cost: breakdown by product of deposits from customers

(€ million)

TYPE OF TRANSACTION/VALUES	AMOUNTS AS AT 30.06.2024	AMOUNTS AS AT 31.12.2023
1. Current accounts and demand deposits	355,858	369,675
2. Time deposits	99,025	95,801
3. Loans	38,429	24,617
3.1 Repos	35,100	21,333
3.2 Other	3,329	3,284
4. Liabilities relating to commitments to repurchase treasury shares	95	21
5. Lease deposits	1,545	1,677
6. Other deposits	6,085	5,603
Total	**501,037**	**497,394**

The increase of the item financial liabilities at amortised cost from customers as at 30 June 2024 compared to the 31 December 2023 is mainly due to an increase in the Repos transactions volumes, attributable in particular to UniCredit S.p.A. and its subsidiaries UniCredit Bank Czech Republic and Slovakia A.S. and UniCredit Bank GmbH, partially offset by a reduction in the item "1.Current accounts and demand deposits" observed in particular on UniCredit S.p.A. and its subsidiary UniCredit Bank GmbH.

Item "3. Loans" also includes liabilities relating to repos executed using proprietary securities issued by Group companies, which were eliminated from assets on consolidation; the same sub-item does not include the type of bond lending transactions collateralised by securities or not collateralised.

Part B - Consolidated balance sheet - Liabilities

Financial liabilities at amortised cost: breakdown by product of debt securities in issue

(€ million)

TYPE OF SECURITIES/VALUES	AMOUNTS AS AT 30.06.2024	AMOUNTS AS AT 31.12.2023
A. Debt securities		
1. Bonds	85,444	84,171
1.1 Structured	1,112	965
1.2 Other	84,332	83,206
2. Other securities	6,212	5,674
2.1 Structured	46	45
2.2 Other	6,166	5,629
Total	**91,656**	**89,845**

The sum of sub-items "1.1 Bonds - Structured" and "2.1 Other securities - Structured" amounts to €1,158 million and account for 1.26% of total debt securities.

The fair value of derivatives embedded in structured securities and subject to bifurcation, presented in item 20 of Assets and item 20 of Liabilities and included in Trading derivatives - Others, amounted to a net balance of €10 million negative.

Section 2 - Financial liabilities held for trading - Item 20

2.1 Financial liabilities held for trading: breakdown by product

(€ million)

TYPE OF TRANSACTIONS/VALUES	AMOUNTS AS AT 30.06.2024					AMOUNTS AS AT 31.12.2023				
	NOMINAL VALUE	FAIR VALUE			FAIR VALUE*	NOMINAL VALUE	FAIR VALUE			FAIR VALUE*
		LEVEL 1	LEVEL 2	LEVEL 3			LEVEL 1	LEVEL 2	LEVEL 3	
A. Cash liabilities										
1. Deposits from banks	800	739	807	-	1,546	-	747	-	2	749
2. Deposits from customers	109	3,905	118	61	4,085	9	5,884	19	1	5,904
3. Debt securities	3,999	-	3,484	471	3,947	3,779	-	3,306	373	3,678
3.1 Bonds	2,113	-	1,855	245	2,096	1,789	-	1,586	187	1,773
3.1.1 Structured	1,813	-	1,554	245	X	1,709	-	1,504	187	X
3.1.2 Other	300	-	301	-	X	80	-	82	-	X
3.2 Other securities	1,886	-	1,629	226	1,851	1,990	-	1,720	186	1,905
3.2.1 Structured	1,886	-	1,629	226	X	1,990	-	1,720	186	X
3.2.2 Other	-	-	-	-	X	-	-	-	-	X
Total (A)	**4,908**	**4,644**	**4,409**	**532**	**9,578**	**3,788**	**6,631**	**3,325**	**376**	**10,331**
B. Derivatives instruments										
1. Financial derivatives	X	5,652	20,649	930	X	X	4,730	21,901	855	X
1.1 Trading derivatives	X	5,652	20,604	916	X	X	4,730	21,791	843	X
1.2 Linked to fair value option	X	-	26	-	X	X	-	57	-	X
1.3 Other	X	-	19	14	X	X	-	53	12	X
2. Credit derivatives	X	20	8	14	X	X	107	75	22	X
2.1 Trading derivatives	X	20	8	14	X	X	107	75	22	X
2.2 Linked to fair value option	X	-	-	-	X	X	-	-	-	X
2.3 Other	X	-	-	-	X	X	-	-	-	X
Total (B)	**X**	**5,672**	**20,657**	**944**	**X**	**X**	**4,837**	**21,976**	**877**	**X**
Total (A+B)	**X**	**10,316**	**25,066**	**1,476**	**X**	**X**	**11,468**	**25,301**	**1,253**	**X**
Total Level 1, Level 2 and Level 3				**36,858**					**38,022**	

Note:
Fair value* = Fair value calculated excluding the value changes due to the change of credit worthiness of the issuer compared to the issue date.

Valuations at fair value were classified according to a hierarchy of levels reflecting the observability of the valuations input.
For further information refer to paragraph "A.4 Information on fair value", Explanatory notes, Part A - Accounting policies.

Part B - Consolidated balance sheet - Liabilities

The financial assets and liabilities relating to OTC Derivatives and Repos managed through Central Counterparty Clearing Houses (CCPs) are offset when (i) the clearing systems of CCPs guarantee the elimination or reduce to immaterial the credit and liquidity risks of these contracts and (ii) the entity intends to settle these contracts on a net basis, in accordance with IAS32 - Offsetting, in order to better present the liquidity profile and counterparty risk connected with them.

The offset effect as at 30 June 2024, already included in the net presentation of these transactions, totaled €150,082 million decreased in comparison to €181,115 million as at 31 December 2023 due to the evolution of reference market conditions, relating to the activities of the subsidiary UniCredit Bank GmbH.

The sub-items “1. Deposits from banks” and “2. Deposits from customers” include short selling totaling €4,713 million as at 30 June 2024 (€6,643 million as at 31 December 2023), in respect of which no nominal amount was attributed.

Section 3 - Financial liabilities designated at fair value - Item 30

3.1 Financial liabilities designated at fair value: breakdown by product

(€ million)

TYPE OF TRANSACTIONS/VALUES	AMOUNTS AS AT 30.06.2024					AMOUNTS AS AT 31.12.2023				
	NOMINAL VALUE	FAIR VALUE			FAIR VALUE*	NOMINAL VALUE	FAIR VALUE			FAIR VALUE*
		LEVEL 1	LEVEL 2	LEVEL 3			LEVEL 1	LEVEL 2	LEVEL 3	
1. Deposits from banks	**67**	**-**	**64**	**3**	**67**	**3**	**-**	**2**	**1**	**3**
1.1 Structured	-	-	-	-	X	-	-	-	-	X
1.2 Other	67	-	64	3	X	3	-	2	1	X
of which:										
- loan commitments given	-	X	X	X	X	-	X	X	X	X
- financial guarantees given	-	X	X	X	X	-	X	X	X	X
2. Deposits from customers	**716**	**-**	**644**	**31**	**668**	**696**	**-**	**791**	**38**	**663**
2.1 Structured	-	-	-	-	X	-	-	-	-	X
2.2 Other	716	-	644	31	X	696	-	791	38	X
of which:										
- loan commitments given	-	X	X	X	X	-	X	X	X	X
- financial guarantees given	-	X	X	X	X	-	X	X	X	X
3. Debt securities	**13,030**	**-**	**11,573**	**1,154**	**12,562**	**11,577**	**-**	**10,459**	**756**	**11,063**
3.1 Structured	12,515	-	11,261	942	X	11,070	-	9,946	756	X
3.2 Other	515	-	312	212	X	507	-	513	-	X
Total	**13,813**	**-**	**12,281**	**1,188**	**13,297**	**12,276**	**-**	**11,252**	**795**	**11,729**
Total Level 1, Level 2 and Level 3				**13,469**					**12,047**	

Note:
Fair value* = Fair value calculated excluding the value changes due to the change of credit worthiness of the issuer compared to the issue date.

Liabilities are recognised in this item to reduce the accounting mismatch arising from financial instruments measured with changes in fair value in the Income statement in order to manage the risk profile.

Valuations at fair value were classified according to a hierarchy of levels reflecting the observability of the valuations input.
For further information refer to paragraph “A.4 Information on fair value”, Explanatory notes, Part A - Accounting policies.

The sub-item “3.1 Debt securities - Structured” includes “Certificates”, structured debt securities, issued by UniCredit S.p.A. and by other Group’s legal entities. These instruments are designated at fair value as the embedded derivatives cannot be bifurcated.

Section 7 - Liabilities associated with assets classified as held for sale - Item 70

Refer to “Section 12 - Non-current assets and disposal groups classified as held for sale - Item 120 Assets.”, Explanatory notes, Part B - Consolidated balance sheet - Assets.

Part B - Consolidated balance sheet - Liabilities

Section 10 - Provisions for risks and charges - Item 100

10.1 Provisions for risks and charges: breakdown

(€ million)

ITEMS/COMPONENTS	AMOUNTS AS AT 30.06.2024	31.12.2023
1. Provisions for credit risk on commitments and financial guarantees given	1,016	1,195
2. Provisions for other commitments and other guarantees given	78	89
3. Pensions and other post-retirement benefit obligations	3,075	3,083
4. Other provisions for risks and charges	2,931	3,176
4.1 Legal and tax disputes	836	637
4.2 Staff expenses	1,303	1,587
4.3 Other	792	952
Total	**7,100**	**7,543**

As at 30 June 2024 Provision for risks and charges amounted to €7,100 million, of which about €1,094 million relating to total impairment losses on off-balance sheet exposures, €3,075 million relating to pensions and other post-retirement benefit obligations and €2,931 million relating to other provisions for risks and charges.

Item "4. Other provisions for risks and charges" consists of:
- provisions for legal and tax disputes: cases in which the Group is a defendant, and post-insolvency clawback petitions (more information on litigation is set out in paragraphs “B. Legal risks” and “D. Risks arising from tax disputes”, Explanatory notes, Part E - Information on risks and related hedging policies, 2.5 Operational risks, Qualitative information);
- provisions for staff expenses including also the expenses relating to the implementation of the Strategic Plan;
- other provisions: these include provisions for risks and charges not attributable to the above items, whose details are illustrated in the table 10.6 below.

10.5 Pensions and other post-retirement defined-benefit obligations

There are several defined-benefit plans within the Group, i.e., plans whose benefit is linked to salary and employee length of service both in Italy and abroad. The Austrian, German and Italian plans account for over 90% of the Group’s pension obligations.
About the 60% of the total obligations for defined benefit plans are financed with segregated assets. These plans are established in (i) Germany, the "Direct Pension Plan" (i.e. an external fund managed by independent trustees), the "HVB Trust Pensionfonds AG" and the "Pensionkasse der Hypovereinsbank WaG" all created by UniCredit Bank GmbH (UCB GmbH), and (ii) in the United Kingdom, Italy and Luxembourg created by UCB GmbH and UniCredit S.p.A.
The Group’s defined-benefit plans are mainly closed to new recruits where most new recruits join defined-contribution plans instead and the related contributions are charged to the Income statement.
According to IAS19, obligations arising from defined-benefit plans are determined using the “Projected Unit Credit” method, while segregated assets are measured at fair value at the Balance sheet’s reference date. The Balance sheet obligation is the result of the deficit/surplus (i.e., the difference between obligations and assets) net of any impacts of the asset ceiling; actuarial gains and losses are recognised in shareholders’ equity and shown in a specific item of revaluation reserves in the financial year in which they are recorded.
The actuarial assumptions used to determine obligations vary from country to country and from plan to plan; the discount rate is determined, depending on the currency of denomination of the commitments and the maturity of the liability, by reference to market yields at the Balance sheet date on a basket of “high quality corporate bonds” (HQCB).
In the light of evolving common interpretation about “*high quality corporate bonds*” identification, UniCredit determines the discount rate by referencing AA rated corporate bonds (HQCB) basket. In addition, a Nelson Siegel methodology is applied in modelling of the yield-curve expressed by the basket of securities adjusted above the “last liquid point” (defined as the average maturity of the last 5 available bonds) relying on the slope of a Treasury curve build with AA Govies.
The measurement of commitments as at 30 June 2024 (including those relating to employee severance pay for so-called “Trattamento di fine rapporto del personale”) leads to a slight increase, compared to 31 December 2023 levels, of approx. €23 million, net of taxes, in the negative Balance of the valuation reserve of actuarial gains/losses on defined benefit plans.

Part B - Consolidated balance sheet - Liabilities

10.6 Provisions for risks and charges - other provisions

(€ million)

	AMOUNTS AS AT	
	30.06.2024	31.12.2023
4.3 Other provisions for risks and charges - other		
Real estate risks/charges	77	86
Restructuring costs	59	71
Allowances payable to agents	81	81
Disputes regarding financial instruments and derivatives	9	9
Costs for liabilities arising from equity investment disposals	14	27
Other	552	678
Total	**792**	**952**

It should be noted that sub-item "Others" includes provisions:

- posted in order to cope with the probable risks of loss relating to claims by customers. Further information is reported in the related paragraph "E. Other claims by customers", Explanatory notes, Part E - Information on risks and related hedging policies, 2.5 Operational risks, Qualitative information;
- aimed to cover the risks related to certain standard contractual terms contained in the documentary frameworks (i.e. representations & warranties), including securitisation transactions with derecognition of non-performing loans, signed with the SPVs, of which UniCredit S.p.A. is Originator, pending the analysis and assessments to be completed within the deadlines established.

Section 13 - Group shareholders' equity - Items 120, 130, 140, 150, 160, 170 and 180

As at 30 June 2024 the Group shareholders' equity, including the result for the period of +€5,236 million, amounts to €62,013 million, against €64,079 million at the end of 2023.
The table below shows a breakdown of Group equity and the changes compared to the previous year.

Group shareholders' equity: breakdown

(€ million)

	AMOUNTS AS AT		CHANGES	
	30.06.2024	31.12.2023	AMOUNT	%
1. Share capital	21,368	21,278	90	0.4%
2. Share premium reserve	23	23	-	-
3. Reserves	36,546	35,063	1,483	4.2%
4. Treasury shares	(229)	(1,727)	1,498	-86.7%
a. Parent Company	(229)	(1,727)	1,498	-86.7%
b. Subsidiaries	-	-	-	n.m.
5. Valuation reserve	(4,896)	(4,928)	32	-0.6%
6. Equity instruments	3,965	4,863	-898	-18.5%
7. Net profit (loss)	5,236	9,507	-4,271	-44.9%
Total	**62,013**	**64,079**	**-2,066**	-3.2%

Part B - Consolidated balance sheet - Liabilities

The -€2,066 million change in Group equity resulted from:

(€ million)

Change in capital:	
withdrawal from the specifically constituted reserve, for the issue of the shares connected to the medium-term incentive plan for Group personnel following the resolution of the Board of Directors of 4 February 2024	**90**
Change in reserves, including those one in treasury shares arising from:	**2,981**
· the attribution to the reserve of the result of the previous year of the Group, net of dividends and other allocations	6,462
· (i) the purchase of the residual No.37,815,422 treasury shares at completion of the First Tranche of Share Buy-Back Programme 2023 started on 30 October 2023 and completed on 7 March 2024; (ii) the purchase of No.44,859,171 treasury shares in execution of the Second tranche of the Share Buy-Back Programme 2023 started on 9 May 2024 and completed on 20 June 2024; (iii) the purchase of No.6,574,254 treasyry shares up to 30 June 2024 in execution of the Third tranche of BuyBack Programme 2023	(2,900)
· the allocation to the reserves of the coupon paid to subscribers of the Additional Tier 1 notes, net of the related taxes	(110)
· the withdrawal from the specifically constituted reserves, for the capital increase connected to the medium term incentive plan for Group personnel following the resolution of the Board of Directors of 4 February 2024	(90)
· the charge to reserves for the disbursements made in connection with cash-out of usufruct contract signed with Mediobanca S.p.A. on UniCredit shares supporting the issuance of convertible securities denominated “Cashes” referring to the results of the year 2023	(126)
· other changes	(255)
Change in valuation reserves related to:	**32**
· financial assets and liabilities valued at fair value	(150)
· tangible assets	(44)
· hedging of foreign investments	1
· hedging for financial risks	19
· exchange rate differences	158
· non-current assets classified held-for-sale	29
· actuarial gains (losses) on defined-benefit plans	(23)
· the valuation of companies carried at net equity	42
Change in equity instruments:	
early redemption of the Additional Tier 1 instruments issued in 2019 exercising the redemption option in accordance with the relevant terms and conditions of the securities, net of the related placement costs and of the exchange differences	**(898)**
Change of the profit for the period compared with that of 31 December 2023	**(4,271)**

13.4 Reserves from profits: other information

(€ million)

	AMOUNTS AS AT	
	30.06.2024	**31.12.2023**
Legal reserve	1,618	1,618
Statutory reserve	17,740	13,917
Other reserves	9,188	9,929
Total	**28,546**	**25,464**

For further details in relation to the change in the Statutory reserve, refer to the information reported below the Statement of changes in the consolidated shareholders’ equity, Consolidated accounts.

Part B - Consolidated balance sheet - Liabilities

13.6 Other Information

Valuation reserves: breakdown

(€ million)

ITEM/TYPES	AMOUNTS AS AT 30.06.2024	31.12.2023
1. Equity instruments designated at fair value through other comprehensive income	(68)	(103)
2. Financial assets (other than equity instruments) at fair value through other comprehensive income	(497)	(322)
3. Hedging of equity instruments at fair value through other comprehensive income	-	-
4. Financial liabilities at fair value through profit or loss (changes in own credit risk)	(124)	(114)
5. Hedging instruments (non-designated elements)	-	-
6. Property, plant and equipment	1,587	1,631
7. Intangible assets	-	-
8. Hedges of foreign investments	(192)	(193)
9. Cash-flow hedges	(337)	(356)
10. Exchange differences	(2,996)	(3,154)
11. Non-current assets classified as held for sale	32	3
12. Actuarial gains (losses) on defined-benefit plans	(2,614)	(2,591)
13. Part of valuation reserves of investments valued at net equity	36	(6)
14. Special revaluation laws	277	277
Total	**(4,896)**	**(4,928)**

The FX currency reserves as at 30 June 2024 mainly refer to the Russian Ruble for -€2,556 million included in the item "Exchange differences".
The main variations in comparison to 31 December 2023 refer to the following reserves:

- "Financial assets (other than equity instruments) at fair value through other comprehensive income" for -€175 million mainly due to Government securities;
- "Exchange differences" for +€158 million mainly referred to Russian Ruble for +€236 million, Czech Crown for -€44 million and Hungarian Forint for -€40 million.

Part C - Consolidated income statement

Section 1 - Interest - Items 10 and 20

1.1 Interest income and similar revenues: breakdown

(€ million)

ITEMS/TYPES	AS AT 30.06.2024 DEBT SECURITIES	LOANS	OTHER TRANSACTIONS	TOTAL	AS AT 30.06.2023 TOTAL
1. Financial assets at fair value through profit or loss	**200**	**94**	**658**	**952**	**993**
1.1 Financial assets held for trading	157	44	658	859	895
1.2 Financial assets designated at fair value	1	-	-	1	1
1.3 Other financial assets mandatorily at fair value	42	50	-	92	97
2. Financial assets at fair value through other comprehensive income	**914**	**-**	**X**	**914**	**519**
3. Financial assets at amortised cost	**1,080**	**12,358**	**X**	**13,438**	**11,931**
3.1 Loans and advances to banks	144	2,357	X	2,501	2,786
3.2 Loans and advances to customers	936	10,001	X	10,937	9,145
4. Hedging derivatives	**X**	**X**	**2,446**	**2,446**	**1,915**
5. Other assets	**X**	**X**	**218**	**218**	**396**
6. Financial liabilities	**X**	**X**	**X**	**11**	**16**
Total	**2,194**	**12,452**	**3,322**	**17,979**	**15,770**
of which: interest income on impaired financial assets	*-*	*190*	*-*	*190*	*190*
of which: interest income on financial lease	*X*	*354*	*X*	*354*	*329*

1.3 Interest expenses and similar charges: breakdown

(€ million)

ITEMS/TYPES	AS AT 30.06.2024 DEBTS	SECURITIES	OTHER TRANSACTIONS	TOTAL	AS AT 30.06.2023 TOTAL
1. Financial liabilities at amortised cost	**(5,228)**	**(1,322)**	**X**	**(6,550)**	**(5,559)**
1.1 Deposits from central banks	(196)	X	X	(196)	(1,131)
1.2 Deposits from banks	(1,258)	X	X	(1,258)	(768)
1.3 Deposits from customers	(3,774)	X	X	(3,774)	(2,406)
1.4 Debt securities in issue	X	(1,322)	X	(1,322)	(1,254)
2. Financial liabilities held for trading	**(20)**	**(116)**	**(924)**	**(1,060)**	**(1,012)**
3. Financial liabilities designated at fair value	**(3)**	**(50)**	**-**	**(53)**	**(39)**
4. Other liabilities and funds	**X**	**X**	**(19)**	**(19)**	**(13)**
5. Hedging derivatives	**X**	**X**	**(2,978)**	**(2,978)**	**(2,198)**
6. Financial assets	**X**	**X**	**X**	**(5)**	**(11)**
Total	**(5,251)**	**(1,488)**	**(3,921)**	**(10,665)**	**(8,832)**
of which: interest expenses on lease deposits	*(17)*	*X*	*X*	*(17)*	*(20)*

Part C - Consolidated income statement

Section 2 - Fees and commissions - Items 40 and 50

2.1 Fees and commissions income: breakdown

(€ million)

TYPE OF SERVICES/VALUES	AS AT 30.06.2024	AS AT 30.06.2023
a) Financial Instruments	812	670
1. Placement of securities	607	489
1.1 Underwriting and/or on the basis of an irrevocable commitment	5	25
1.2 Without irrevocable commitment	602	464
2. Reception and transmission of orders	136	104
2.1 Reception and transmission of orders of financial instruments	135	104
2.2 Execution of orders on behalf of customers	1	-
3. Other fees related to activities linked to financial instruments	69	77
of which: proprietary Trading	*1*	*11*
of which: individual portfolio management	*68*	*65*
b) Corporate Finance	32	35
1. M&A advisory	8	6
2. Treasury services	-	-
3. Other fee and commission income in relation to corporate finance activities	24	29
c) Fee based advice	53	54
d) Clearing and settlement	-	-
e) Collective portfolio management	143	101
f) Custody and administration of securities	139	141
1. Custodian Bank	12	12
2. Other fee and commission income in relation to corporate finance activities	127	129
g) Central administrative services for collective investment	1	1
h) Fiduciary transactions	-	-
i) Payment services	886	823
1. Current accounts	30	27
2. Credit cards	58	62
3. Debits cards and other card payments	266	234
4. Transfers and other payment orders	250	238
5. Other fees in relation to payment services	282	262
j) Distribution of third party services	804	772
1.Collective portfolio management	314	305
2. Insurance products	479	458
3. Other products	11	9
of which: individual portfolio management	*1*	*1*
k) Structured finance	-	-
l) Loan securitisation servicing activities	8	9
m) Loan commitment given	55	54
n) Financial guarantees	184	177
of which: credit derivatives	-	-
o) Lending transaction	339	289
of which: factoring services	*41*	*39*
p) Currency trading	108	111
q) Commodities	-	-
r) Other fee income	966	1,013
of which: management of sharing multilateral trading facilities	-	-
of which: management of organized trading systems	-	-
Total	**4,530**	**4,250**

Part C - Consolidated income statement

Item “r) other fee income” mainly comprise:
- fees for ancillary services linked to current accounts (e.g., token, debt card): €351 million in the first half 2024, €382 million in the same period of 2023 (-8.1%);
- fees for immediate funds availability: €165 million in the first half 2024, €160 million in in the same period of 2023 (+3.1%);
- fees for ATM and credit card services not included in collection and payment services: €167 million in in the first half 2024, €158 million in the same period of 2023 (+5.7%);
- fees for current accounts keeping: €52 million in in the first half 2024, €57 million in in the same period of 2023 (-8.8%).

2.2 Fees and commissions expenses: breakdown

(€ million)

SERVICES/VALUES	AS AT 30.06.2024	AS AT 30.06.2023
a) Financial instruments	(45)	(41)
of which: trading in financial instruments	*(42)*	*(34)*
of which: placement of financial instruments	*(1)*	*(6)*
of which: individual Portfolio management	*(2)*	*(1)*
- own portfolio	-	-
- third party portfolio	(2)	(1)
b) Clearing and settlement	(2)	(2)
c) Portfolio management: collective	(15)	(13)
1. Own portfolio	(7)	(6)
2. Third party portfolio	(8)	(7)
d) Custody and Admnistration	(110)	(85)
e) Collection and payments services	(424)	(414)
of which: debit credit card service and other payment cards	*(373)*	*(365)*
f) Loan securitisation servicing activities	(3)	(1)
g) Loan commitment given	(11)	(10)
h) Financial guarantees received	(92)	(121)
of which: credit derivatives	-	-
i) Off - site distribution of financial instruments, products and services	(20)	(21)
j) Currency trading	(5)	(5)
k) Other commission expenses	(113)	(98)
Total	**(840)**	**(811)**

Item “e) Collection and payments services” includes the positive effects resulting from the signing of Global Partnership Agreement with Nexi occurred during the second quarter of 2024, which updates the previous one.

Section 3 - Dividend income and similar revenues - Item 70

3.1 Dividend income and similar revenues: breakdown

(€ million)

	AS AT 30.06.2024		AS AT 30.06.2023	
ITEMS/REVENUES	DIVIDENDS	SIMILAR REVENUES	DIVIDENDS	SIMILAR REVENUES
A. Financial assets held for trading	255	-	159	-
B. Other financial assets mandatorily at fair value	45	6	26	4
C. Financial assets at fair value through other comprehensive income	31	-	26	-
D. Equity investments	4	-	2	-
Total	**335**	**6**	**213**	**4**
Total dividends and similar revenues		**341**		**217**

Dividends are recognised in the Income statement when distribution is approved.
In the first half 2024 dividend income and similar revenues totaled €341 million, compared with €217 million for the previous period.

The item “A. Financial assets held for trading” includes the dividends that UniCredit Bank GmbH received in relation to equity securities recognised as Financial assets held for trading.

Part C - Consolidated income statement

The item "B. Other financial assets mandatorily at fair value" includes dividends received mainly by the subsidiary UniCredit Bank GmbH and by UniCredit S.p.A.

The item "C. Financial assets at fair value through other comprehensive income" includes mainly the dividends received relating to the investment in Banca d'Italia for €17 million (€17 million in 2023).

Section 4 - Net gains (losses) on trading - Item 80

4.1 Net gains (losses) on trading: breakdown

(€ million)

TRANSACTIONS/INCOME ITEMS	AS AT 30.06.2024				
	CAPITAL GAINS (A)	REALISED PROFITS (B)	CAPITAL LOSSES (C)	REALISED LOSSES (D)	NET PROFIT [(A+B)-(C+D)]
1. Financial assets held for trading	**2,625**	**1,505**	**(3,825)**	**(620)**	**(315)**
1.1 Debt securities	129	145	(235)	(205)	(166)
1.2 Equity instruments	407	395	(568)	(274)	(40)
1.3 Units in investment funds	78	68	(16)	(29)	101
1.4 Loans	1,954	868	(2,406)	(28)	388
1.5 Other	57	29	(600)	(84)	(598)
2. Financial liabilities held for trading	**506**	**468**	**(301)**	**(467)**	**206**
2.1 Debt securities	140	163	(236)	(241)	(174)
2.2 Deposits	-	-	-	(5)	(5)
2.3 Other	366	305	(65)	(221)	385
3. Financial assets and liabilities: exchange differences	**X**	**X**	**X**	**X**	**(332)**
4. Derivatives	**236,474**	**250,391**	**(237,303)**	**(248,594)**	**1,788**
4.1 Financial derivatives	236,281	250,153	(237,119)	(248,348)	1,787
- On debt securities and interest rates	227,892	244,460	(230,245)	(242,008)	99
- On equity securities and share indices	5,030	2,833	(3,656)	(3,688)	519
- On currencies and gold	X	X	X	X	820
- Other	3,359	2,860	(3,218)	(2,652)	349
4.2 Credit derivatives	193	238	(184)	(246)	1
of which: economic hedges linked to the fair value option	*X*	*X*	*X*	*X*	-
Total	**239,605**	**252,364**	**(241,429)**	**(249,681)**	**1,347**

The sub-item "1.4 Loans" includes the economic effects generated by CO_2 certificates for a net positive amount of €386 million held by the subsidiary UniCredit Bank GmbH.

Part C - Consolidated income statement

Section 5 - Net gains (losses) on hedge accounting - Item 90

5.1 Net gains (losses) on hedge accounting: breakdown

(€ million)

INCOME COMPONENT/VALUES	AS AT 30.06.2024	AS AT 30.06.2023
A. Gains on		
A.1 Fair value hedging instruments	9,733	9,279
A.2 Hedged financial assets (in fair value hedge relationship)	137	1,510
A.3 Hedged financial liabilities (in fair value hedge relationship)	919	602
A.4 Cash-flow hedging derivatives	28	40
A.5 Assets and liabilities denominated in currency	-	-
Total gains on hedging activities (A)	**10,817**	**11,431**
B. Losses on		
B.1 Fair value hedging instruments	(9,454)	(8,871)
B.2 Hedged financial assets (in fair value hedge relationship)	(1,185)	(265)
B.3 Hedged financial liabilities (in fair value hedge relationship)	(308)	(2,220)
B.4 Cash-flow hedging derivatives	(16)	(37)
B.5 Assets and liabilities denominated in currency	-	-
Total losses on hedging activities (B)	**(10,963)**	**(11,393)**
C. Net hedging result (A-B)	**(146)**	**38**
of which: net gains (losses) of hedge accounting on net positions	-	-

Changes in the items gain and losses on the hedging activities are mainly attributable to the evolution in the markets interest rate curves observed in the first half of 2024.

Section 6 - Gains (Losses) on disposal/repurchase - Item 100

Net profit from gains/losses on disposals/repurchases of financial assets/liabilities as at 30 June 2024 is equal to +€69 million (+€192 million as at 30 June 2023), of which +€71 million on financial assets and -€2 million on financial liabilities.
The sub-item "2. Financial assets at fair value through other comprehensive income - 2.1 Debt securities" is equal to +€64 million and includes mainly gains and losses on disposal of UniCredit S.p.A., for the most part due to Italian Government securities.

6.1 Gains (Losses) on disposal/repurchase: breakdown

(€ million)

	AS AT 30.06.2024			AS AT 30.06.2023		
ITEMS/INCOME ITEMS	GAINS	LOSSES	NET PROFIT	GAINS	LOSSES	NET PROFIT
A. Financial assets						
1. Financial assets at amortised cost	90	(83)	7	160	(113)	47
1.1 Loans and advances to banks	1	(1)	-	8	(19)	(11)
1.2 Loans and advances to customers	89	(82)	7	152	(94)	58
2. Financial assets at fair value through other comprehensive income	402	(338)	64	750	(627)	123
2.1 Debt securities	402	(338)	64	750	(627)	123
2.2 Loans	-	-	-	-	-	-
Total assets (A)	**492**	**(421)**	**71**	**910**	**(740)**	**170**
B. Financial liabilities at amortised cost						
1. Deposits from banks	-	-	-	-	-	-
2. Deposits from customers	1	(1)	-	11	(5)	6
3. Debt securities in issue	19	(21)	(2)	42	(26)	16
Total liabilities (B)	**20**	**(22)**	**(2)**	**53**	**(31)**	**22**
Total financial assets/liabilities			**69**			**192**

Part C - Consolidated income statement

Section 7 - Net gains (losses) on other financial assets/liabilities at fair value through profit or loss - Item 110

7.1 Net gains (losses) on other financial assets/liabilities at fair value through profit or loss: breakdown of financial assets and liabilities designated at fair value

(€ million)

TRANSACTIONS/INCOME ITEMS	AS AT 30.06.2024				
	CAPITAL GAINS (A)	REALISED PROFITS (B)	CAPITAL LOSSES (C)	REALISED LOSSES (D)	NET PROFIT [(A+B)-(C+D)]
1. Financial assets	**-**	**-**	**(10)**	**-**	**(10)**
1.1 Debt securities	-	-	(10)	-	(10)
1.2 Loans	-	-	-	-	-
2. Financial liabilities	**178**	**104**	**(279)**	**(142)**	**(139)**
2.1 Debt securities	172	104	(275)	(140)	(139)
2.2 Deposits from banks	1	-	-	-	1
2.3 Deposits from customers	5	-	(4)	(2)	(1)
3. Financial assets and liabilities in foreign currency: exchange differences	**X**	**X**	**X**	**X**	**-**
Total	**178**	**104**	**(289)**	**(142)**	**(149)**

Some financial derivatives entered into for economic hedge purposes are linked to financial liabilities represented by debt securities and their economic results are included into table "4.1 Net gains (losses) on trading: breakdown", Explanatory notes, Part C - Consolidated income statement, Section 4 - Net gains (losses) on trading - Item 80.

7.2 Net change in other financial assets/liabilities at fair value through profit or loss: breakdown of other financial assets mandatorily at fair value

(€ million)

TRANSACTIONS/INCOME ITEMS	AS AT 30.06.2024				
	CAPITAL GAINS (A)	REALISED PROFITS (B)	CAPITAL LOSSES (C)	REALISED LOSSES (D)	NET PROFIT [(A+B)-(C+D)]
1. Financial assets	**142**	**81**	**(163)**	**(26)**	**34**
1.1 Debt securities	24	3	(54)	(19)	(46)
1.2 Equity securities	68	76	(24)	(1)	119
1.3 Units in investment funds	30	2	(65)	(1)	(34)
1.4 Loans	20	-	(20)	(5)	(5)
2. Financial assets: exchange differences	**X**	**X**	**X**	**X**	**-**
Total	**142**	**81**	**(163)**	**(26)**	**34**

Units in investment funds include economic effects from Atlante and Italian Recovery funds, for which refer to specific comment below the table 2.5 Financial assets mandatory at fair value, Explanatory notes, Part B - Consolidated balance sheet - Assets, Section 2 - Financial assets at fair value through profit or loss - Item 20.

Part C - Consolidated income statement

Section 8 - Net losses/recoveries on credit impairment - Item 130

As of 30 June 2024, net losses on credit impairment amounts to -€277 million.

In addition to the ordinary credit dynamic, such amount includes:
- Write-downs of -€28 million arising from the update of the macroeconomic scenarios for IFRS9 purposes, which was carried out in the second and fourth quarters as part of the ordinary process of adjusting provisions for credit losses to the most recent macroeconomic projections;
- Write-backs of €126 million arising from the new Transfer Logic approach.

For further details reference is made to the paragraph “2.1 Credit risk”, Explanatory notes, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter, and, with specific reference to exposures subject to Russian risk, to the paragraph “Section 5 - Other matters, Explanatory notes, Part A - Accounting policies, A.1 General.

8.1 Net impairment losses for credit risk relating to financial assets at amortised cost: breakdown

(€ million)

	AS AT 30.06.2024											AS AT 30.06.2023
	WRITE-DOWNS						WRITE-BACKS					
			STAGE 3		PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS					PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS		
TRANSACTIONS/INCOME ITEMS	STAGE 1	STAGE 2	WRITE-OFF	OTHER	WRITE-OFF	OTHER	STAGE 1	STAGE 2	STAGE 3		TOTAL	TOTAL
A. Loans and advances to banks	**(4)**	**-**	**-**	**(1)**	**-**	**-**	**5**	**3**	**2**	**-**	**5**	**(16)**
- Loans	(4)	-	-	(1)	-	-	5	3	2	-	5	(13)
- Debt securities	-	-	-	-	-	-	-	-	-	-	-	(3)
B. Loans and advances to customers	**(370)**	**(1,334)**	**(92)**	**(1,361)**	**(1)**	**(1)**	**922**	**1,045**	**914**	**4**	**(274)**	**(164)**
- Loans	(367)	(1,331)	(92)	(1,361)	(1)	(1)	916	1,022	914	4	(297)	(170)
- Debt securities	(3)	(3)	-	-	-	-	6	23	-	-	23	6
Total	**(374)**	**(1,334)**	**(92)**	**(1,362)**	**(1)**	**(1)**	**927**	**1,048**	**916**	**4**	**(269)**	**(180)**

8.2 Net change for credit risk relating to financial assets at fair value through other comprehensive income: breakdown

(€ million)

	AS AT 30.06.2024											AS AT 30.06.2023
	WRITE-DOWNS						WRITE-BACKS					
			STAGE 3		PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS					PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS		
TRANSACTIONS/INCOME ITEMS	STAGE 1	STAGE 2	WRITE-OFF	OTHER	WRITE-OFF	OTHER	STAGE 1	STAGE 2	STAGE 3		TOTAL	TOTAL
A. Debt securities	**(2)**	**-**	**-**	**(13)**	**-**	**-**	**2**	**3**	**2**	**-**	**(8)**	**4**
B. Loans	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Loans and advances to customers	-	-	-	-	-	-	-	-	-	-	-	-
- Loans and advances to banks	-	-	-	-	-	-	-	-	-	-	-	-
Total	**(2)**	**-**	**-**	**(13)**	**-**	**-**	**2**	**3**	**2**	**-**	**(8)**	**4**

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Section 12 - Administrative expenses - Item 190

12.1 Staff expenses: breakdown

(€ million)

TYPE OF EXPENSES/VALUES	AS AT 30.06.2024	AS AT 30.06.2023
1) Employees	**(2,928)**	**(3,101)**
a) Wages and salaries	(2,055)	(2,062)
b) Social charges	(487)	(479)
c) Severance pay	(11)	(10)
d) Social security costs	-	-
e) Allocation to employee severance pay provision	(8)	(10)
f) Provision for retirements and similar provisions	(76)	(79)
- Defined contribution	(1)	(1)
- Defined benefit	(75)	(78)
g) Payments to external pension funds	(115)	(108)
- Defined contribution	(114)	(107)
- Defined benefit	(1)	(1)
h) Costs arising from share-based payments	(34)	(37)
i) Other employee benefits	(142)	(316)
2) Other non-retired staff	**(14)**	**(14)**
3) Directors and Statutory Auditors	**(4)**	**(4)**
4) Early retirement costs	**-**	**-**
5) Recoveries of payments for seconded employees to other companies	**7**	**7**
6) Refund of expenses for secunded employees to the company	**(10)**	**(14)**
Total	**(2,949)**	**(3,126)**

Part C - Consolidated income statement

12.5 Other administrative expenses: breakdown

(€ million)

TYPE OF EXPENSES/SECTORS	AS AT 30.06.2024	AS AT 30.06.2023
1) Indirect taxes and duties	**(387)**	**(379)**
1a. Settled	(373)	(379)
1b. Unsettled	(14)	-
2) Contributions to Resolution Funds and Deposit Guarantee Schemes (DGS)	**(265)**	**(528)**
3) Guarantee fee for DTA conversion	**(41)**	**(51)**
4) Miscellaneous costs and expenses	**(1,263)**	**(1,218)**
a) Advertising marketing and communication	(66)	(52)
b) Expenses relating to credit risk	(51)	(28)
c) Indirect expenses relating to personnel	(38)	(40)
d) Information & Communication Technology expenses	(599)	(572)
Lease of ICT equipment and software	(35)	(39)
Software expenses: lease and maintenance	(196)	(176)
ICT communication systems	(29)	(30)
Services ICT in outsourcing	(277)	(266)
Financial information providers	(62)	(61)
e) Consulting and professionals services	(63)	(46)
Consulting	(44)	(29)
Legal expenses	(19)	(17)
f) Real estate expenses	(188)	(228)
Premises rentals	(17)	(18)
Utilities	(78)	(111)
Other real estate expenses	(93)	(99)
g) Operating costs	(258)	(252)
Surveillance and security services	(23)	(24)
Money counting services and transport	(28)	(26)
Printing and stationery	(13)	(12)
Postage and transport of documents	(32)	(29)
Administrative and logistic services	(74)	(72)
Insurance	(29)	(31)
Association dues and fees and contributions to the administrative expenses deposit guarantee funds	(39)	(38)
Other administrative expenses - other	(20)	(20)
Total (1+2+3+4)	**(1,956)**	**(2,176)**

Part C - Consolidated income statement

Contributions to Resolution and Guarantee Funds

Item "Other administrative expenses" includes the Group contributions to resolution funds (SRF) and guarantee funds (DGS), harmonised and non-harmonised, due pursuant to the Directives No.49 and No.59 of 2014.

In more details:

- With the introduction of the European Directive 2014/59/EU, the Regulation on the Single Resolution Mechanism (BRRD Directive Regulation (EU) No.806/2014 of the European Parliament and of the Council dated 15 July 2014) established a framework for the recovery and resolution of crises in credit institutions, by setting up a single resolution committee and a single resolution fund for banks (Single Resolution Fund - SRF). The Directive provides for the launch of a compulsory contribution mechanism that entails the collection of the target level of resources by 31 December 2023, equal at least to 1% of the amount of the covered deposits of all the authorised institutions in the States of the European Union. The accumulation period may be extended for further four years if the funding mechanisms have made cumulative disbursements for a percentage higher than 0.5% of the covered deposits. If the available financial resources fall below the target level after the accumulation period, the collection of contributions shall resume until that level has been recovered. Additionally, after having reached the target level for the first time and, in the event that the available financial resources fall to less than two thirds of the target level, these contributions are set at that level which allows to reach the target level within a period of six years. The contribution mechanism provides for ordinary annual contributions, with the aim of distributing the costs evenly over time for the contributing banks, and extraordinary additional contributions, of up to three times the expected annual contributions, when the available financial resources are not sufficient to cover losses and costs of interventions. A transitional phase of contributions to the national compartments of the SRF and a progressive mutualisation of these are expected;
- The Directive 2014/49/EU of 16 April 2014, in relation to the DGS - Deposit Guarantee Schemes, aims to enhance the protection of depositors through the harmonisation of the related national legislation. The Directive provides for the launch of a mandatory national contribution mechanism that will allow a target level of at least 0.8% of the amount of its members' covered deposits to be collected by 2024. The contribution resumes when the financing capacity is below the target level, at least until the target level is reached. If the available financial resources have been reduced to below two thirds of the target level after it has been reached for the first time, the regular contribution shall be set at that level which allows to reach the target level within six years. The national contribution mechanism provides for ordinary annual contribution instalments, with the aim of distributing the costs evenly over time for the contributing banks, and also extraordinary contributions, if the available financial resources are insufficient to repay depositors; the extraordinary contributions cannot exceed 0.5% of covered deposits per calendar year, but in exceptional cases and with the consent of the competent authority, the DGS may demand even higher contributions.

The Directives No.49 and No.59 specify the possibility of introducing irrevocable payment commitments as an alternative to collection of fund contributions lost through cash, up to a maximum of 30% of the total resources target.

Contributions to these schemes are accounted for in accordance with IFRIC21 "Levies". Therefore, contributions are recognised in Income statement when the obligating event identified by the legislation (i.e., having covered deposits at a certain date), that triggers the payment of the obligation, occurs. Being economically compelled to continue to have covered deposits or assumption of going concern does not represent a present obligation under IFRIC21 to pay such contributions for future periods. Future contributions will be recognised when they accrue upon occurrence of the obligating event.

As at 30 June 2024, with reference to Directive No.59 (SRF contributions), the Group contributions recognised through the Income statement for the first six months of the year, totaled -€23 million, entirely referred to ordinary contributions (of which, nil from UniCredit S.p.A. being terminated the accumulation period). In this regard it should be noted that on 15 February 2024, the Single Resolution Board announced that the financial means available in the SRF as at 31 December 2023 reached the target level of at least 1% of covered deposits. As a result, no regular annual contribution was collected in 2024.

With reference to Directive No.49 (DGS contribution), the entire amount of -€242 million refers to the ordinary contribution (-€171 from UniCredit S.p.A.).
Such contribution also includes the amounts recognised by UniCredit Bank GmbH and referred to the contribution to the Compensation Scheme of German Private Banks[30].
As at 30 June 2024, no irrevocable payment commitments payment commitments were used.

30 Entschädigungseinrichtung Deutscher Banken and Einlagensicherungsfonds des Bundesverbandes Deutscher Banken e V.

Part C - Consolidated income statement

Here follows a table with the recap of the above-mentioned contributions.

Contributions to Resolution and Guarantee Funds (included the ones paid through irrevocable payment commitments)

(€ million)

	GROUP	*o/w UniCredit S.p.A.*
June 2024	**265**	**171**
Directive No.59 (SRF contributions), o/w:		
Ordinarily contributions	23	-
Extraordinarily contributions	-	-
Directive No.49 (DGS contributions), o/w:		
Ordinarily contributions	242	171
Extraordinarily contributions	-	-
June 2023	**528**	**185**
Directive No.59 (SRF contributions), o/w:		
Ordinarily contributions	456	185
Extraordinarily contributions	-	-
Directive No.49 (DGS contributions), o/w:		
Ordinarily contributions	72	-
Extraordinarily contributions	-	-

Guarantee fees for DTA conversion

Guarantee fee for DTA conversion, introduced by Art.11 of Law Decree No.59/2016, converted into Law No.119/2016 (as modified by Law Decree No.237/2016, converted into Law No.15/2017), allows, under certain conditions, the possibility to convert into tax credits certain deferred tax assets provided that an irrevocable election for such regime is exercised via the payment of an annual fee for the period 2016-2030.

The fee due for financial year 2024 has been paid on 27 June 2024 for an overall amount of -€82 million relating to the whole Italian Tax Group, of which -€79 million for UniCredit S.p.A., -€3 million for UniCredit Leasing S.p.A. and for amounts of less than one million related to UniCredit Factoring S.p.A. and to UniCredit Bank GmbH - Milan Branch.

Part C - Consolidated income statement

Section 13 - Net provisions for risks and charges - Item 200

13.1 Net provisions for credit risk from loans commitments and financial guarantees given: breakdown

(€ million)

	AS AT 30.06.2024		
	PROVISIONS	SURPLUS REALLOCATIONS	TOTAL
Loan committments	(180)	292	**112**
Financial guarantees given	(154)	229	**75**

13.2 Net provisions for other commitments and guarantees given: breakdown

(€ million)

	AS AT 30.06.2024		
	PROVISIONS	SURPLUS REALLOCATIONS	TOTAL
Other committments	(3)	4	**1**
of which: commitment related to contribution for Resolution funds and Guarantee schemes	-	-	**-**
Other guarantees given	(20)	29	**9**

13.3 Net provisions for risks and charges: breakdown

(€ million)

	AS AT 30.06.2024			AS AT 30.06.2023
ASSETS/INCOME ITEMS	PROVISIONS	SURPLUS REALLOCATIONS	TOTAL	TOTAL
1. Other provisions				
1.1 Legal disputes	(292)	58	(234)	(36)
1.2 Staff costs	(1)	-	(1)	-
1.3 Other	(32)	124	92	(5)
Total	**(325)**	**182**	**(143)**	**(41)**

Net provisions for risks and charges are referred to revocatory actions, claims for compensation, legal and other disputes, and are updated on the basis of the evolution of cases in progress and to the assessment of their foreseen outcomes.

For further information to Item "1.1 Legal disputes" refers to the paragraph "B. Risks arising from legal disputes", Explanatory notes, Part E - Information on risks and related hedging policies, 2.5 Operational risks, Qualitative information.

Net provisions in item "1.3 Other" are mainly contributed by provisions made by the parent company UniCredit S.p.A. and its subsidiary UniCredit Bank GmbH for various type of risks for which reference is made to the paragraph "B. Risks arising from legal disputes", Explanatory notes, Part E - Information on risks and related hedging policies, 2.5 Operational risks, Qualitative information.
For the sake of completeness, the item "1.3 Other" also includes the positive effects stemming from the renegotiation of the contract with Amundi.

Part C - Consolidated income statement

Section 16 - Other operating expenses/income - Item 230

Other net operating income: breakdown

(€ million)

INCOME ITEMS/VALUE	AS AT 30.06.2024	AS AT 30.06.2023
Total of other operating expenses	(720)	(522)
Total of other operating income	1,107	761
Other operating expenses/income	**387**	**239**

16.1 Other operating expenses: breakdown

(€ million)

TYPE OF EXPENSE/VALUES	AS AT 30.06.2024	AS AT 30.06.2023
Costs for operating leases	-	(2)
Non-deductible tax and other fiscal charges	(1)	(1)
Write-downs on leasehold improvements	(23)	(24)
Costs relating to the specific service of financial leasing	(14)	(19)
Other	(682)	(476)
Total other operating expenses	**(720)**	**(522)**

The item "Other" includes -€445 million related to trading in gold and precious metals (-€249 million in the same period of 2023).
The remaining part mainly includes: (i) -€24 million expenses pertaining to instrumental Group companies and other entities different from banks and other financial companies (mostly non-banking business costs and ancillary costs for leasing business and linked to customer accounts); and (ii) -€99 million paid by the Group Banks to clients for settlements and indemnities linked to banking and financial business.

16.2 Other operating income: breakdown

(€ million)

TYPE OF REVENUE/VALUES	AS AT 30.06.2024	AS AT 30.06.2023
A) Recovery of costs	**381**	**259**
B) Other revenues	**726**	**502**
Revenues from administrative services	15	15
Revenues from operating leases	101	94
Recovery of miscellaneous costs paid in previous years	11	4
Revenues on financial leases activities	22	23
Other	577	366
Total other operating income (A+B)	**1,107**	**761**

The item B) "Other revenues - Other" includes (i) €449 million related to trading in gold and precious metals (€238 in the same period of 2023) and (ii) the positive effects resulting from the signing of Global Partnership Agreement with Nexi occurred during the second quarter of 2024, which updates the previous one.
The remaining part includes, for approx. €50 million, profits pertaining to instrumental Group companies and other entities different from banks and other financial companies mainly due to profits arising from non-business activity and from settlement and indemnities.

Part C - Consolidated income statement

Section 25 - Earnings per share

25.1 and 25.2 Average number of diluted shares and other information

	AS AT 30.06.2024	AS AT 30.06.2023
Net profit (Loss) attributable to the Group (€ million)	5,110	4,323
Average number of outstanding shares	1,671,270,715	1,894,003,558
Average number of potential dilutive shares	16,489,784	19,354,255
Average number of diluted shares	1,687,760,499	1,913,357,813
Earnings per share (€)	**3.058**	**2.282**
Diluted earnings per share (€)	**3.028**	**2.259**

The first half 2024 net profit attributable to the Group of €5,236 million has been deducted of €126 million due to the disbursements (charged to net equity) in connection with the usufruct contract signed with Mediobanca S.p.A. on UniCredit shares supporting the issuance of convertible securities denominated "Cashes" (€51 million was deducted from 2023 first half net profit attributable to the Group referred to the results of the year 2022).

The average number of outstanding shares is net of the average number of treasury shares, considering the shares buyback made during the first half of 2024 (partially cancelled during the period), and of further average No.9,675,640 shares held under a contract of usufruct.

Part E - Information on risks and related hedging policies

Introduction

UniCredit group monitors and manages its risks through tight methodologies and procedures proving to be effective through all phases of the economic cycle.
The steering, coordination and control role of the Group's risks is performed by the Parent Company's Risk Management function.

The structure's "Risk Management" mission, under the responsibility of the Group Risk Officer (Group CRO) is to:
- optimise the quality of the Group's assets, minimising the risk cost in accordance with the risk/profitability goals set for the business areas;
- ensure the strategic steering and definition of the Group's risk management policies;
- define and provide the Heads of the Business Functions and Group Companies with the criteria for assessing, managing, measuring, risks monitoring and communicating. It also ensures that the procedures and systems designed to control risk at Group and individual Group Company level are coherent;
- help build a risk culture across the Group by training and developing, together with the competent Group People & Culture;
- help to find ways to rectify asset imbalances, where needed in conjunction with the Group Financial Officer;
- help the Business Functions to achieve their goals, including by assisting in the development of products and businesses (e.g. innovation of credit products, competitive opportunities linked to Basel accords, etc.);
- support the Chief Executive Officer in defining the Group Risk Appetite proposal, to be shared in the managerial committee Group Executive Committee and submitted for approval to the Board of Directors, as preliminary and preparatory step for the yearly and multi-yearly budget plan pertaining to the Group Financial Officer. The Group Risk Appetite shall include a series of parameters defined by the Group Risk Officer, with the contribution of Group Financial Officer and of other relevant functions; each parameter can be complemented by limits and thresholds proposed by the Group Risk Officer and targets proposed by the Group Financial Officer and/or by the relevant Group functions, each respecting their mission and internal regulations. The Group Risk Officer is responsible for ensuring the overall coherence of the proposed parameters and values. Furthermore, the Group Risk Officer is responsible for ensuring the Chief Executive Officer and the Board of Directors the coherence of the Group Risk Appetite with the Group strategic guidelines, as well as the coherence of the budget goals with the Group Risk Appetite setting and the periodical monitoring of the Risk Appetite Framework (RAF). The Group Financial Officer remains responsible for monitoring the performances of the Group and of the business functions, in order to identify possible underperforming areas and the related corrective measures.

Such mission is accomplished by coordinating the Group's risk management as a whole; more specifically, it involves carrying out the following macro-functions:
- governing and checking credit, cross-border, market, Balance sheet, liquidity, ICT, operational and reputational, climate and environmental risks at Group level as well as any other risks relating to Basel II Pillar II (e.g., strategic, real estate, financial investment, business risks), by defining risk strategies and limits, developing risk measurement methodologies, performing stress tests and portfolio analysis;
- supervising, on a Group level and for UniCredit S.p.A., Basel accords related activities;
- coordinating the internal capital measurement process within the "Internal Capital Adequacy Assessment Process" (ICAAP) and coordinating activities for drawing up the "ICAAP Regulatory Report";
- performing internal validation activities, at Group level, on systems for measuring, credit, operating and market risks, or Pillar II risks on related processes and data quality and IT components, as well as on models for pricing financial instruments, in order to check that they conform to regulatory requirements and in-house standards, overseeing consequently the non-compliance risk regarding to such regulatory requirements;
- ensuring that the competent Bodies/Functions get adequate reports;
- developing the strategy and overseeing the management, process, targets and disposals of Non-Performing Exposures/NPE, repossessed assets and any other distressed assets for the entire Group. The Group Risk Officer defines the criteria/rules for identifying the exposures and assets for sale and portfolio targets;
- drafting and managing risk policies, both at Group level (Group Rules) and at Parent Company level, on the performance of risk-related activities for which UniCredit S.p.A. is competent as well as ensuring the monitoring;
- defining framework and performing second-level controls on risks, within the Group and the Parent Company;
- assigning ratings for banks and for the Group's major exposures carrying out the relevant mapping, at group level, and managing the 'rating override' process with regard to Group-wide rating systems as well as those for measuring the credit risk on UniCredit S.p.A.'s counterparts;
- defining the minimum standards and guidelines for validating IT infrastructures and data quality, credit risks, operating risks and Pillar II risks, for feeding Group and Parent Company reports on credit risk and for feeding credit risk measurement models.

Part E - Information on risks and related hedging policies

The structure Group Internal Validation, directly reporting to Group Risk Management, has the mission to validate, at Group level, and to steer the local validation assessments of the risk measurement methodologies, the related processes, the IT components and the data quality for Pillar I and Pillar II risks, the main managerial models, as well as Group Risk Reporting, providing adequate reporting for Company Bodies and the Supervisory Authority as well as for assessing, monitoring and reporting, at Group level, the model risk for the models in scope of the Model Risk Management (MRM) framework, providing adequate reporting for competent committees and the Board of Directors.

In order to strengthen the capacity of independent steering, coordination and control of Group risks, to improve the efficiency and the flexibility on the risk decision process and to address the interaction among the relevant risk stakeholders, specific Committees are in place:
- the Group Executive Committee (GEC), the Group Financial and Credit Risk Committee (GFRC) and Group Non Financial Risks and Controls Committee (GNFRC) support the CEO in the role of steering, coordinating and monitoring the strategic and all categories of risks (included compliance risk), at Group level, as well as defining the Group Recovery Plan;
- the GEC - "Risk" session, which has approval as well as consulting and proposal functions, aims at supporting the CEO in its role of steering, coordinating and monitoring all categories of risks (included compliance risk), managing and overseeing the Internal Control System (ICS) also at a Group level, as well as discussing and approving strategic risk topics such as Group Risk Appetite Framework, ICAAP, ILAAP, SREP, NPE strategy coherently with the overall risk profile defined by RAF and the steering of Environmental, Social and Governance (ESG) including Climate & Environmental Risks (i.e. transition and physical risk);
- the GEC - "Group Recovery Plan" session support the CEO to deal with the Group Recovery Plan, defining the proposal to be submitted to the Board of Directors' final decision and to solve issues emerged during the production and the maintenance of the Plan;
- the Group Financial and Credit Risks Committee (GFRC) supports the CEO in the steering, coordination and control of the credit and financial risks (including Climate & Environmental risks) at Group level also managing and overseeing the related Internal Control System (ICS) and consists of the following sessions: (i) Credit Risk session, responsible for defining policies, operational limits and methodologies for the measurement, management and control of the Credit Risks as well as for the definition of the methodologies for the measurement and control of internal capital, (ii) Rating approval session, responsible for approving rating overrides (iii) Market Risk session, responsible for approving strategies, policies and methodologies for Market Risks and for the monitoring of related risks, (iv) ALCO session, responsible for approving strategies, policies and methodologies for Financial Risks and for the monitoring of risks related to Fund Transfer Pricing;
- the Group Non-Financial Risks and Controls Committee (GNFRC) supports the CEO in the role of steering and monitoring the Non-Financial Risks (NFRs including Climate & Environmental risks) at Group level and overseeing the related Internal Control System (ICS). The Committee consists of the following sessions: (i) General Non-Financial Risks and Controls Session, responsible for defining and approving policies, operational limits and methodologies for the measurement, management and control of Non-Financial Risks, including the methodologies for the measurement, management, and control of Non-Financial Risks (Operational and Reputational Risk) impacting internal capital; (ii) ICT, Security, Cyber and Third party Risk Session responsible for evaluating and providing guidelines for the management of risks related to ICT, Security, Cyber, a third party contracts and business continuity plan; (iii) Reputational Risk Session responsible for evaluating and providing guidelines for the management of reputational risk also on single customer transactions. The GNFRC enables the coordination the three lines of defence with the aim to identify and share Group priorities concerning Non-Financial Risks (e.g. events, regulations or emerging risks), assessing and monitoring the effectiveness of initiatives put in place in order to address them.

Internal Capital Adequacy Assessment Process (ICAAP) and Risk Appetite
UniCredit group assesses its capital adequacy on a going concern approach, ensuring that an adequate level of capital is maintained to continue business activities as usual even in case of severe loss events, like those caused by an economic downturn.
The Group's approach to ICAAP consists of the following phases:
1. Risk identification and mapping;
2. Risk measurement and stress testing;
3. Risk appetite setting and capital allocation;
4. Monitoring and reporting.

1. Risk identification and mapping
The first step is the identification and mapping of all the risks embedded in the Group and in the relevant legal entities, with particular focus on the risks not explicitly covered by the Pillar I framework. The output of this activity is the Group Risk Map which includes all the risk types quantifiable by Economic Capital.

2. Risk measurement and stress testing
The second phase is the identification of the internal methodologies for measurement and quantification of the different risk profiles, resulting into the calculation of Group Economic Capital. The Economic Capital measures are supported by aggregated-stress tests, which are a fundamental part of a sound risk management process. The aim of stress testing is to assess the bank's viability with respect to exceptional but plausible events. The impact of adverse economic scenarios is assessed on the capital position and/or the liquidity position of the Group.

Part E - Information on risks and related hedging policies

3. Risk Appetite setting and capital allocation
Risk Appetite is a key managerial instrument used with the purpose of setting the adequate levels of risk the Bank is willing to have and consistently steering its business evolution (see the RAF section below for details). The Group capital plays a crucial role in the main corporate governance processes that drive strategic decisions, as target and risk tolerance thresholds, in terms of regulatory and economic capital. It is also a key element of the Risk Appetite Framework of the Group.

4. Monitoring and reporting
Capital adequacy evaluation is a dynamic process that requires a regular monitoring to support the decision-making processes.
The Bank monitors its main risk profile with a frequency consistent with the nature of each single risk. On top of this, a quarterly reporting of integrated risks and Risk Appetite evolution is reported to the relevant Risk Committees and Governing Bodies, in order to set and implement and efficient and effective ICAAP framework.
Capital adequacy is assessed considering the balance between the assumed risks and the available capital both in a regulatory and in an economic perspective. With respect to economic perspective and to Going Concern approach, capital adequacy is assessed by comparing the amount of financial resources available to absorb losses and to ensure the business continuity of the Group, the so-called Available Financial Resources (AFR), with the economic capital internally estimated (Economic Capital - EC). The AFR are computed according to the Group principles and consistent with prudential regulation, in fact the regulatory capital (Own Funds) is the basis for the AFR quantification. The Group capital instruments that are included in the AFR satisfy the following three criteria:
- loss absorbency in Going Concern approach;
- permanence;
- flexibility of payments.

The ratio between AFR and EC is the Risk Taking Capacity (RTC). This ratio must be above 100% (AFR>EC) in order to avoid that risk exposures are higher than the Available Financial Resources. RTC is one of the key indicators included in the Group RAF dashboard on which the Bank leverages to guide the selection of the desired risk-return profile in alignment with its business strategies.

A milestone of the ICAAP is the Risk Appetite, which in UniCredit group is defined as the level of risk that the Group is willing to take and the risk-return profile it fixes to achieve in pursuing its strategic objectives and business plan, taking into account the interest of its stakeholders (e.g. customers, policymakers, regulators, shareholders) as well as capital and other regulatory and law requirements. The Group Risk Appetite is approved on an annual basis by the Board of Directors and is regularly monitored and reported, at least quarterly, to the relevant committees, with the aim of ensuring the consistency with the risk return profile set by the Board of Directors. At local level, the risk appetite is set for the main Legal Entities and approved by the local competent functions.

The main goals of UniCredit group's Risk Appetite are:
- assessing explicitly the risks and their interconnections UniCredit group is willing to accept or should avoid in a forward looking view;
- specifying the types of risk UniCredit group intends to assume by setting the targets, triggers and limits, under both normal and stressed operating conditions;
- ensuring an "ex ante" risk-return profile consistent with long term sustainability, in coherence with multi-year strategic plan/budget;
- ensuring that the business develops within the risk tolerance set by the Parent Company Board of Directors, also in respect of national and international regulations;
- supporting the evaluation of future strategic options with reference to risk profile;
- addressing internal and external stakeholders' view on risk profile consistent with the strategic positioning;
- provide qualitative statements concerning identified risks in order to strategically guide the relevant processes, the internal control system and ensure prevention/early intervention on emerging risks.

The Group Risk Appetite is defined consistently with UniCredit group business model. For this purpose, Group Risk Appetite is integrated in the budget process, in order to guide the selection of the desired risk-return profile in alignment with the Strategic Plan guidelines and at inception of the budget process.
UniCredit Remuneration Policy is consistent with the Group Risk Appetite to allow the effective implementation of risk reward remuneration for bonus definition and payments.
The structure of the Risk Appetite in UniCredit group includes the Group Risk Appetite Statement and the Group Risk Appetite KPIs Dashboard.
The Risk Appetite Statement defines the positioning of the bank in terms of strategic targets and related risk profiles to address internal and external stakeholders' expectations and includes:
- a guidance on the overall key boundaries for the Group in terms of focus of activity;
- a definition of the desired risk-return profile, in line with the Group's overall strategy;
- the risks the bank is willing to accept or should avoid both in normal and stressed conditions;
- an indication on strategies to manage key risks within the perimeter of the Group;
- qualitative statements for not quantifiable risks in order to ensure prevention/early intervention on emerging risks.

Part E - Information on risks and related hedging policies

The quantitative elements of the Risk Appetite Framework are instead represented by a Dashboard, composed by a set of KPIs, based on the analysis of the expectations of UniCredit group internal and external stakeholders, including material risks to which the Group is exposed and addressing the following categories:

- Regulatory KPIs: to guarantee at any time the fulfilment of the KPIs requested by Regulators (e.g., Common Equity Tier 1 Ratio, Liquidity Coverage Ratio);
- Managerial KPIs: KPIs considered to be key from strategic and Risk Appetite standpoint and defined to ensure steering of all key financial risks (e.g., Credit Risk, Liquidity and Interest Rate Risks, Market and Sovereign Risks), Profitability, non-financial risks (e.g., Operational risk, ICT and Cyber risk, Compliance risk) and Climate & Environmental risk.

For each of the above dimensions, one or more KPIs are identified, in order to quantitatively measure the position of the Group in different ways: absolute values, ratios, sensitivities to defined parameters.
Various levels of thresholds are defined to act as early warning indicators anticipating potential risk situations that will be promptly escalated at relevant organisational level. If specific Risk Appetite thresholds are met, the necessary management measures have to be adopted for effectively adjusting the risk profile. The thresholds are identified as follows (on certain KPIs, not all the thresholds may be meaningful):

- *Targets* represent the amount of risk the Group is willing to take on in normal conditions in line with the Group ambition. They are the reference thresholds for the development and steering of the business;
- *Triggers* represent, from a managerial standpoint, the maximum acceptable level of deviation from the defined target thresholds, or more generally a Warning Level, and are set consistently to assure that the Group can operate, even under stress conditions;
- *Limits* are hard points that represent, from a statutory standpoint, the maximum acceptable level of risk for the Group.

Thresholds setting is evaluated by the relevant competent functions, also through managerial decision by the Board of Directors, respecting regulatory and supervisory requirements and also taking into account stakeholders' expectations and positioning versus peers. In addition, UniCredit group has a series of transversal operational limits and metrics that cover the main risk profiles in order to supplement the Risk Appetite Framework.
According to the EBA guidelines, each year ICAAP information is collected for SREP purposes and sent to the Regulator. The Board of Directors, which authorises the sending of this information to the Authorities, also acknowledges that the risk governance of the Group is deemed adequate, guaranteeing that the risk management system in place is in line with the risk profile and strategy of the Group. In addition, the Board of Directors approved and signed the Capital Adequacy Statement during the last Board of Directors held on 20 March 2024. In the Capital Adequacy Statement, the Board of Directors states that the Group demonstrated to have a strong capital position, allowing to maintain under baseline scenario an adequate managerial buffer on top of Combined Buffer Requirement (CBR) and, in case of more severe conditions, to ensure adequate buffer in addition to the Total SREP Capital Ratio (TSCR). In light of the current geopolitical environment, the Management and the Board of Directors are taking a prudent and sustainable approach, assessing any possible impact on the capital adequacy and related mitigation actions, and in parallel proceeding with the implementation of the strategic plan.
UniCredit group is consistently engaged in identifying areas of improvement of the ICAAP process in compliance with Supervisory expectations.

Risk culture in UniCredit group

The Risk Culture is increasingly crucial for a sound governance, even more after the recent crisis in the banking sector. In compliance with the guidelines set by the Financial Stability Board, the Basel Committee and the EBA, the UniCredit group is committed to develop and propagate across the Group an integrated risk culture, aimed at ensuring risk awareness and risk-taking behaviors at all levels of the Institution. The risk culture refers not only to rules but also to behaviors related to awareness, management and control of risks and it shapes the decision-making process for what concerns risk- taking approach by the corporate bodies and by all employees in the day-to-day activities.
A sound risk culture is based on four foundations:

- *Tone from the top*: the Board of Directors and the senior management are the starting point for setting the Institution's core values and risk culture and their behaviors shall reflect these values;
- *Accountability*: for an effective risk management all employees have to understand the corporate values and its approach to risk appetite and risk-taking and they have to act accordingly in day-by-day activities, knowing they are held accountable in relation to the risk- taking approach
- *Effective communication and challenge*: a sound risk culture promotes an environment of open communication and effective challenge in which decision-making processes encourage different views, testing of current practices and stimulate an open and constructive critical attitude among employees and an environment of inclusive and constructive engagement
- *Incentives*: the incentive system shall ensure that behaviors and performances are aligned to the institution's risk profile and its long- term interest sustainability.

Part E - Information on risks and related hedging policies

The Group Risk Management, in line with its mission as defined by the Board of Directors of UniCredit, adopted a structured and integrated approach to strengthen UniCredit's risk culture, by enhancing constantly the four foundations. The Senior Management is involved in communication initiatives "Tone from the Top", in particular on the emerging risks and on risks that may be amplified by the market trends, for instance prevention of the greenwashing, that can severely affect the reputational and financial risks if not properly managed within a sound and widespread risk culture at all levels of the Institution.
The learning offer is regularly updated, within a homogeneous Group framework ("Risk University"), with a special focus on the training addressing specific roles, in particular, for instance, with regards to cyber & ICT risk and climate risk related topics. A special attention is devoted to managerial roles' training, in particular for developing an inclusive approach that promotes diversity, also through speak-up and accountability initiatives.
Within the UniCredit Risk Culture framework, an effective and timely communication is key for promoting the corporate values - Integrity, Ownership, Caring - along with the ESG ones. Furthermore, periodical monthly/quarterly newsletter are issued, covering specific area like, for example, Risk Management, ESG, Compliance, Digital, in order to support the risk awareness with up-to-date contents. A series of events are organised to enhance the risk culture across the Competence Line and the whole Group.
The assessment of the performances takes into consideration the compliance to the rules, to the code of conduct and to expected behaviors. Moreover, the access to the incentive system depends upon the completion of the mandatory trainings, in particular the ones relating to the proper management of the relationship with the clients, and, for impacted roles, the customer due diligence periodic revision (Know Your Customer) and for MiFID profiling.

The following table contains the reconciliation between the Balance sheet according to the accounting and prudential perimeter.

(€ million)

	AMOUNTS AS AT 30.06.2024		
ASSETS	**ACCOUNTING PERIMETER**	**PRUDENTIAL PERIMETER**	**DELTA**
10. Cash and cash balances	50,029	50,027	(2)
20. Financial assets at fair value through profit or loss:	63,576	63,548	(28)
a) financial assets held for trading	55,674	55,674	-
b) financial assets designated at fair value	244	244	-
c) other financial assets mandatorily at fair value	7,658	7,630	(28)
30. Financial assets at fair value through other comprehensive income	70,580	70,580	-
40. Financial assets at amortised cost:	577,497	577,945	448
a) loans and advances to banks	70,069	70,069	-
b) loans and advances to customers	507,428	507,876	448
50. Hedging derivatives	1,320	1,320	-
60. Changes in fair value of portfolio hedged items (+/-)	(3,707)	(3,707)	-
70. Equity investments	4,086	4,199	113
80. Insurance assets	-	-	-
a) insurance contracts issued that are assets	-	-	-
b) reinsurance contracts held that are assets	-	-	-
90. Property, plant and equipment	8,958	8,301	(657)
100. Intangible assets	2,194	2,193	(1)
of which: goodwill	-	-	-
110. Tax assets:	10,471	10,465	(6)
a) current	1,380	1,377	(3)
b) deferred	9,091	9,088	(3)
120. Non-current assets and disposal groups classified as held for sale	610	575	(35)
130. Other assets	13,311	13,435	124
Total assets	**798,925**	**798,881**	**(44)**

Part E - Information on risks and related hedging policies

continued:

LIABILITIES AND SHAREHOLDERS' EQUITY	AMOUNTS AS AT 30.06.2024		
	ACCOUNTING PERIMETER	PRUDENTIAL PERIMETER	DELTA
10. Financial liabilities at amortised cost:	675,634	675,686	52
a) deposit from banks	82,941	82,909	(32)
b) deposit from customers	501,037	501,121	84
c) debt securities in issue	91,656	91,656	-
20. Financial liabilities held for trading	36,858	36,858	-
30. Financial liabilities designated at fair value	13,469	13,469	-
40. Hedging derivatives	750	750	-
50. Value adjustment of hedged financial liabilities (+/-)	(13,863)	(13,863)	-
60. Tax liabilities:	1,778	1,732	(46)
a) current	1,513	1,511	(2)
b) deferred	265	221	(44)
70. Liabilities associated with non-current assets held for sale	-	-	-
80. Other liabilities	14,722	14,687	(35)
90. Provision for employee severance pay	306	306	-
100. Provision for risks and charges:	7,100	7,075	(25)
a) commitments and guarantees given	1,094	1,094	-
b) post-retirement benefit obligations	3,075	3,075	-
c) other provisions for risks and charges	2,931	2,905	(26)
110. Insurance liabilities	-	-	-
a) insurance contracts issued that are liabilities	-	-	-
b) reinsurance contracts held that are liabilities	-	-	-
120. Valuation reserves	(4,896)	(4,896)	-
130. Redeemable shares	-	-	-
140. Equity instruments	3,965	3,965	-
150. Reserves	36,546	36,546	-
160. Share premium	23	23	-
170. Share capital	21,368	21,368	-
180. Treasury shares (-)	(229)	(229)	-
190. Minority shareholders' equity (+/-)	158	168	10
200. Profit (Loss) for the period (+/-)	5,236	5,236	-
Total liabilities and shareholders' equity	**798,925**	**798,881**	**(44)**

Part E - Information on risks and related hedging policies

Section 1 - Risks of the accounting consolidated perimeter

Quantitative information

In the following tables, the volume of non-performing assets according to the IFRS definition is equivalent to the one for non-performing exposures referred to in the EBA standards.

A. Credit quality

For the purposes of the disclosure of quantitative information about credit quality, the term “credit exposures” does not include equity instruments and units in investment funds.

A.1 Non-performing and performing credit exposures: amounts, write-downs, changes, distribution by business activity

A.1.1 Breakdown of financial assets by portfolio and credit quality (carrying value)

(€ million)

PORTFOLIOS/QUALITY	BAD EXPOSURES	UNLIKELY TO PAY	NON-PERFORMING PAST-DUE EXPOSURES	PERFORMING PAST-DUE EXPOSURES	OTHER PERFORMING EXPOSURES	TOTAL
1. Financial assets at amortised cost	1,181	4,499	512	9,013	562,292	577,497
2. Financial assets at fair value through other comprehensive income	-	34	-	-	68,910	68,944
3. Financial assets designated at fair value	-	-	-	-	244	244
4. Other financial assets mandatorily at fair value	-	44	1	1	4,281	4,327
5. Financial instruments classified as held for sale	57	330	-	-	3	390
Total 30.06.2024	**1,238**	**4,907**	**513**	**9,014**	**635,730**	**651,402**
Total 31.12.2023	**776**	**5,069**	**687**	**8,427**	**607,948**	**622,907**

A.1.2 Breakdown of financial assets by portfolio and credit quality (gross and net values)

(€ million)

PORTFOLIOS/QUALITY	NON-PERFORMING ASSETS				PERFORMING ASSETS			TOTAL (NET EXPOSURE)
	GROSS EXPOSURE	OVERALL WRITEDOWNS	NET EXPOSURE	OVERALL PARTIAL WRITE-OFFS(*)	GROSS EXPOSURE	OVERALL WRITEDOWNS	NET EXPOSURE	
1. Financial assets at amortised cost	11,687	5,495	6,192	611	575,821	4,516	571,305	577,497
2. Financial assets at fair value through other comprehensive income	114	80	34	-	68,917	7	68,910	68,944
3. Financial assets designated at fair value	-	-	-	-	X	X	244	244
4. Other financial assets mandatorily at fair value	127	82	45	-	X	X	4,282	4,327
5. Financial instruments classified as held for sale	784	397	387	5	3	-	3	390
Total 30.06.2024	**12,712**	**6,054**	**6,658**	**616**	**644,741**	**4,523**	**644,744**	**651,402**
Total 31.12.2023	**12,434**	**5,902**	**6,532**	**627**	**617,199**	**4,927**	**616,375**	**622,907**

Note:
(*) Value shown for information purposes.

(€ million)

PORTFOLIOS/QUALITY	ASSETS OF EVIDENT LOW CREDIT QUALITY		OTHER ASSETS
	CUMULATED LOSSES	NET EXPOSURE	NET EXPOSURE
1. Financial assets held for trading	2	13	44,775
2. Hedging derivatives	-	-	1,320
Total 30.06.2024	**2**	**13**	**46,095**
Total 31.12.2023	**2**	**7**	**50,342**

Part E - Information on risks and related hedging policies

Information on Sovereign Exposure

With reference to the Group's Sovereign exposures[31], the book value of Sovereign debt securities as at 30 June 2024 amounted to €111,660 million[32], of which over the 77% concentrated in eight countries; Italy, with €39,872 million, represents about 36% of the total. For each of the eight countries, the following table shows the book value, the nominal value and the fair value of the exposures broken down by portfolio as at 30 June 2024.

31 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 2024;
ABSs.
32 Information on Sovereign exposures refers to the scope of the UniCredit Consolidated First Half Financial Report as at 30 June 2024, determined under IAS/IFRS.

Part E - Information on risks and related hedging policies

Breakdown of sovereign debt securities by country and portfolio

(€ million)

	AMOUNTS AS AT 30.06.2024		
COUNTRY/PORTFOLIO	BOOK VALUE	NOMINAL VALUE	FAIR VALUE
- Italy	**39,872**	**40,751**	**39,873**
financial assets/liabilities held for trading (net exposures*)	348	351	348
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	53	52	53
financial assets at fair value through other comprehensive income	18,984	18,980	18,984
financial assets at amortised cost	20,487	21,368	20,488
- Spain	**15,014**	**15,672**	**14,894**
financial assets/liabilities held for trading (net exposures*)	103	163	103
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	-	-	-
financial assets at fair value through other comprehensive income	4,121	4,313	4,121
financial assets at amortised cost	10,790	11,196	10,670
- Germany	**7,319**	**7,356**	**7,189**
financial assets/liabilities held for trading (net exposures*)	525	564	525
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	264	268	264
financial assets at fair value through other comprehensive income	2,878	2,900	2,878
financial assets at amortised cost	3,652	3,624	3,522
- U.S.A.	**6,595**	**8,047**	**6,628**
financial assets/liabilities held for trading (net exposures*)	820	1,189	820
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	-	-	-
financial assets at fair value through other comprehensive income	3,563	3,690	3,563
financial assets at amortised cost	2,212	3,168	2,245
- Japan	**6,202**	**6,294**	**6,206**
financial assets/liabilities held for trading (net exposures*)	-	-	-
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	-	-	-
financial assets at fair value through other comprehensive income	5,582	5,712	5,582
financial assets at amortised cost	620	582	624
- France	**4,227**	**4,412**	**4,101**
financial assets/liabilities held for trading (net exposures*)	228	349	228
financial assets designated at fair value	-	1	-
financial assets mandatorily at fair value	17	17	17
financial assets at fair value through other comprehensive income	2,445	2,513	2,445
financial assets at amortised cost	1,537	1,532	1,411
- Czech Republic	**3,576**	**3,464**	**3,567**
financial assets/liabilities held for trading (net exposures*)	57	59	57
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	-	-	-
financial assets at fair value through other comprehensive income	2,174	2,122	2,174
financial assets at amortised cost	1,345	1,283	1,336
- Austria	**3,408**	**3,650**	**3,373**
financial assets/liabilities held for trading (net exposures*)	8	7	8
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	68	70	68
financial assets at fair value through other comprehensive income	2,599	2,851	2,599
financial assets at amortised cost	733	722	698
Total on-balance sheet exposures	**86,213**	**89,646**	**85,831**

Note:
(*) Including exposures in Credit Derivatives. Negative amount indicates the prevalence of liabilities positions.

Part E - Information on risks and related hedging policies

The weighted duration of the Sovereign bonds shown in the table above, divided by the banking[33] and trading book, is the following:

Weighted duration

(years)

COUNTRY	BANKING BOOK	TRADING BOOK	
		ASSETS POSITIONS	LIABILITIES POSITIONS
Italy	3.86	3.82	3.64
Spain	4.62	21.53	17.99
Germany	4.64	11.43	6.78
U.S.A.	7.90	18.49	-
Japan	4.31	-	-
France	7.31	18.33	10.75
Czech Republic	4.38	4.06	5.36
Austria	7.64	16.52	9.54

The remaining 23% of the total of sovereign debt securities, amounting to €25,447 million with reference to the book values as at 30 June 2024, is divided into 31 countries, including Romania (€2,745 million), Bulgaria (€2,413 million), Croatia (€2,146 million), Hungary (€1,848 million), Slovakia (€1,181 million), Poland (€1,158 million), Portugal (€979 million), Serbia (€904 million), China (€720 million), Russia (€710 million) and Ireland (€699 million).
With respect to these exposures, as at 30 June 2024 there were no indications that default have occurred and the Group is closely monitoring the evolution of the situation.
With particular reference to the book value of the sovereign debt securities exposure to Russia it should be noted that it is almost totally held by the Russian controlled bank in local currency and classified in the banking book. For more information on the criteria adopted for the evaluation of the Russian counterparties, refer to "Section 5 - Other matters", Explanatory notes, Part A - Accounting policies, A.1 - General.

It should also be noted that among the aforementioned remaining part of sovereign debt securities as at 30 June 2024 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 €8,018 million.

The table below shows the classification of bonds belonging to the banking book and their percentage proportion of the total of the portfolio under which they are classified.

Breakdown of sovereign debt securities by portfolio (banking book)

	AMOUNTS AS AT 30.06.2024				
	FINANCIAL ASSETS DESIGNATED AT FAIR VALUE	FINANCIAL ASSETS MANDATORILY AT FAIR VALUE	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FINANCIAL ASSETS AT AMORTISED COST	TOTAL
Book value (€ million)	234	689	52,117	56,121	109,161
% Portfolio	95.90%	9.00%	73.84%	9.72%	16.64%

In addition to the exposures to Sovereign debt securities, loans34 given to central and local governments and governmental bodies must be taken into account.

The table below shows the total amount as at 30 June 2024 of loans booked in financial assets at amortised cost portfolio given to Countries towards which the overall exposure exceeds €100 million, representing over 96% of the total.

33 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.
34 Tax items are not included.

Part E - Information on risks and related hedging policies

Breakdown of sovereign loans by country

(€ million)

	AMOUNTS AS AT 30.06.2024
COUNTRY	BOOK VALUE
- Germany (*)	7,304
- Austria (**)	5,243
- Italy	4,423
- Croatia	2,317
- Qatar	742
- Hungary (***)	377
- Romania	363
- Egypt	357
- Slovakia	259
- Angola	214
- Kenya	204
- Indonesia	188
- Slovenia	188
- Turkey	154
- Bulgaria	147
- Trinidad and Tobago	131
- Bosnia and Hercegovina	119
- Serbia	107
- Czech Republic	102
Total on-balance sheet exposures	**22,939**

Notes:
(*) of which €479 million in financial assets mandatorily at fair value.
(**) of which €23 million in financial assets mandatorily at fair value.
(***) of which €4 million in financial assets mandatorily at fair value.

It should also be noted that, as at 30 June 2024, there are in addition also loans to Supranational Organisations amounting to €584 million booked in financial assets held for trading portfolio.

Lastly, it should be noted that derivatives are traded within the ISDA master agreement and accompanied by Credit Support Annexes, which provide for the use of cash collaterals or low-risk eligible securities.

For more details on the sensitivity analysis of credit spreads and on the results of stress tests see the "Recession Scenario" and “Geopolitical & Trade Shocks Scenario” in the following paragraph “Stress test” of Section 2.2 - Market risk and for liquidity management policies see the following Section 2.4 - Liquidity risk.

Part E - Information on risks and related hedging policies

Section 2 - Risks of the prudential consolidated perimeter

2.1 Credit risk

Qualitative information

1. General aspects

Credit policies
In UniCredit, the current governance model of credit risk, intended as risk of impairment of a credit exposure deriving from an unexpected deterioration of the counterparty's creditworthiness, provides for two levels of control:
- on the one hand, the supervision of the Parent Company functions which steer and control the credit risk and perform a managerial coordination with respect to the relevant Group legal entities' Risk Management functions;
- on the other hand, the supervision of the relevant Group legal entities' Risk Management functions which perform the control and the management of the risk's portfolio at country level.

With reference to credit risk management topics, the mechanisms of interaction between the Parent Company and the Group Legal Entities are defined by specific credit governance rules that, on the one hand, regulate the respective responsibilities and, on the other hand, ensure the compliance of the overall credit risk framework with the regulatory framework which the Parent Company is subject to.
Within its role of guidance, support and control, the Parent Company acts in the following areas: credit rules (principles, policies and processes), credit strategies and credit risk limits, models development, rating systems validation, large exposures management, credit risk portfolio monitoring and reporting.
In line with such credit governance rules, the Group legal entities request the Group Risk Management opinion before granting new or reviewing existing credit lines to individual borrowers or economic groups whenever these credit lines exceed defined thresholds, also with reference to the compliance with the credit risk concentration limits being measured with respect to the regulatory capital.

According to the role assigned by the Group governance to the Parent Company, specifically to the Group Risk Management function, general provisions are established ("Group General Principles for credit activities", "Group Credit Risk Management Framework", "Guidelines on Loan Categorization and Forbearance Classification", "Credit Risk Parameters and IFRS9 Modelling and Planning", "Credit Risk Strategies", "Non-Performing Exposures Risk Strategies", "Credit Risk Mitigation"), defining Group-wide rules and principles for guiding, classifying, managing, governing and standardising the credit risk assessment and management, as well as the development of its models, in line with the regulatory requirements and the Group best practice. These general provisions are further supplemented by policies which, regulating specific topics (e.g., business areas, segment activities, type of counterpart/transaction), are divided into two categories:
- policies on Group-wide topics, drafted and issued by the Parent Company and sent to all the legal entities;
- policies locally developed by single legal entities, fully in line with the guidelines defined at Parent Company level, that regulate credit practices relating to rules and peculiarities of the local market and that are, therefore, applicable only within the respective perimeter.

Credit policies, which usually have a static approach and are revised when necessary (e.g. in case of evolution of the external regulatory framework), are supplemented by credit risk strategies (approved by the Board of Directors in the context of the Risk Appetite Framework) which, instead, are updated at least once a year and define with which customers/products, industry segments and geographical areas the Group and the Group legal entities intend to develop their credit business.

At both legal entity and Parent Company level, the policies are further detailed through operating instructions that describe specific rules supporting the execution of day-by-day activities. In UniCredit S.p.A., lending is governed by a regulatory framework, called the Testo Unico del Credito, which is constantly updated. This framework includes the guidelines and operating procedures for managing the various phases of the credit life cycle, considering potential changes in the credit strategy and progressive process and procedural improvements.

More specifically, the following process phases are regulated:
- the assessment of the creditworthiness of the borrower, including the rating assignment procedures;
- the decision to grant credit lines, their implementation and the rules for managing them;
- the acquisition, management and monitoring of the value of collaterals and guarantees;
- the performance monitoring process and the initiatives to improve the sustainability of the counterpart, the customer classification process;
- the restructuring and the credit recovery process (debt collection policy/workout) as described below.

The Non-Performing Exposure (NPE) Strategy represents the base on which specialised debt collection processes are developed. The NPE Strategy defines, at both the Group and legal entity level, the qualitative NPE management approach and quantitative time-bound targets by time-horizon and dynamics (write-off, recoveries, disposals, flows etc.) with the goal of managing NPE stock in a clear, credible, and feasible manner.

Part E - Information on risks and related hedging policies

The Group customer base is mixed and heterogeneous and is managed through segmentations which makes it possible to manage customers competently through dedicated functions, as well as through tailored products/initiatives.
The recovery initiatives are supported by a combined approach between subjective assessments and automated processes.
Depending on the strategy and organisational set-up implemented locally by the legal entities, Group collection rules stipulate an early transfer of files/clients to specialised functions independently from, and long before, a possible default. This is done to anticipate and avoid defaults through a relationship management framework committed to proactive risk management.
To allow proactive risk management and the related reduction of a client's existing exposure, legal entities may grant forbearance measures as described in the relevant section. The main objective of this activity is to protect the economic and financial structure of the borrowers. In the forbearance context, the restructuring can be conducted in a performing or non-performing classification according to the related regulatory framework ruling the loan classification.
The co-operation of clients is a pre-condition to any restructuring activity. Close and direct interaction with the borrower, as well as with other parties/stakeholders involved, is crucial for the success of the restructuring process. UniCredit acts in line with its Code of Conduct, adopting appropriate behavior and language in order to build and maintain a relationship of trust with the customer (e.g., use of non-coercive language and a non-harassment attitude). For this reason, the relationship with the borrower is assigned to specialised functions which maintain the responsibility of the borrower as long as the restructuring is in place. In case the credit restructuring activities are not feasible or successful, or there is no improvement of the client risk profile, Workout activities aim at maximizing the credit recovery, and the credit exposure must be classified in the relevant default status, if not already done. These activities are carefully devised to ensure that the relationships fostered with clients are maintained to the best extent possible.
Recovery activities at UniCredit are carried out in compliance with EBA guidelines on the management of credit impaired and forborne exposures.

Credit strategies
More in general, the Group credit strategies are an effective tool for managing credit risk, contributing to the definition of the budget objectives in line with the Group's Risk Appetite, of which they are an integral part. They also constitute a management tool as they translate the metrics defined within the Risk Appetite into concrete form.
Based on macroeconomic and credit scenarios, the outlook at the economic sector level, as well as the business initiatives/strategies, the credit strategies provide a set of guidelines and operational targets aimed at the countries and business segments in which the Group operates, are performed on the operating structures of each Group legal entity and included in their respective commercial policies. The ultimate goal is to ensure sustainable commercial growth, consistent with the risk profile of each company, remaining within the limits defined by the Group Risk Appetite Framework.

Within the framework of the strategies underlying credit activity, concentration risk is considered particularly important. This is the risk associated with losses generated by a single exposure or group of related exposures that (in relation to the capital of a bank, total assets, or the overall risk level) can generate potentially serious effects on the solidity and "core" operation of the Group. In compliance with the relevant regulatory framework, UniCredit group manages the concentration credit risk through specific limits that represent the maximum risk that the Group intends to accept regarding:
- individual counterparties or groups of connected counterparties (Single Name Bulk Risk);
- counterparties belonging to the same economic sector (Industry Concentration Risk).

The results of stress test simulations relating to expected loss are an integrated part of the definition of credit strategies.

Part E - Information on risks and related hedging policies

2. Credit risk management policies

2.1 Organisational aspects

Factors that generate credit risk
During the ongoing credit and business activities, the Group is exposed to the risk that an unexpected change in a counterparty's creditworthiness may generate a corresponding unexpected change in the value of the associated credit exposure and may thus result in a partial or full write-off. This risk is always associated to the traditional lending practice, regardless of the form of the credit facility (whether cash or credit commitments, secured or unsecured, etc.).
The main reasons of a default lie in the borrower's failure to fulfil its credit obligation (due to the lack of liquidity, for insolvency reasons, etc.), as well as the occurrence of macro-economic and political events that are affecting the debtor's operating and financial conditions.

Other banking operations, in addition to traditional lending and deposit activities, can constitute other credit risk factors. In this view, "non-traditional" credit risk may arise from:
- subscription of derivative contracts;
- purchase and selling of securities, futures, currencies or commodities;
- holding third-party securities.

The counterparties in these transactions or issuers of securities held by Group legal entities could default as a result of insolvency, political and economic events, lack of liquidity, operational deficiencies or other reasons. Defaults of a large number of transactions, or of one or more large transactions, could have a material adverse impact on the Group's activities, financial condition and operating profits.
The Group therefore monitors and manages the specific risk of each counterparty as well as the overall risk of loan portfolios through procedures, Functions and rules that steer, govern, and standardise the assessment and management of credit risk, in line with the Group principles and best practice.

Organisational Structure
The credit risk management in the UniCredit group is under responsibility of Group Risk Management, and is responsible for steering, governance, control of credit risk and for the operational credit management, which internally have different organisational levels:
- functions with responsibilities at Group level;
- functions with responsibilities at country level.

Regarding Group Risk Management, Parent company Functions with responsibilities at Group level include:
- **Group Credit Risk**
  The Structure has the following mission:
  responsible for the overall steering and governance of the credit risk at Group level, including, e.g., Group credit risk strategies setting monitoring and controlling, control risk framework and methodologies, overall asset quality planning and monitoring, NPE strategy, implementation of C&E risk (Climate & Environmental) in the Credit Pillar, large credit transactions and FIBS (group-wide assessment, monitoring and oversight), country risks & cross-border risks, credit risk models governance and roadmap.

Group Credit Risk breaks down in the following Structures:
- Group NPE;
- Credit Models & Risk Policies;
- Credit Risk Strategies, Monitoring and Controls;
- Group Credit Transactions.

  - Group NPE
    The Structure has the following mission:
    develop the strategy, oversee the management, the monitoring, the process, set targets and execute disposals and platforms of Non-Performing Exposures/NPE, repossessed assets and any other distressed assets for the entire Group.
    Group NPE is also responsible for the assessment of transactions regarding counterparties classified as restructuring or workout above defined thresholds.
  - Credit Models & Risk Policies
    The Structure has the following mission:
    responsible for guaranteeing at Group level the coordination and steering of the overall landscape of Pillar I Credit risk models (including IFRS9 and other managerial models) and the related methodologies as well as managing the credit stress testing (both regulatory and managerial).

Part E - Information on risks and related hedging policies

Furthermore, it's responsible for defining rules and guidelines for the lending activity and for evaluating of the proposals regarding the revision of the credit processes which are submitted by other Group competent functions as well as for cooperating with other Group competent functions on Risk Weighted Exposure Amounts/RWEA contents.

- Credit Risk Strategies, Monitoring and Controls

  The Structure has the following mission:

  responsible, at Group level, for credit risk strategies definition, monitoring and controlling as well as, within the credit processes, for the definition and application of the risk assessment methodology in order to identify the risk areas and the mitigation actions to be implemented.

  Furthermore, it is responsible for supporting the definition and the promotion of the Climate and Environmental Taxonomy strategy, implementation of C&E risk (Climate & Environmental) in Credit Pillar through direct responsibility and coordinating with other Structures within "Group Credit Risk", as well as monitoring physical and transition risk in the portfolio through dedicated analysis functional to set exposure limits and credit strategies.

  The Structure is also responsible for controlling the risks underlying persons in conflict of interest, by monitoring and verifying predefined key indicators. The Structure is also in charge of the internal reporting activity towards Related Parties Committee, to which it as given evidence for each related party category (defined in accordance with the existing regulations of Banca d'Italia, Consob and IAS) of the prudential limits absorbed, focusing on the main counterparties identified according to reporting thresholds.
- Group Credit Transactions

  The Structure has the following mission:

  responsible for the Group-Wide assessment, monitoring and oversight of Large Credit Transactions and Financial Institutions, Banks and Sovereigns (hereinafter also "FIBS") global credit model management. Furthermore, it is responsible for the assessment, approval and daily management of country risks and cross-border credit risk-taking and it is responsible for defining and managing the framework of Group-wide lending processes (e.g., FIBS Underwriting, GAM) ensuring alignment with other related frameworks and GRM guidelines.

- **Risk CE&EE**

  The Structure has the following mission:

  responsible for the management and control of credit operations activities and for credit risk steering in relation to Central Europe and Eastern Europe (CE&EE) portfolio booked in UniCredit S.p.A. and for the comprehensive view and the coordination of the management of different types of risks (e.g. credit, financial, operational, liquidity, reputational risks) in regard to CE&EE portfolio booked in UniCredit S.p.A. and CE&EE legal entities, together with the risk management responsible functions.

  Furthermore, it is responsible for credit operation activities for CE&EE portfolio booked in UniCredit S.p.A., and for the control and steering and the cascading of Group standards, methodologies, policies, processes and risk framework for all different risks in CE&EE Legal Entities.

With respect to credit risk, the following specific Committees are active:

- the **Group Executive Committee (GEC) - "Risk" session**, which has approval as well as consulting and proposal functions, aims at supporting the CEO in its role of steering, coordinating and monitoring all categories of risks (included compliance risk), managing and overseeing the internal control system also at a Group level, as well as discussing and approving strategic risk topics such as Group Risk Appetite Framework, ICAAP, ILAAP, SREP, NPE, ESG;
- the **"Group Financial and Credit Risks Committee" (GFRC)** supports the CEO in the steering, coordination and control of the risks at Group level and consists of the following sessions: (i) *Credit Risk session*, responsible for defining policies, operational limits and methodologies for the measurement, management and control of the credit risks, (ii) *Rating approval session*, responsible for approving rating overrides, (iii) *Market Risk session*, responsible for approving strategies, policies and methodologies for Market Risks and for the monitoring of related risks, (iv) *ALCO session*, responsible for approving strategies, policies and methodologies for Financial Risks and for the monitoring of risks related to Fund Transfer Pricing;
- **"Group Transactional Committee" (GTC)** that consists in the following sessions:

  (i) *Group Credit Committee Session (GCC)* has approval/NBCO functions (decision-making and/or issuing of non-binding credit opinions to the Group legal Entities), within the delegated powers, for:
  - sub-delegation to the personnel of the Bank, without the right to further sub-delegate, the powers to take decisions in the matters referred to in subparagraphs A, N, O, Q and R of the Delegation of Powers by the Board of Directors;
  - credit proposals referring to all files, including restructuring/workout ones;
  - status classification of files;
  - relevant strategies and corrective actions to be taken for watchlist files;
  - specific limits for transactions related to Debt Capital Markets on Trading book;
  - single issuer exposures limits on Trading book;
  - temporary/annual breaches to Single Names Concentration Risk Limits within the thresholds defined by Group regulation of competence;
  - Debt to Equity transactions and transactions related to Equity participations deriving from Debt to Equity transactions;
  - the Debt Capital Market (DCM) transactions issuing Non-Binding Credit Opinion (NBCO);
  - ECM Risk transactions above specific threshold levels of transaction's value.

Part E - Information on risks and related hedging policies

(ii) Group Transactional Credit Committee Session (GTCC) has approval/NBCO functions (decision-making and/or issuing of non-binding credit opinions to the Group Legal Entities) within the delegated powers for:
- credit proposals referring to all files, including the Group NPE files;
- credit proposals within the sub-delegations of powers and competence of Large Corporate Italy Functions in case of escalation activated by them on files assessed with a "not supportive unless all conditions are met " or a "not supportive" opinion expressed by the Head of Group Credit Risk and/or the Head of Group Credit Transactions, on the basis of new evidences with respect to those presented at the time of issuing of the opinion;
- classification status of files;
- relevant strategies and corrective actions to be taken for watch-list counterparts;
- single issuer exposure limits on Trading book;
- Debt to Equity transactions and/or actions/rights-execution related to equity participations resulting from Debt to Equity transactions;
- Debt to Assets transactions and/or actions/rights execution related to asset resulting from Debt to Asset transactions;
- proposal of distressed asset disposal, in accordance with the regulated specifications and limitations in force;
- the Debt Capital Market (DCM) transactions issuing Non-Binding Credit Opinion (NBCO);
- on semiannual basis, the “DCM pre-approved list”: list of a selected group of names and respective commitment amounts for which there is no need to have the NBCO on the single transaction;
- ECM Risk transactions above specific threshold levels of transaction’s value;
- temporary/annual breaches to single names concentration risk limits within the thresholds defined by dedicated Group regulation.

2.2 Credit risk management, measurement and control

2.2.1 Credit risk management

The credit risk, associated to the potential loss arising either from a default of the borrower/issuer or from a decrease in the market value of a financial obligation due to a deterioration in its credit quality, is measured at both single borrower/transaction and at whole portfolio level.

Credit lending to single customers, during both the approval and monitoring phases, is supported by a credit rating process, differentiated by customer segment and product. The assessment of a counterpart’s creditworthiness, within the credit proposal evaluation, begins with an analysis of the financial statements and the qualitative data (competitive positioning, corporate and organisational structure, etc.), regional and industry factors and counterpart behavior within the entity or the banking system (e.g. Centrale dei Rischi of Banca d’Italia). Such analysis and results in a rating, i.e. the counterpart’s probability of default (PD) on a one-year time horizon.

Each borrower’s credit rating is reviewed at least annually on the basis of the new information acquired. Each borrower is also assessed in the context of the belonging economic group by taking into account, when needed, the risk for the entire Group.
The internal rating assigned to each borrower and its economic group exposure both contribute to the lending decision calculation, defined in such a way that, at a constant credit amount, the approval powers granted to each decision - making corporate body are gradually reduced in proportion to the increased borrower related risk level.
The organisational model used by UniCredit group also includes a dedicated function, which is separated from loan approval and business functions and is responsible for the management of the so - called rating “overrides”, i.e. any changes to the automatic rating calculated by the rating system (where it is foreseen).

Regular monitoring of the rating focuses on the borrower’s performance management, using all the internal and external available information in order to get a score representing a synthetic assessment of the risk associated. This score is obtained using a statistical function that summarizes the available information using a set of significant variables that are predictors of an event of default within a 12 - months horizon.

In addition to the usual estimation of risk parameters over one - year time horizon, multi - period risk parameters are estimated to provide a more robust assessment of the risk-adjusted performance in compliance with the accounting standards requirements.

All the above-mentioned risk parameters are subject to an initial validation and a regular monitoring process for each rating system in all its components: models, processes, IT architecture and data quality. The aim is to give evidence of the systems compliance, highlighting improvement areas as well as possible misalignments in the methodologies, which could limit the full comparability among the resulting risk measures.

Part E - Information on risks and related hedging policies

2.2.2 Risk parameters
Besides the methodologies summarised in the rating systems, the Group Risk Management function leverages on portfolio model enabled to measure credit risk for Basel Pillar 2 purposes on an aggregated basis and to identify the contribution of single sub-portfolio or obligor to the overall risk.

There are two fundamental portfolio credit risk measures which are calculated and evaluated on a time horizon of one year:
- Expected Loss (EL);
- Credit Value at Risk (Credit VaR).

The estimate of Credit VaR at overall portfolio level is derived from the distribution of losses obtained by Monte Carlo simulation on the horizon of one year, considering the correlations among counterparties. The total loss in each default scenario is the sum of the individual losses, being defined as the product of LGD TTC (Loss Given Default Through the Cycle) and EAD (Exposure at Default) for transactions related to defaulted counterparts. For exposures classified at amortised cost, in each simulated scenario, the loss estimation related to their simulated creditworthiness deterioration is added to the total loss related to the counterparts simulated in default.

Within the Credit VaR framework, the Expected Loss (EL) at portfolio level is defined as the sum of the product of PD, LGD (both TTC) and EAD for each obligor in the considered portfolio plus a migration risk charge related to the expected creditworthiness deterioration for exposures classified at amortised cost.

The Value at Risk (VaR) represents the monetary threshold of the losses distribution which is overcome only with a given probability level (a 99.9% confidence level VaR implies that the loss threshold is exceeded in 1 case out of 1,000). Economic Capital is derived from Value at Risk subtracting the Expected Loss and is an input for determining Economic Capital set up to cover potential losses from all the sources of risk (Reference is made to paragraph “Other risks included in Economic Capital”, Explanatory notes, Part E - Information on risks and related hedging policies, Section 2.6 Other risks).

The measures of Economic Capital based on Credit VaR are also a fundamental input for the design and application of credit strategies, the analysis of credit limits and risk concentration. The Economic Capital calculation engine is also one of the instruments used for the analysis of stress testing of the credit portfolio.

The internal Credit VaR model is also subject to assessment in the context of Pillar II validation.

The calculation of the credit economic capital is available on a single technological platform (Group Credit Portfolio Model, GCPM), with a shared methodology for the structures of UniCredit S.p.A. and the main entities of the Group.

In order to assess the credit risk transfer created by securitisation transactions originated by the Group, an engine (Structured Credit Analyser) has also been developed, which simulates the loss distribution of the securitised portfolio and of the tranches, both for synthetic securitisations (in which the risk is transferred through guarantees/credit derivatives) and for traditional ones (where the assets are sold to a special purpose vehicle).

2.2.3 Rating systems
In order to determine capital requirements for credit risks, UniCredit group uses the IRB Advanced approach, as stated by Banca d’Italia act No.365138 dated 28 March 2008.
With specific reference to credit risk, the Group has been authorised to use internal estimations of PD, LGD and EAD parameters for Group wide credit portfolios (Sovereign, Banks, Multinational and Global Project Finance) and for local credit portfolios of relevant subsidiaries (corporate and retail). With reference to Italian mid-corporate and small business portfolios, regulatory EAD parameters are currently used. The mentioned approach has been adopted by UniCredit S.p.A. (UCI S.p.A.), UniCredit Bank GmbH (UCB GmbH) and UniCredit Bank Austria AG (UCBA AG).
According to the Roll-out plan, providing a progressive extension of the IRB rating system, approved by the Group and shared with the Supervisory Authorities, these methods have been extended starting from 2008 to other Legal Entities currently, UniCredit Banka Slovenija d.d., UniCredit Bulbank AD, UniCredit Bank Czech Republic and Slovakia, a.s., UniCredit Bank Hungary Zrt., UniCredit Bank S.A. in Romania and AO UniCredit Bank in Russia. In October 2021, UniCredit Leasing GmbH and Subsidiaries have been authorized to revert to the use of the Standardised Approach (Permanent Partial Use) for all former AIRB portfolios. From 1 November 2021, UniCredit Bank Ireland plc. was merged in UCI S.p.A. and for exposures coming from UniCredit Bank Ireland plc. the RWEA calculation approaches authorised in UCI S.p.A. were adopted.

The following table summarises the rating systems used by the Group with an indication of the related relevant asset class and the entities where they are used. Further details on rating models are present in paragraph use of the IRB approach, Credit risk, of UniCredit group Disclosure (Pillar III).

Part E - Information on risks and related hedging policies

PREVAILING ASSET CLASS	RATING SYSTEM		LEGAL ENTITY
Central governments and central banks	Group-Wide	Sovereign (PD, LGD, EAD)	UCI S.p.A., UCB GmbH, UCBA AG, UCB CZ & SK, UCB RO(*)
Institutions		Financial Institutions & Banks (PD, LGD, EAD)	UCI S.p.A., UCB GmbH, UCBA AG, UCB Slo(*), UCB BG(*), UCB CZ & SK, UCB HU(*), UCB RO(*)
Corporate		Multinational Corporate (PD, LGD, EAD)	UCI S.p.A., UCB GmbH, UCBA AG, UCB Slo(*), UCB BG, UCB CZ & SK, UCB HU(*), UCB RO(*), AO UCB(*)
		Global Project Finance (PD, LGD, EAD)	UCI S.p.A., UCB GmbH, UCBA AG, UCB CZ & SK
	Local	Integrated Corporate Rating (RIC) (PD, LGD)	UCI S.p.A.(**)
		Mid Corporate (PD, LGD, EAD)	UCB GmbH, UCBA AG, UCB CZ & SK(***), UCB BG, UCB HU(*), UCB RO(*)
		Foreign Small and Medium Sized Enterprises (PD, LGD, EAD)	UCB GmbH
		Income Producing Real Estate (IPRE) (PD, LGD, EAD)	UCB GmbH, UCB CZ & SK(***)
		Acquisition and Leverage Finance (PD, LGD, EAD)	UCB GmbH
		Wind Project Finance (PD, LGD, EAD)	UCB GmbH
		Real Estate (PD, LGD)	UCI S.p.A.
		Commercial Real Estate Finance (PD, LGD, EAD)	UCB GmbH
		Real Estate Customers Rating (PD, LGD, EAD)	UCBA AG
		Income Producing Real Estate (IPRE) (Slotting criteria)	UCI S.p.A., UCBA AG, UCB BG
Retail exposures		Project Finance (Slotting Criteria)	UCB BG
		Integrated Small Business Rating (RISB) (PD, LGD) (****)	UCI S.p.A.
		Integrated Private Rating (RIP-One) (PD, LGD, EAD)	UCI S.p.A.
		Small Business (PD, LGD, EAD)	UCB GmbH, UCBA AG, UCB CZ & SK(*****), UCB BG
		Private Individuals (PD, LGD, EAD)	UCB GmbH, UCBA AG, UCB CZ & SK(*****), UCB BG
Securitisation		Asset Backed Commercial Paper (PD, LGD, EAD)	UCB GmbH

Notes:
(*) These entities are currently authorized only to use the IRB Foundation, therefore use only PD internal estimations for determination of capital requirements.
(**) Starting from 2012, the Group Wide Multinational Corporate (GW MNC) rating system (for the estimation of parameters PD and EAD) was also adopted for the Italian Large Corporate (ILC) portfolio, which includes Italian companies with an operating revenues/value between €250 and €500 million. From May 2024 the ILC portfolio is included in the PD Rating Integrated Corporate (RIC) model. For the LGD model, the ILC portfolio has been treated in the context of the LGD for Integrated Corporate Rating. For the EAD model, the application of the GW EAD model will be maintained for the ILC portfolio until the corporate EAD model is implemented.
(***) FIRB approach for the Slovak portfolio.
(****) PD Parameter is applied, among others, also to Natural Persons characterised by entrepreneurship risk ("Private-like") which are excluded from the scope of application of the PD RIP-One but included within the unique framework of LGD RIP One.
(*****) Currently LGD and EAD are specific models for each country, until the authorisation and implementation of the ones cross-country.

Keywords:

UCI S.p.A.: UniCredit S.p.A.
UCB GmbH: UniCredit Bank GmbH
UCBA AG: UniCredit Bank Austria AG
UCB Slo: UniCredit Banka Slovenija d.d.
UCB BG: UniCredit Bulbank AD
UCB CZ & SK: Czech & Slovak portfolio of UniCredit Bank Czech Republic and Slovakia a.s.
UCB HU: UniCredit Bank Hungary Zrt.
UCB RO: UniCredit Bank S.A. (Romania)
AO UCB: AO UniCredit Bank (Russia)

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2.2.4 Stress test
With reference to the strategies of credit risk management, the use of Credit Risk Stress Test is considered of particular importance because its aim is to analyse the portfolio vulnerability in case of an economic downturn or a structural change of the macroeconomic framework. In performing the stress test exercise, different scenarios are considered, based on increasing levels of severity. In addition, scenarios may also be defined based on specific economic hypotheses.
The credit stress test models (or satellite models) are the set of models aimed at translating the macro-economic conditions into credit risk parameters (PD/LGD). Within the wider stress testing framework, the models serve as basis for calculating the stressed PD/LGD projections under the Adverse Scenarios. They are used in the same way for the estimation of Forward-Looking component within the IFRS9 framework.
As regards the modelling methodology, the current framework envisages to estimate, at cluster level (Country/Asset Class) through time series and/or panel regressive analysis, the relationships between the macro-economic factors and the internal default/recovery rate historically observed. However, with regard to the low default portfolios (e.g. Multinational, Banks, Sovereigns), for which no enough defaults events are available, alternative approaches are considered. These imply to leverage either on external data (i.e. external rating) or stressing directly the input of Group Wide Rating System (i.e. Sovereign Rating System).
Model's output in terms of expected variations of PD/LGD conditional to the macro-economic scenarios are then used in order to obtain stressed PD/LGD of each credit exposure. Starting from the stressed PD/LGD the Pillar I Credit Risk metrics (LLP and RWEA) are calculated through dedicated simulation engine and according to the EBA Stress test methodology, while Pillar II stress metrics (EC and AFR) are calculated according to the following methodology:
- Credit Economic Capital: stressed PDs and LGDs are used as a basis to recalculate the Credit Economic Capital using the GCPM. The result represents the Credit Economic Capital that would be obtained in the current bank portfolio if the stressed scenario is experienced;
- AFR: the amount stemming from the difference between the Stressed Expected Loss (calculated based on PD-TTC and LGD-TTC) and the actual Expected losses is deducted from AFR.

2.3 Measurement methods for expected losses

Risk management practices

2.3.1 Staging Allocation and Expected Credit Losses Calculation
The Credit Risk Management, Measurement and Control processes described in the previous paragraph, are also used for the calculation of impairment of Loans and debt securities classified as financial assets at amortised cost, financial assets at fair value through other comprehensive income and relevant off-balance sheet exposures as required by IFRS9.
For this purpose, the calculation of impairment in accordance with expected credit losses is based on two main pillars:
- the Stage allocation of the credit exposures;
- the associated calculation of expected credit loss.

Stage allocation - General framework
In the UniCredit group, the Stage allocation is based on the application of qualitative and quantitative components. With reference to the quantitative component of the stage allocation model, the Group has adopted a statistic approach, whose goal is to define a threshold in terms of maximum variation acceptable between the PD measure at the disbursement and the one at the reference date. In this regard, in the context of the initiatives for the revision of IFRS9 framework, a new IFRS9 staging framework, aiming to make staging and provisioning more consistent with economic expectations, has been progressively rolled-out at Group level during first half of 2024 leading overall to release LLPs for €126 million.

In more detail among the others qualitative and quantitative elements to be assessed, the following are worth to be outlined:
- comparison, on a transaction basis, between the PD as of origination date, and the PD as of the reporting date, both calculated according to the internal models and based on a Lifetime view; the thresholds consider all the key variables that can affect the Bank's expectation about PD changes over time (e.g., residual maturity, PD level at the time of first origination). In the comparison between Lifetime PDs as of origination and reporting dates, beside considering the specific current and forward-looking conditions as a key element affecting the PD comparison, also the repayment structure (specifically bullet/balloon compared to amortizing loans) is taken into consideration in the PD comparison, in order to factor-in higher riskiness of financial instruments with significant repayment at maturity, where the risk of a default occurring may not necessarily decrease as time passes[35];
- further quantitative criteria, in order to support the timely detection of the Significant Increase in Credit Risk, namely:
  - threefold increase in lifetime PD, Stage 2 classification is triggered in case the Lifetime PD at the reporting date results higher than three times the one at the inception date of the financial instruments, in line with Supervisory expectations;
  - adoption of a threshold value of 1 year IFRS9 PD equal or higher than 20% as a Stage 2 criterion, such threshold, adopted considering the

35 In line with IFRS9 Par. B5.5.11. In this regard, the Lifetime PD considered for bullet/balloon loans and used in the PD comparison for staging allocation is also consistently adopted for Expected Credit Loss calculation.

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benchmark value retrievable within the ECB Asset Quality Review Manual, has the aim to identify financial instruments that, with little room for interpretation, have registered a significant increase of credit risk since inception date and with high risk of migration to default;

- absolute elements, such as the backstops required by law (e.g., 30 days past-due). In this case, the Group has chosen not to reject the significant deterioration presumption after 30 days past-due by allocating in Stage 2 transactions with more than 30 days past due[36];
- additional internal assessment, also including renegotiations of financial instruments due to financial difficulties met by the counterparty (e.g., Forborne classification) and certain kinds of credit monitoring watchlist classifications.

The Stage allocation model is tested at each reporting date, to timely capture both significant deterioration and its reverse in a symmetric way and to correctly allocate each transaction within the proper stage and related expected loss calculation model. In this regard it is noted that in order to achieve lower volatility in the migrations of the Stage classifications the following measures are in place:

- adoption of a minimum time permanence in stage 2 of at least 3 months, since initial classification in such a stage, preventing the reclassification to Stage 1 from Stage 2 in case of overcoming of the quantitative and/or qualitative conditions underlying the Significant Increase in Credit Risk before a minimum period in stage 2 has passed, stabilising Staging migrations;
- full alignment of the Stage 2 classification to the Forborne Performing status, thus ensuring a minimum period of permanence for concessions to clients in financial difficulty equal to the regulatory Probation Period. Such measure makes consistent the entrance/exit criteria to/from Stage 2 due to Forborne Performing classification, avoiding potentially premature reverts to Stage 1 for obligors having yet significantly higher credit risk than the ordinary performing portfolio.

The outcome of the Stage allocation is the classification of credit exposure in Stage 1, Stage 2, or Stage 3 according to their absolute or relative credit quality with respect to the initial disbursement. Specifically:

- the Stage 1 includes:
  - newly issued or acquired credit exposures;
  - exposures for which credit risk has not significantly deteriorated since initial recognition;
  - exposures having low credit risk (low credit risk exemption), qualifiable as investment grade debt securities as well as loans on clients having a 1-year IFRS9 PD lower than 0.3%[37]. Such a treatment of these types of exposure allows to stabilise staging 2 migrations, reducing volatility and avoiding classification for customers characterised by a clearly low level of credit risk;
- the Stage 2 includes credit exposures that, although performing, have seen their credit risk significantly deteriorating since initial recognition;
- the Stage 3 includes impaired credit exposures. With reference to Stage 3, it should be noted that it includes impaired exposures in accordance with Banca d'Italia rules, defined in Circular No.272 of 30 July 2008 and subsequent updates, to the aggregate Non-Performing Exposures as ITS EBA (EBA/ITS/2013/03/rev1 24 July 2014). In particular, EBA[38] has defined as "Non-Performing" exposures that meet one or both of the following criteria:
  - material exposures more than 90 days past due;
  - exposures for which the bank assesses that is unlikely that the debtor would pay in full his credit obligations without recurring to enforcement and realisation of collaterals, regardless of past due exposures and the number of days the exposure is past due.

The result of the stage allocation affects the amount of expected credit losses recognised in financial statements (ref. to the next caption). Indeed:

- for exposures in Stage 1, impairment is equal to the expected loss calculated over a time horizon of up to one year;
- for exposures in Stages 2 or 3, impairment is equal to the expected loss calculated over a time horizon corresponding to the entire life of the exposure.

Expected credit loss calculation - General framework

To calculate expected loss, the Group has developed specific models based on PD, LGD and EAD parameters and the effective interest rate.
In particular:

- PD (Probability of Default), which expresses the exposure probability of default in a given time horizon (e.g.: 1 year);
- LGD (Loss Given Default), which expresses the estimated loss percentage and therefore the expected recovery rate when a default event occurs;
- EAD (Exposure at Default), expresses the level of the exposure at the time of default event;
- the effective interest rate is the base rate which expresses the time value of money.

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36 The only one exception on the adoption of 30 days past-due as backstop is in UniCredit SpA in presence at client level of purchased receivables without recourse. Indeed, given the peculiarity of factoring business, characterised by roll-over of receivables payment and technical timing for management of the payment of the receivables, the 30 days past-due can be prone to be breached due to pure technical reasons. Consequently, the 30 days past-due significant deterioration presumption may be rebutted demonstrating that most of the client exposures in 30 days past-due is related to factoring activities. In such case the backstop for 30 days past-due is set out at 60 days past-due.
37Such threshold, in addition to be a supervisory benchmark retrievable from ECB Asset Quality Review Manual, is also consistent with an Investment Grade equivalent level of risk.
38 The regulatory framework for the new definition of default has been integrated with the entry into force, starting from 1 January 2021 of the "Guidelines on the application of the definition of default under article 178 of (EU) Regulation 575/2013 "(EBA/GL/2016/07).

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Such parameters are calculated starting from the same parameters applied for regulatory purposes, specifically adjusted to guarantee full consistency, however respecting the different requirements between accounting and regulatory treatment. The main adjustments are aimed at:
- removing the conservativism required for regulatory purposes;
- introducing "point in time" adjustments which replace the "through-the-cycle" view required by the regulation;
- including "forward looking" information;
- extending credit risks parameters to a multi years horizon.

With reference to lifetime PD, PD curves calculated through-the-cycle are calibrated to reflect the point-in-time and forward-looking expectation with reference to the portfolio default rate. The recovery rate embedded in the LGD calculated along the economic cycle (through-the-cycle) is adjusted to remove the margin of conservatism and reflect the current trends in recovery rates as well as expectations about future trends discounted to the effective interest rate or its best approximation.
The EAD calculated along the instrument lifetime is determined by extending the prudential or managerial one-year model, removing the margin of conservatism. The forecast in terms of default rate and recovery rate, determined through models that estimate a relationship between these variables and macroeconomic indicators, is embedded in the PD and LGD parameters during the calibration phase. The credit parameters, in fact, are normally calibrated on a horizon that considers the entire economic cycle (Through-the-cycle - TTC), so it is necessary to calibrate them Point - in - time (PIT) and Forward - Looking (FL) allowing to reflect in these credit parameters the current situation as well as expectations about the future evolution of the economic cycle.
The expected credit loss deriving from the parameters previously described considers macroeconomic forecasts through the application of multiple scenarios to the forward-looking components in order to compensate the partial non-linearity that is naturally embedded in the correlation between the macroeconomic changes and expected credit loss. Specifically, the non-linearity effect is incorporated by estimating a correction factor applied directly to the expected credit loss (ECL) of the portfolio.

Expected credit loss calculation - adjustments applied as at 30 June 2024

Overlay
As at 30 June 2024, in light of persistence of the geopolitical uncertainty, the relevant adjustments with impact on loan loss provisions' recognition were maintained.

In this regard, UniCredit applied the following adjustments:
- a Real Estate overlay was recognised since 31 December 2023 to cover refinancing risk and collateral value reduction given the real estate risk, which might impact the ability of Commercial Real Estate clients to repay their credit exposures giving the persistent high interest rates and lower price of real estate assets; such overlay is applied to clients having Commercial Real Estate Financing business or belonging to Real Estate Industry;
- a Geopolitical overlay was recognised since 31 December 2022 in order to consider the sharp rise in energy costs, inflation and interest rates for both Corporate and private individuals. In detail the following portfolios were kept into account:
  - Corporate energy-intensive industry sectors prone to be more affected by spill-over effects linked to Russia-Ukraine crisis, specifically impacting the energy supply and related price soaring;
  - Retail clients, for: (i) floating rate mortgages (not having overdue instalments), given the sensitiveness in this context of increasing interest rate/inflation, and (ii) at least 1 unpaid instalment on their exposures, the latter indicative of counterparties with already difficulties in payments and as such particularly vulnerable in this specific contingency.

With reference to both overlays, as far as calculation is concerned:
- the credit exposures belonging to the above categories were identified according to their specific features;
- satellite models were run by applying, as macro - economic conditions, the Alternative Scenario (refer to Part A - Accounting policies, A.1 - General, Section 2 - General preparation criteria)[39];
- then, the resulting adjusted default rate is applied to the relevant categories to estimate the expected new inflows of defaulted exposures;
- eventually, additional LLPs are calculated by applying to the expected new inflows of defaulted exposures the average coverage rate applied to Unlikely to Pay.

As at 30 June 2024, as a result of the approach here outlined the total amount of overlays is equal to €1,733 million (€1,217 million Geopolitical overlay and €516 million Commercial Real estate Overlay), of which UniCredit S.p.A. €932 million (€710 million related to Geopolitical Overlay and €222 million Commercial Real Estate overlay). As at 31 December 2023, the amount of overlays was equal to €1,818 million (€1,314 million Geopolitical overlay and €505 million Commercial Real estate Overlay), of which UniCredit S.p.A. €961 million (€758 million related to Geopolitical Overlay and €203 million Commercial Real Estate overlay). The reduction is the result of (i) default in-flows and portfolio dynamic and (ii) Macroeconomic scenario evolution.

39 For commercial real estate overlay the alternative scenario was adjusted to neutralize the components favorably affecting the creditworthiness of the Commercial Real Estate portfolio by implicitly lowering the default rate. In detail: (i) the short-term interest rates used in the baseline scenario were applied; (ii) the upside on the House Price Index (HPI) foreseen by the recessive scenario as a result of lower interest rate was neutralised. For the geopolitical overlay the alternative scenario was kept equal as at 31 December 2022 as such scenario was still deemed to be appropriate.

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Other adjustments
The measurement of Loan Loss Provisions is affected also by the activities for material changes in IRB Models for PD and LGD calculation as well as for ECB Supervisory Expectations inclusion, in coherence with the EBA "Guidelines on PD estimation, LGD estimation and the treatment of defaulted exposures"[40] and ECB Guidelines on internal models. Specifically, such activities are related to: i) LGD model for Global Project Finance transactions applied across the Group; ii) LGD Models in Austrian and Bulgarian perimeters. Despite the punctual adoption for IFRS9 purposes of the material model changes will go live in 2024 or later according to the technical deployment timing, the Group, as at 30 June 2024, was already aware of the effects resulting from model enhancements in term of LGD variation on the credit risk of customers; thus, according to IFRS9, the related effects were coherently recognised as at 30 June 2024.

As at 30 June 2024, the balance of overall LLP arising from model changes is equal to -€164 million, almost entirely attributable to the Loan portfolio.

2.3.2 Non-performing exposures
With reference to impaired exposures (Stage 3) the expected recoverable amount, and therefore the expected credit loss, is the present value of future cash flows expected to be recovered, discounted at the original interest rate.
Therefore, the main determinants of this value are:
- the expected cash flows;
- the expected timing of payments of these cash flows;
- the effective interest rate used for discounting.

Expected cash flows on defaulted exposures are calculated on an individual basis for "individually significant exposures".
Expected cash flows on already defaulted exposures that are not individually significant are calculated either on an individual or a collective basis.
Where a Legal Entity has several individually significant exposures towards one single counterparty, each loan is individually assessed while also considering the overall position of the counterparty.
Future cash flows must be estimated considering the historical trend of recovery for exposures having similar credit risk features. The historical trend in any case is adjusted so to embeds the current economic environment and the expected economic outlooks.

2.3.3 Selling scenarios
In the assessment of impaired exposures (Stage 3), possible sales scenarios are also considered where the Group's NPE strategy envisages experiencing recovery through their sale to the market.
For this purpose, the presumed recovery value of credit exposures classified as Bad Loans and Unlikely to Pay is determined as weighted average between two scenarios:
- internal recovery scenario, whose expected recovery value is estimated assuming an internal restructuring or work-out process according to what has previously been described;
- sale scenario, whose expected recovery value is estimated assuming the sale of the exposures on the market. The expected sale price is determined considering market or internal information based on the following hierarchy:
  - prices deriving from past sales of impaired loans with homogeneous characteristics with those evaluated;
  - prices observable on the market for impaired loans with homogeneous characteristics with those evaluated;
  - internal evaluation models.

In line with the new strategy to maximize the value of non-performing portfolio through all possible levers, during the first six months of the 2024 deleveraging actions on non-performing positions for which the sale was considered the solution optimizing have been launched for total GBV of €576 million (of which €378 million related to UniCredit S.p.A.), of which €23 million evaluated in selling scenario.

The residual perimeter under IFRS9 "selling scenario" evaluation approach at 30 June 2024 is €266 million. There was no impact on this perimeter in terms of provisions as no material changes in prices, probabilities of migration and disposal or perimeter are expected.

2.3.4 Scenarios and Sensitivity
In line with the IFRS9 standard and group internal regulation, the IFRS9 parameters have been calibrated considering updated macro-economic scenarios as of second quarter 2024.
Specifically, the Group selected two macroeconomic scenarios to determine the forward-looking component of expected credit loss (ECL):
- Baseline scenario, which assumptions are aligned with the scenario used for the Deferred Tax Assets Sustainability Test. It represents the reference central scenario with the higher probability of realization (60%);
- Adverse scenario, which is based on the alternative scenario released by UniCredit group Planning and Control in May 2024 (presented to Group Executive Committee in April 2024) and embedding a worsened evolution of macro-economic context, but with a lower probability of realization vis-à-vis the baseline (40%).

40 EBA/GL/2017/16. The guideline was issued by the European Banking Authority (EBA) to reduce unjustified variability of risk parameters and own funds requirements, and it is part of a broader review of Internal Ratings-Based (IRB) approach carried out by the EBA.

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For a description of main assumptions behind "baseline" and "adverse" scenarios and related probability realization, refer to Part A - Accounting policies, A.1 General, Section 2 - General preparation criteria.

Compared to the original version released by UniCredit group Planning and Control in a more conservative view in the IFRS9 adverse scenario an adjustment related to short interest rate has been considered, which, instead of further lowering, in coherence with a deteriorated GDP, was floored to the baseline values to obtain a worsening effect coherent with an adverse situation.

Besides the update of macroeconomic scenario, the default rates and recovery rates, underlying IFRS9 PD and LGD calibration, have been updated accordingly, in line with ordinary process.

The update of the macro-economic scenarios under the rules reported above has determined in second quarter 2024 the recognition of additional impairment for €28 million which reflect a slightly worsening of the economic outlook for 2024-26, with the following break-down by geography:
- Germany: €20 million of write-downs;
- Central & Eastern Europe (excluding Russia): €13 million of write-downs;
- Russia: €5 million of write-backs;
- Italy: lower than €1 million of total net write-downs to which UniCredit S.p.A. contributes for €1 million of net write-downs.

Sensitivity of Expected Credit Losses (ECL)
The sensitivity of IFRS9 ECL to scenarios change is estimated by comparing the ECL calculated alternatively weighting at 100% the adverse and baseline scenarios.
In details, with respect to the baseline, the ECL would increase by about 7% (4.3% for UniCredit S.p.A.) equivalent to around €364 million (of which €78 million for UniCredit S.p.A.) in the negative scenario.

Moreover, a sensitivity to GDP variations embedded in the different scenarios was also estimated as the ratio of:
- the difference between ECL estimated under the adverse and the baseline scenario respectively;
- the GDP points deviations (on 3 years cumulative basis) between adverse and baseline scenario respectively.

Implied assumptions are:
- GDP forecast (over 3 years) is assumed to be the most relevant economic factor as indicator of scenario severity;
- for each Legal Entity the GDP of the reference country is considered for the calculation of the respective sensitivity (e.g., for UniCredit S.p.A. the Italian GDP was considered, for UniCredit Bank GmbH the German GDP, etc.).

Considering the current IFRS9 scenarios (baseline and adverse), the ECL at Group level is estimated to increase by €66 million (€14 million for UniCredit S.p.A.) for 1 point of GDP drop (cumulated over 3 years).

Inclusion of Climate Risk in provisioning (ECL)
Acknowledging the growing importance of C&E topics and in continuous dialogue with the competent authorities, UniCredit group is progressively and continuously developing the internal modelling capabilities with the aims to properly manage new risk that may arise from climate change.
In line with this an action plan has been defined to enhance the IFRS9 framework, with the aim to properly incorporate the C&E related risk in impairments of financial instruments.
Defined approach envisages to model both transition and physical risk directly in the evolution of forward-looking parameters (PD/LGD) and use them to calculate the IFRS9 Expected Credit Losses. Forward impacts stemming from Physical and Transition risk are considered both via LGD for secured portfolios (Corporate and Retail) and PD for Non-Financial Corporations.
The impacts of physical risk for secured exposure have been incorporated in LGD forward-looking starting from second quarter 2024. The impacts of remaining transmission channels (Physical Risk PD and Transition Risk PD and LGD) are expected to be included in ECL of fourth quarter-2024 financial reporting.

In line with industry best practices and IFRS9 standards impacts of C&E risk have been calibrated considering different assumptions in terms of implementation of transition policies and severity on physical risk. The climate scenarios relevant for IFRS9 which are based on those defined by NGFS are:
- Net Zero 2050 - this scenario limits global warming to 1.5°C through stringent climate policies and innovation, reaching global net zero CO_2 emissions around 2050. Some jurisdictions reach net zero for all greenhouse gases by this point. Physical risks are relatively low but transition risks are high;
- Delayed Transition - that assumes global annual emissions do not decrease until 2030 as new climate policies are not introduced until that year. Strong policies are then needed to limit warming to below 2°C. The level of action differs across countries and regions based on currently implemented policies. This leads to both higher transition and physical risks than the Net Zero 2050;
- Current Policies - that assumes that only currently implemented policies are preserved, leading to limited transition risk but severe physical risks.

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2.4 Credit risk mitigation techniques
UniCredit group uses various credit risk mitigation techniques to reduce potential credit losses in case of the obligor default. Consistent with the "Regulation (EU) 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (CRR)", UniCredit group is firmly committed to satisfy the requirements for the correct application of credit risk mitigation techniques, according to the different approaches adopted (Standardised, Foundation IRB or Advanced IRB), both for internal use in operations and for regulatory capital purposes as necessary for the calculation of credit risk capital requirement.
At the moment specific Group guidelines are in force, issued by the Parent Company, defining group-wide rules and principles with the aim to guide, govern and standardise the credit risk mitigation management, best practice, in accordance with the relevant regulatory requirements.
Integrating these guidelines, Legal entities have adopted internal regulations, specifying processes, strategies, and procedures for collateral management. In particular, such internal regulations detail, according to each Country's local legal system, collateral eligibility, acquisition, valuation and monitoring rules, for their validity, legal enforceability, timely liquidation of valuable collateral.

The Legal entities assess the collateral management practices and credit risk mitigation consistency with regulatory requirements also as part of Internal Rating System applications.
According to the current credit policy, collaterals or guarantees can be accepted to support loans but cannot serve as a substitute for the borrower's ability to meet its obligations. For this reason, in addition to the overall analysis of the borrowers' credit worthiness and of his repayment capacity, collaterals are subject to specific evaluation and analysis with the aim to verify their viability to support the repayment of the exposure.
Collaterals accepted to support credit lines granted by the Legal entities, primarily include:
- real estate, both residential and commercial;
- financial collateral (including cash deposits, debt securities, equities, and units of Undertakings for Collective Investment in Transferable Securities (UCITS).

Other types of collateral are envisaged, including insurance policies and pledged goods or pledged loans (the latter are less common).
UniCredit group also makes use, between funded credit protection, of bilateral netting agreements regarding OTC derivatives (by means of ISDA and CSA agreements), Repos and securities lending transactions where the counterparties are, generally, Financial Institutions.
In relation to personal guarantees, their use is widespread within UniCredit group, though their characteristics differ among the different local markets; they can be accepted as complementary and accessory to the granting of loans, for which the risk mitigation serves as additional source of repayment. At consolidated level, personal guarantees are provided by banks, government, central banks and other public entities and others. The last category includes the personal guarantees provided by natural persons, whose eligibility for CRM depends on the approach used by the different Legal Entities.

In case the guarantee is represented by credit derivatives, the protection providers are mainly banks and institutional counterparties. As already highlighted, the list of eligible protection providers depends on the specific approach adopted by each single Legal entity. Specifically:
- under the standardised approach, eligible protection providers pertain to a restricted list of counterparts, such as central government and central banks, public sector entities and regional and local authorities, multilateral development banks, supervised institutions and corporate entities that have a credit assessment by an eligible ECAI;
- under IRB-A approach, for the recognition of guarantees in the calculation of capital requirements, in addition to verify that the relevant minimum requirements are satisfied, the Legal entity shall be able to evaluate the protection provider risk profile, through an internal rating system, at the time the guarantee is provided and over its entire duration.

The management system of credit risk mitigation techniques is embedded in the credit approval process and in the credit risk monitoring process, to support the evaluation and data quality checks of collaterals/guarantees and their appropriate linking to the defined categories. Controls and related responsibilities are formalised and documented in internal rules. Furthermore, processes are implemented to control that relevant information regarding the identification and evaluation of the credit protection are correctly registered in the system.
In the collateral acquisition phase, UniCredit group emphasises the importance of processes and controls of the legal certainty requirements of the protection, as well as the assessment of the suitability of the collateral or guarantee. In case of personal guarantees, the protection provider (or the protection seller in case of credit default swap) has to be assessed in order to measure his/her credit worthiness and risk profile. Monitoring processes of credit risk mitigation techniques ensure that general and specific requirements set by credit policies, internal and regulatory rules are met over the time.

Among such processes it is pointed out the one connected to concentration risk, which occurs in case the major part of Group collateral financial assets (at portfolio level) are concentrated in a small number of collateral types, protection instruments, or specific providers of collaterals.
Such concentration is monitored and controlled by the following processes/mechanisms:
- in case of personal guarantees/credit derivatives, a contingent liability (indirect risk) is charged to the protection provider. In the evaluation of the credit application, a secondary commitment is added to the guarantor, and it is reflected in the guarantor's total credit exposure as deemed competent and approved in accordance with the internal authority system of each Group Entity;
- in case the protection provider, directly or indirectly, is a Central Bank or a Sovereign country, a specific credit limit has to be defined; if the guarantor is a foreign subject, it is necessary to evaluate case by case the definition of a country limit.

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3. Non-performing credit exposures

3.1 Management strategies and policies
In order to ensure a homogeneous approach in the classification of credit exposures for regulatory and reporting purposes, UniCredit has defined guidelines at Group level for the classification of non-performing exposures that refer to the principles reported in the Implementing Technical Standards issued by the Authority European Banking in 2014. This definition of non-performing exposures complements the definition of "default" exposures, disciplined by EBA Guidelines on default definition in line with article 178 of Regulation (EU) 575/2013 of the European Parliament and of the Council (EBA/GL/2016/07) in force since 1 January 2021, and "impaired" exposures defined by IFRS9 Accounting Standards. A substantial alignment within the Group has been pursued between the three definitions, providing the Supervisory Authorities with a harmonised view of these concepts, and strengthening the tools available to the Authorities for assessing the asset quality.

The default classification criteria in force since 1 January 2021 include, among the main aspects, harmonised thresholds at European level for past due materiality and additional Unlikely to Pay triggers further regulated by EBA/GL/2016/07 with respect to the high-level provisions of article 178 of Regulation (EU) 575/2013. In this regard, it is highlighted the Distressed Restructuring for credit obligation object of concession, where a maximum threshold for decreasing the Net Present Value of 1% has been set, as well as specific requirements on the contagion effects of default in the case of connected customers (mainly, groups of companies, joint headings between individuals and links between individuals and companies with unlimited liability). In addition, a mandatory minimum probation period before returning to the non-defaulted status has been defined.

Furthermore, in accordance with the provisions of Banca d'Italia in Circular 272/2008, non-performing credit exposures of each Group entity must be classified in one of the following risk classes:
- past-due and/or overdue exposures: problematic exposures that are more than 90 days past due on any material obligation (the latter assessed in line with article 178 (2d) of Regulation (EU) 575/2013 and the Technical Standards of the EBA);
- unlikely to pay: the classification in this category is the result of the judgment of the bank about the unlikeliness, without recourse to actions such as realising collaterals, that the obligor will pay in full (principal and/or interest) its credit obligations. This assessment should be carried out independently of the presence of any (or rate) past due and unpaid amount;
- bad loans: exposures to borrowers in a state of insolvency (even when not recognised in a court of law) or in an essentially similar situation, regardless of any loss forecasts made by the bank.

According to the Group rules, all debtors in the bank's portfolio must be mapped in the classes defined by Banca d'Italia, regardless of local reporting which has to be performed according to local accounting standards and/or local supervisory regulations or instructions.
These classification rules are further integrated by accounting principles defined in IFRS9, according to which credit exposures must be allocated in three "stages" (for details refer to section "2.3 Expected loss measurement method"). With regard to non-performing exposures, the allocation to "Stage 3" occurs when the customer's status changes into "non-performing". This is a classification at counterparty level and not at transaction level based on specific regulations on the classification of non-performing exposures.

In accordance with Art.156 EBA ITS, an exposure must remain classified as non-performing[41] as long as the following criteria (exit criteria) are not met simultaneously:
- the situation of the debtor has improved to the extent that full repayment of the original due amount is likely to be made;
- the debtor does not have any amount past-due by more than 90 days.

Specific exit criteria must be applied in case the Forbearance measures are extended to non-performing exposures, listed below:
- the starting date of the observation period of one year is the latest between the adoption of Forbearance measures and the classification as non-performing;
- any past due amount is verified if no past due occurs at debtor level;
- from a judgmental evaluation by the empowered Body, there are no doubts regarding the "full repayment" of the amount owed by the debtor.

41 The regulatory framework for the transition from performing to non-performing exposures ("criteria for a return to a non-defaulted status") has been integrated with the entry into force of the "Guidelines on the application of the definition of default under Art.178 of Regulation EU 575/2013 "(EBA/GL/2016/07) as at 1 January 2021.

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In the non-performing credit exposures management, UniCredit group adopts certain strategies that operationally define the activities necessary to achieve the targets defined yearly.
The aforementioned strategies concerning impaired loans include:

- an effective internal restructuring activity, supported by qualified resources with specific skills dedicated to the management of loans classified as unlikely to pay;
- proactive portfolio management through judicial and extra-judicial procedures managed by internal Workout professionals or assigned to external agencies specialised in credit recovery;
- the recourse of alternative recovery strategies (which UniCredit was one of the first banks to use) based on formalised partnerships aimed at managing positions in the industrial or Real Estate sector;
- proactive management of the Leasing portfolio aimed at speeding up the negotiation times of agreements with counterparties in order to obtain a more effective remarketing process;
- disposal of impaired loans as further strategy for internal recovery both for individual positions and for portfolios of impaired loans, already classified as bad loans and unlikely to pay.

The decrease amount of the stock of impaired loans to Group customers was therefore in line with the reduction targets set within the new Strategic Plan “UniCredit Unlocked”, thanks to the activation of a coordinated set of levers aimed at reducing the stock.
A successful NPE Strategy execution requires effective interaction between the Group Risk Management structure and the functions dedicated to the management of non-performing exposures directly reporting the local CROs of the Legal Entities.
More specifically, within Group Risk Management, the Group NPE structure was set-up to ensure on the one hand an adequate control over the execution and monitoring of the NPE Strategy (which includes the sale of non-performing loans through "Group Distressed Asset Management) and a proactive management of the NPE portfolio (through “NPE Portfolio Strategy & Steering” function).

In the all Legal Entities dedicated functions to the management of non-performing exposures are in place; they cover all the phases of the NPEs life cycle, take into account local regulations and the specific characteristics of portfolios, monitor and manage the amount of NPEs coherently with both European Central Bank Guidelines and Group organisational model.
The structures dedicated to the operational management of non-performing exposures are therefore tailored to each state of the life cycle of non-performing loans, starting from a careful monitoring of the performing portfolio, up to the recovery activity that includes the disposal of credit or the “repossession” of the collateral.
In particular, the monitoring activity is aimed at preventing flows to default and reducing the amount of past due exposures by detecting signals of risk of deterioration and early warning, as well as identifying the needed corrective measures to manage the potential deterioration of exposures starting from the early signs of worsening of the counterparties’ credit quality.
Soft collection, door-to-door and re-management activities which pertain both performing (though already overdue) counterparties and already defaulted clients are carried out through the use of multiple channels, also using outsourcing solutions to third-party companies (in particular for door-to-door recovery activities). These activities also aim at preventing flows to default and facilitating the back-to-performing classification (main focus), thus contributing to a reduction of the overall amount of non-performing exposures.
In some Legal Entities the aforementioned activities can be managed within either the Monitoring, or Restructuring or Workout units; with reference to UniCredit S.p.A. these responsibilities are allocated to the Credit Monitoring unit within which an ad hoc department was created (i.e. Customer Recovery) exclusively dedicated to soft collection and re-management for retail portfolio.
As part of the overall management of deteriorated exposures, the Restructuring activity is aimed at mitigating the risk of insolvency and the quality of exposures with restructuring agreements and company reorganisation plans as well as reducing the amount of unlikely to pay with recoveries and performing re-classification, by means of forbearance measures. Specifically, among the strategies for managing unlikely to pay loans to corporate counterparties, there are also restructuring platforms (up to now limited to the Italian market), the disposal of individual exposures and extraordinary finance transactions.
The coordination and implementation of recovery strategy on positions classified as bad loans fall instead within the responsibility of the "Workout" unit, whose reporting structures identify the optimal strategies for maximising recoveries, including the timely enforcement of collaterals.
In some Group legal entity the activity is also implemented by leveraging on service agreements with external agencies.
As pertains the disposal activities, these refer to the organisation, management and execution of sales processes (both credit portfolios and individual positions), through the application of a transparent and competitive methodology based on market criteria. At Group level, these activities are performed by a dedicated department within UniCredit S.p.A. (Group Distressed Asset Management), which evaluates various disposal options alternatives, in cooperation with the legal entity’s peer function where deemed necessary to handle specific local cases.
More in general, Group Distressed Asset Management oversees the relationships with external partners and is responsible of the services and of the contracts among UniCredit S.p.A. and the servicers in charge of the recovery activity for the NPE portfolios.

Part E - Information on risks and related hedging policies

3.2 Write-off
Group guidelines for write-offs on financial assets provide that whenever a loan is deemed to be uncollectable/unrecoverable it needs to be identified at the earliest possible opportunity and properly dealt with in accordance with financial regulations. Write-offs can relate to a financial asset in its entirety, or to a portion of it.
In assessing the recoverability of non-performing exposures (NPE) and in determining internal NPE write-off approaches, in particular the following cases are considered:
- exposures with prolonged arrears: it is assessed the recoverability of an exposure that presents arrears for a prolonged period. If, following this assessment, an exposure or part of an exposure is deemed as non-recoverable, it should be written-off in a timely manner, adopting different thresholds predefined on the basis of the different portfolios;
- exposures under insolvency procedure: where the collateralisation of the exposure is low, legal expenses often absorb a significant portion of the proceeds from the bankruptcy procedure and therefore estimated recoveries are expected to be very low;
- a partial write off may be warranted where there are reasonable elements to demonstrate the debtor's inability to repay the full amount of the debt, i.e. a significant level of debt, even following the implementation of a Forbearance treatment and/or the execution of collateral.

Below a non-exhaustive list of hard evidence implying, with high likelihood, the not recoverability of the exposure, to be assessed, for the potential (total or partial) write-off:
- the Bank cannot call the guarantor(s), or his assets are not sufficient for the recovery of the debtor's exposures;
- negative outcome of the judicial and/or out-of-court initiatives with absence of other assets that can be called in the event of un-recoverability of the debtor's exposures;
- impossibility to initiate actions to recover credit;
- current insolvency procedure, from which the procedure itself states that the unsecured exposures will not have redress;
- loans not backed by mortgage security older than 3 years that have not registered repayments/collections during the first 3 years after the NPE classification.

Specifically, as at 30 June 2024 write-offs on financial assets at amortised cost still subject to an enforcement procedure amount to €8,432 million as at 30 June 2024, of which partial write-offs amount to €616 million and total write-offs amount to €7,816 million. The amount of write-offs (both partial and total) related to the 2024 first half financial year is €250 million. The write-offs as at 30 June 2024 cannot be compared to write-offs amount reported in gross changes in non-performing exposures, because the latter includes "debt forgiveness" as well as portfolios other than financial assets at amortised cost.

3.3 Acquired or originated impaired financial assets
Purchased or Originated Credit Impaired (POCI) are credit exposures that are already impaired on initial recognition. Consequently, every purchase of credit assets of Non Performing obligors or significant new origination done on obligors already in Non-Performing status, considering the full alignment between impaired status and Non-Performing one, shall be considered as POCI Assets (though, in general, POCI classification is the result of the restructuring of impaired exposures which has led to the provision of significant new finance, either in absolute or in relative terms, compared with the among of the original exposure).
These exposures are subject to management, measurement and control according to the principles described in the paragraph "2.2 Credit risk management, measurement and control", Explanatory notes, Part E - Information on risks and related hedging policies, Section 2 - Risk of the prudential consolidated perimeter, 2.1 Credit risk, Qualitative information, 2. Credit risk management policies.
In particular, the expected credit losses recorded at initial recognition within the carrying amount of the instrument are periodically reviewed on the basis of the processes described in the previous paragraphs.
The expected credit loss calculated for these credit exposures is always determined considering their residual life, and such exposure are conventionally allocated into Stage 3, or in Stage 2 if, as a result of an improvement in the creditworthiness of the counterparty following the initial recognition, the assets are performing.
These assets are never classified under Stage 1 because the expected credit loss must always be calculated considering a time horizon equal to the residual duration.

Part E - Information on risks and related hedging policies

4. Commercial renegotiation financial assets and forborne exposures

Changes in existing financial instruments which determine a modification of contractual conditions might be the result of either:
- commercial initiatives, which may be specific for each customer or applied to portfolio of customers also as a result of dedicated initiatives sponsored by public authorities or banking associations;
- concessions granted in light of debtor's financial difficulties (Forbearance).

Such changes are accounted on the basis of whether the modification is considered significant or not. In this regard, reference is made to paragraph "A.2 - Main items of the accounts", Explanatory notes, Part A - Accounting policies.
The concessions granted due to debtor's financial difficulties, so called Forbearance initiatives, are usually considered not significant from an accounting perspective.

4.1 Loan categorisation in the risk categories and forborne exposures

In July 2014, the European Banking Authorities issued the "Implementing Technical Standards" (ITS) on non-performing and Forborne exposures, with the aim to allow a closer supervisory monitoring of banking forbearance practices. In line with the mentioned ITS, a transaction has to be considered as forborne when both of the following conditions are simultaneously met:
- a concession in favour of the debtor exists, in the form of either (i) a contractual modification or (ii) refinancing aimed at ensuring the repayment of pre-existing obligation;
- the debtor is facing or about to face financial difficulties.

To comply with EBA ITS, since 2015 UniCredit S.p.A., has worked on the definition of a common methodological framework for Forbearance process, issuing group's guidelines on forbearance management and setting up a shared IT infrastructure (i.e., Forbearance engine). Specifically, the Forbearance engine automatically performs, on the basis of a set of a pre-defined criteria, an assessment of the overall financial difficulty of the client subject to a concession (Trouble Debt Test). In coherency with the overall solution, the different Group's legal entities adopted some fine tunings to adapt the Group's framework to the local IT tools and credit practices.

Starting from 2017, the regulatory framework relating to the management of Forborne exposures has been integrated with the following papers:
- "*Guidance to Banks on Non-Performing Loans*", issued by European Central Bank in March 2017, which require to Banks to define a clear NPL strategy aiming at the reduction of NPE Stock;
- "*Guidelines on management of non-performing and forborne exposures*", issued by European Banking Authority in October 2018, which are overall aligned with the ECB Guidance;
- "*Guidelines on disclosure of non-performing and forborne exposures*", issued by European Banking Authority in December 2018, which is focused on the disclosure templates to be used for Group's supervisory reporting purposes.

In order to ensure ongoing alignment with the regulatory and supervisory requirements mentioned above regarding bank's forbearance practices, the Parent Company finalised the following activities:
- review of the list of the potential Forbearance measures to acknowledge: (i) with the split between short-term measures (duration less than 24 months) and long-term measures (duration higher than or equal to 24 months), (ii) with the possibility of granting combinations of short and long-term FBE measures and (iii) with the "*viability criteria*" defined by Supervisory for each FBE measure;
- reinforcement of the affordability assessment of the client prior to the Forbearance concession taking care to the case of multiple forbearance measures on the same exposure;
- extension of financial difficulty criteria in order to better capture significant increase in credit risk deterioration and to be more sensitive to credit monitoring managerial evidence;
- collection and monitoring of the relevant information within FINREP Reporting with disclosure on:
  - performing and non-performing portfolio;
  - guarantees;
  - default inflows and outflows;
  - list of the FBE Measures granted.

Part E - Information on risks and related hedging policies

Quantitative information

In the following tables, the volume of impaired assets according to the IFRS definition is equivalent to the one for non-performing exposures referred to in the EBA standards.

Credit quality

For the purposes of the disclosure of quantitative information about credit quality, the term "credit exposures" does not include equity instruments and units in investment funds.

A.1 Non-performing and performing credit exposure: amounts, writedowns, changes, distribution by business activity

A.1.1 Regulatory consolidation - Breakdown of financial assets by past-due buckets (carrying value)

(€ million)

	STAGE 1			STAGE 2			STAGE 3			PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS		
PORTFOLIOS/RISK STAGES	FROM 1 TO 30 DAYS	OVER 30 AND UP TO 90 DAYS	OVER 90 DAYS	FROM 1 TO 30 DAYS	OVER 30 AND UP TO 90 DAYS	OVER 90 DAYS	FROM 1 TO 30 DAYS	OVER 30 AND UP TO 90 DAYS	OVER 90 DAYS	FROM 1 TO 30 DAYS	OVER 30 AND UP TO 90 DAYS	OVER 90 DAYS
1. Financial assets at amortised cost	5,386	154	86	2,565	505	112	1,081	294	2,856	-	-	3
2. Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	34	-	-	-	-	-
3. Financial instruments classified as held for sale	-	-	-	-	-	-	168	3	123	-	-	-
Total 30.06.2024	**5,386**	**154**	**86**	**2,565**	**505**	**112**	**1,283**	**297**	**2,979**	**-**	**-**	**3**
Total 31.12.2023	**4,706**	**87**	**85**	**2,468**	**646**	**161**	**1,382**	**310**	**2,302**	**-**	**-**	**2**

The amounts past due over 90 days and related to Stage 1 and Stage 2 exposures refer to loans that do not meet the definition of non-performing past due (below the materiality threshold).

Regulatory consolidation - On-balance sheet credit exposures with banks: gross and net values

(€ million)

	AMOUNTS AS AT 30.06.2024											
	GROSS EXPOSURE					OVERALL WRITE-DOWNS AND PROVISIONS						
EXPOSURE TYPES/VALUES		STAGE 1	STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS		STAGE 1	STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	NET EXPOSURE	OVERALL PARTIAL WRITE-OFFS(*)
On-balance sheet credit exposures												
A.1 At Sight	**47,039**	**46,900**	**31**	**73**	**33**	**87**	**4**	**-**	**57**	**24**	**46,952**	**-**
a) Non-performing	107	X	-	73	33	82	X	-	57	24	25	-
b) Performing	46,932	46,900	31	X	-	5	4	-	X	-	46,927	-
A.2 Other	**86,147**	**82,723**	**149**	**56**	**-**	**28**	**18**	**1**	**9**	**-**	**86,119**	**-**
a) Bad exposures	4	X	-	4	-	4	X	-	4	-	-	-
of which: forborne exposures	-	*X*	-	-	-	-	*X*	-	-	-	-	-
b) Unlikely to pay	52	X	-	52	-	5	X	-	5	-	47	-
of which: forborne exposures	-	*X*	-	-	-	-	*X*	-	-	-	-	-
c) Non-performing past due	-	X	-	-	-	-	X	-	-	-	-	-
of which: forborne exposures	-	*X*	-	-	-	-	*X*	-	-	-	-	-
d) Performing past due	27	26	1	X	-	-	-	-	X	-	27	-
of which: forborne exposures	-	-	-	*X*	-	-	-	-	*X*	-	-	-
e) Other performing exposures	86,064	82,697	148	X	-	19	18	1	X	-	86,045	-
of which: forborne exposures	-	-	-	*X*	-	-	-	-	*X*	-	-	-
Total A	**133,186**	**129,623**	**180**	**129**	**33**	**115**	**22**	**1**	**66**	**24**	**133,071**	**-**

Note:
(*) Value shown for information purposes.

On-balance sheet exposures to banks include all financial assets regardless of their belonging portfolio (held-for-trading, assets designed and mandatorily at fair value through profit or loss, assets at fair value through other comprehensive income, assets at amortised cost and assets held for sale).

Part E - Information on risks and related hedging policies

Regulatory consolidation - On-balance sheet credit exposures with customers: gross and net values

(€ million)

	AMOUNTS AS AT 30.06.2024											
	GROSS EXPOSURE					OVERALL WRITE-DOWNS AND PROVISIONS						
EXPOSURE TYPES/VALUES		STAGE 1	STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS		STAGE 1	STAGE 2	STAGE 3	PURCHASED OR ORIGINATED CREDIT-IMPAIRED FINANCIAL ASSETS	NET EXPOSURE	OVERALL PARTIAL WRITE-OFFS(*)
On-balance sheet credit exposures												
a) Bad exposures	3,597	X	-	3,583	3	2,359	X	-	2,347	1	1,238	603
of which: forborne exposures	*571*	*X*	-	*559*	*2*	*400*	*X*	-	*388*	*1*	*171*	*10*
b) Unlikely to pay	8,309	X	-	8,185	12	3,418	X	-	3,349	1	4,891	13
of which: forborne exposures	*3,555*	*X*	-	*3,533*	*10*	*1,556*	*X*	-	*1,550*	-	*1,999*	*4*
c) Non-performing past due	777	X	-	772	1	264	X	-	260	-	513	-
of which: forborne exposures	*84*	*X*	-	*84*	-	*14*	*X*	-	*14*	-	*70*	-
d) Performing past due	9,453	5,842	3,610	X	-	466	63	403	X	-	8,987	-
of which: forborne exposures	*772*	-	*771*	*X*	-	*47*	-	*47*	*X*	-	*725*	-
e) Other performing exposures	570,495	501,924	50,901	X	9	4,040	949	3,090	X	-	566,455	-
of which: forborne exposures	*5,462*	*114*	*5,346*	*X*	*1*	*509*	*1*	*508*	*X*	-	*4,953*	-
Total A	**592,631**	**507,766**	**54,511**	**12,540**	**25**	**10,547**	**1,012**	**3,493**	**5,956**	**2**	**582,084**	**616**

Note:
(*) Value shown for information purposes.

On-balance sheet exposures to customers include all financial assets regardless of their belonging portfolio (held-for-trading, assets designed and mandatorily at fair value through profit or loss, assets at fair value through other comprehensive income, assets at amortised cost and assets held for sale).

For a description of the rules for identification of forborne exposures reference is made to the paragraph “4. Commercial renegotiation financial assets and forborne exposures”, Explanatory notes, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.1 Credit risk, Qualitative information.

Distribution and concentration of credit exposures

B.4 Large exposures

	30.06.2024
a) Amount book value (€ million)	273,129
b) Amount weighted value (€ million)	24,050
c) Number	17

In compliance with Art.4.1 39 of Regulation (EU) 575/2013 (CRR), in case of exposures towards a group of connected clients formed by a Central Government and other groups of connected clients, such exposure towards the Central Government is reported for each group of connected clients when remitting regulatory reporting; despite the abovementioned regulatory approach, both the amounts shown in letter a), b), and the number in letter c) in the table above disclose only once the exposure towards the Central Government.
It should be noted that deferred tax assets towards Central Government were considered as fully exempted and, consequently, the weighted amount reported is null. Carrying and weighted amounts also include the indirect exposures towards the issuers of securities used as collateral under reverse repurchase agreement transactions included in master netting agreements, in compliance to EBA Q&A n. 5496.

Other transactions

With reference to the indications of Banca d’Italia/Consob/IVASS document No.6 of 8 March 2013 - Booking of "long-term structured repos" instructions, there are no transactions of this kind to report.

Part E - Information on risks and related hedging policies

Information on structured trading derivatives with customers
The business model governing OTC derivatives trading with customers provides for the centralisation of market risk in Group Client Risk Management, while credit risk is assumed by the Group company which, under the divisional or geographical segmentation model, manages the relevant customer's account.

The Group's operational model provides for customer trading derivatives business to be carried on, as part of each subsidiary's operational independence:
- by the commercial banks and divisions that close transactions in OTC derivatives in order to provide non-institutional clients with products to manage currency, interest-rate and price risks. Under these transactions, the commercial banks transfer their market risks to the Group Client Risk Management by means of equal and opposite contracts, retaining only the relevant counterparty risk. The commercial banks also place or collect orders on behalf of others for investment products with embedded derivatives (e.g., structured bonds);
- by CE and EE banks, which transact business directly with their customers (and possibly manage market risk associated with specific products and/or risk factors).

UniCredit group trades OTC derivatives on a wide range of underlying, e.g., interest rates, currency rates, share prices and indexes, commodities (precious metals, base metals, petroleum and energy materials) and credit rights.

OTC derivatives offer considerable scope for personalisation: new payoff profiles can be constructed by combining several OTC derivatives (for example, a plain vanilla IRS with one or more plain vanilla or exotic options). The risk and the complexity of the structures obtained in this manner depend on the respective characteristics of the components (reference parameters and indexation mechanisms) and the way in which they are combined.

Credit and market risk arising from OTC derivatives business is controlled by the Chief Risk Officer competence line (CRO) in the Parent Company and/or in the Division or subsidiary involved. This control is carried out by means of guidelines and policies covering risk management, measurement and controls in terms of principles, rules and processes, as well as by setting VaR limits.

The business with non-institutional clients does not (usually) entail the use of margin calls, whereas with institutional counterparties recourse may be made to 'credit-risk mitigation' (CRM) techniques, by using netting and/or collateral agreements.

Write-downs and write-backs of derivatives to take account of counterparty risk are determined in line with the procedure used to assess other credit exposure, specifically:
- performing exposure to customers are mapped by deriving EAD (Exposure at Default) with simulation techniques that take into account the Wrong-Way Risk and measured with PD (Probability of Default) and LGD (Loss Given Default) implied by current market default rates obtained from credit & loan-credit default swaps, in order to obtain a value in terms of 'expected loss' (EL) to be used for items designated and measured at fair value maximising the usage of market's inputs;
- non-performing positions are valued in terms of estimated expected future cash flows according to specific indications of impairment (which are the basis for the calculation of the amount and timing of the cash flow).

Here follows the breakdown of balance-sheet asset item "20. Financial assets at fair value through profit or loss: a) financial assets held for trading" and of balance-sheet liability item "20. Financial liabilities held for trading".
For the purpose of the distinction between customers and banking counterparties, the definition contained in Circular 262 of 22 December 2005 of Banca d'Italia and subsequent amendments (which was used for the preparation of the accounts) was used as a reference.
Structured products were defined as derivative contracts that incorporate in the same instrument forms of contracts that generate exposure to several types of risk (with the exception of cross-currency swaps) and/or leverage effects.

Fair values of OTC derivatives managed through Central Clearing counterparts are reported on a net basis. The related reduction of balances is €148,842 million and €150,082 million on trading asset (item "20. Financial assets at fair value through profit or loss: a) financial assets held for trading") and liabilities ("20. Financial liabilities held for trading"), respectively.

The balance of item "20. Financial assets at fair value through profit or loss: a) financial assets held for trading" of the Consolidated accounts with regard to derivative contracts totaled €28,433 million (with a notional value of €3,376,651 million) including €18,946 million with customers. The notional value of derivatives with customers amountqed to €1,800,923 million including €1.795,328 million in plain vanilla (with a fair value of €18,837 million) and €5,595 million in structured derivatives (with a fair value of €109 million).
The notional value of derivatives with banking counterparties totaled €1,575,727 million (fair value of €9,486 million) including €8,150 million relating to structured derivatives (fair value of €76 million).

The balance of item “20. Financial liabilities held for trading” of the Consolidated accounts with regard to derivative contracts totaled €27,274 million (with a notional value of €3,332,485 million) including €17,740 million with customers. The notional value of derivatives with customers amounted to €1,742,555 million including €1,731,965 million in plain vanilla (with a fair value of €17,269 million) and €10,591 million in structured derivatives (with a fair value of €471 million).
The notional value of derivatives with banking counterparties totaled €1,589,930 million (fair value of €9,533 million) including €5,598 million relating to structured derivatives (fair value of €47 million).

Credit risk measurement models
As at 30 June 2024, the expected loss on the credit risk perimeter was 0.41% of total Group credit exposure. The result does not include the exposures which have migrated to default and therefore do not enter in the calculation of expected loss. Besides, since risk measurement systems tend to be anti-cyclical, this may result in a smaller elasticity to the swift changes of the macroeconomic scenario.
As at 31 March 2024[42], the ratio between credit economic capital (including a component to cover migration risk) and its relative credit exposure amount is 1.94%.

2.2 Market risks

Market risk derives from the effect that changes in market variables (interest rates, securities prices, exchange rates, etc.) can cause to the economic value of the Group's portfolio, including the assets held both in the Trading book, as well as those posted in the Banking book, which involve both the operations typical of the commercial banking and in the choice of strategic investments. Market risk management within UniCredit group accordingly includes all the activities relating to cash transactions and capital structure management, both for the Parent Company, as well as for the individual entities of the Group.

From a regulatory perspective, market risk stems from all the positions included in banks' trading book as well as from commodity and foreign exchange risk positions in the whole Balance sheet.
Therefore, the risks subject to market risk capital requirements include but are not limited to:
- default risk, interest rate risk, credit spread risk, equity risk, foreign exchange (FX) risk and commodities risk for trading book instruments;
- FX risk and commodities risk for banking book instruments.

From a managerial perspective, the Group extends the definition of Market Risk to include Fair value through Profit and Loss (i.e., FVtPL) and Other Comprehensive Income (i.e., FVtOCI assets, net of Micro Fair Value Hedges) portfolios, which are therefore monitored and limited through a set of market-risk specific metrics.
Amortised Cost (AC) securities are also included in the scope with the aim to check the consistency with the Investment Plan.

The current organisational model guarantees the ability to steer, coordinate and control the activities of some aggregated risks (so-called Portfolio Risks), through dedicated responsibility centers (Portfolio Risk Managers), completely focused and specialised on such risks, under a Group and inter-divisional perspective.
According to this organisation, the structure at first level of reporting to "Group Risk Management", dedicated to market risk governance is the "Group Financial Risk" department.

Risk management strategies and processes
The Parent Company's Board of Directors lays down strategic guidelines for taking on market risks by calculating capital allocation for the Parent Company and its subsidiaries, depending on risk appetite and value creation objectives in proportion to the risks assumed. The Parent Company has defined Global Rules to manage and control market risk, including strategies and processes to be followed. Market risk strategies are set by the Parent Company at least on an annual basis, in line with the definition of the overall Group Risk appetite and then cascaded to the legal entities. Market risk appetite is also fundamental for the development of the Group's business strategy, ensuring the consistence between the budgeted revenues and the setting of Value-at-Risk limits.

In this context, on an annual basis Market Risk Management function of the Parent Company agrees with the local Market Risk functions possible changes to the Group Market Risk Framework. Changes to the Group Market Risk Framework can include changes to the perimeter for the calculation of managerial market risk metrics and methodological changes in the limit monitoring framework.

For this purpose, Market Risk Management of the Parent Company gathers the information needed to set up the Group Market Risk Strategy for the following year. In particular, Group Market Risk Management receives from the competent function the Group Risk Appetite Framework, which sets, among others, Market Risk KPIs and from local Market Risk functions the list of legal entities (LEs)/Business Lines allowed to assume market risk exposures, the severities of the related limits and the proposals for the review of market risk levels.

42 Latest available data.

Part E - Information on risks and related hedging policies

Based on these inputs, the Group Market Risk strategy is defined including the following information:
- the proposed Market Risk Takers Map;
- limits and Warning Levels (WLs) proposal in accordance with the proposed Market Risk Takers Map;
- any change occurred to the risk limit framework compared to the previous year;
- overview on the macroeconomic scenario and related risks for the Group;
- Market Risk RAF KPIs;
- the business strategy and key initiatives to support the limit proposal.

After that all the Group relevant Bodies have approved the Group Market Risk Strategy and given the relevant NBOs for local market risk limits, the approval is communicated to the local functions.

In terms of monitoring, the LEs carry out periodical activities (e.g., daily monitoring of VaR, weekly monitoring of Regulatory VaR, IRC and SVaR, monthly monitoring of Stress Test Warning Level) under the coordination of the Parent Company Market Risk Management function and the breaches are timely escalated locally to Senior Management and to the Parent Company.

Ultimately, it has to be highlighted that detailed Global Rules on market risk strategy definition, limits setting, monitoring, escalation and reporting activities are in place and applied at Group level.

Trading Book

In accordance with the Capital Requirements Regulation, and as defined in the current policy "Group Market Risk Governance Guidelines", the Trading book is defined as all positions in financial instruments and commodities held either with trading intent, or in order to hedge positions held with trading intent.
Books held with trading intent are composed of:
- positions arising from client servicing and market making;
- positions intended to be resold in the short term;
- positions intended to benefit from actual or expected short-term price differences between buying and selling prices or from other price or interest rate variations.

In addition, Trading book may include internal or intra-group hedging derivatives transferring risk from Banking book into Trading book, entitled to manage the relevant risk and having access to the derivatives market.
The essential requirement for the Regulatory Trading book assignment is a clear "trading intent", as defined above, which the trader has to commit to and has to confirm on an ongoing basis. Additionally, the so called "tradability", "marketability" and "hedge-ability" requirements have to be assessed in order to evaluate the appropriateness for the Trading book assignment:
- tradability refers to positions free of restrictions on their tradability and coherently reflected within the "Trader Mandate" of the risk taker;
- marketability refers to the positions for which a reliable Fair Value can be evaluated based to the largest extent on independently verified observable market parameters;
- hedge-ability refers to positions for which a hedge could be put in place. The hedge-ability is meant to concern the "material" risks of a position which implies not necessarily that all the various risk features are to be hedge-able.

When opening a new book, the book manager makes the proposal whether the book should be managed as a Trading book, or a Banking book based on the planned trading activity. This has to be in line with the bank's internal rules and criteria for the assignment to either Trading book or Banking book. The book manager is required to clearly declare the trading intent and therefore to explain the business strategy behind the request for the Regulatory Trading assignment. The book manager is then responsible for all the positions held in his book and the eligibility criteria are expected to be fulfilled on an ongoing basis.
Concerning the monitoring phase, to demonstrate adequate trading intent, the following minimum criteria must be fulfilled at book level and are checked at least on a quarterly basis:
- minimum of 5 trades during the past 90 trading days;
- minimum of 5% of the volume of each book traded during the past 90 trading days with reference to the last day of the period.

In case a breach of the trading intent criteria, the possibility to re-classify the book must be assessed.

With reference to the methodology used to ensure that the policies and procedures implemented for the management of the Trading book are appropriate, first of all it has to be noted that any new/updated regulation has to be preliminary shared with the main impacted functions/legal entities in order to collect their feedback. The competent Group function also assesses the compliance risks with reference to the regulations falling within its direct scope of competence. In addition, before the issuance, the owner of the rule submits to the competent body/function for the approval.

Part E - Information on risks and related hedging policies

The financial instruments (an asset or a liability, cash, or derivative) held by the Group are exposed to changes over time driven by moves of market risk factors. The market risk factors are classified in the following five standard market risk asset classes:
- Credit risk: the risk that the value of the instrument decreases due to credit spreads changes, issuer correlation and recovery rates;
- Equity risk: the risk that the value of the instrument decreases due to increase/decrease of index/stock prices, equity volatilities, implied correlation;
- Interest rate risk: the risk that the value of the instrument decreases due to interest rates changes, basis risk, interest rates volatility;
- Currency risk: the risk that the value of the instrument decreases due to foreign exchange rates changes, foreign exchange rates volatility;
- Commodity risk: the risk that the value of the instrument decreases due to changes of the commodity prices, for example gold, crude oil, commodity prices volatility.

Market risk in UniCredit group is measured and limited mainly through two sets of metrics: Broad Market Risk measures and Granular Market Risk measures:
- **Broad market risk measures**: these measures are meant to set a boundary to the regulatory capital absorption and to the economic loss accepted for FVtOCI and/or FVtPL exposures. Limitations on Broad Market Risk measures must be reviewed at least annually in the context of the drafting of the Group and Local Market Risk Strategies and must be consistent with assigned budget of revenues, the defined risk-taking capacity (ICAAP process) and Group Risk Appetite KPIs. The set of all limitations on Broad Market Risk measures assigned to a specific market risk taker must be consistent with each other.

The consistency must be checked whenever a level for a Broad Market Risk Measure is defined. The legal entity Market Risk Function needs to provide evidence of such consistency when required. Broad Market Risk measures are:
  - Value at Risk (VaR), the potential 1-day loss in value of a portfolio for a 99% single-tail confidence interval; calculated through historical simulation in full revaluation using the last 250 equally weighted daily observations;
  - Stressed VaR (SVaR), the VaR of a portfolio calculated using a 250-day period of significant financial stress;
  - Incremental Risk Charge (IRC), the amount of regulatory capital aimed at addressing the credit shortcomings (migration and default risks) that can affect a portfolio in one year at a 99.9% confidence level;
  - 60 days PL, set as the 60 calendar days rolling period Accumulated Economic P&L without resetting at year end; the limitation on this metrics is called Loss Warning Level (LWL);
  - Worst Stress test result, defined as the worst conditional loss on a given portfolio resulting from the application of a predefined set of scenarios; the limitation on this metrics is called Stress Test Warning Level (STWL); for all STWL included in the Market Risk Taker Maps, Parent Company monitoring is based on the set of scenarios defined in the Group Market Risk Strategy; legal entities are allowed to add specific scenarios for local monitoring purposes.

The Group has undertaken a progressive review of Market Risk measure scope and, starting from 2019, Warning Levels for 60 days PL and Worst Stress test result have been defined on FVtPL and FVtOCI perimeters.
- **Granular market risk measures**: these measures allow a more detailed and stringent control of risk exposures than Broad Market Risk measures. Limitations on Granular Market Risk measures (so-called Granular Market Limits, GMLs) are specific limits to individual risk factors or group of risk factors:
  - sensitivity levels, which represent the change in the market value of a financial instrument due to small moves of the relevant market risk asset classes/factors. Among others, and not limited to, particularly relevant considering the asset and liability structure of the commercial bank are the Basis Point Value Sensitivity, that measures the change in the present value of the interest rate sensitive positions resulting from a 1 bp parallel shift to interest rate, and the Credit Point Value Sensitivity, that measure the change in the present value of the credit risk sensitive positions resulting from a 1 bp parallel shift to credit spread (per issuer, rating or industry);
  - stress scenario levels, which represent the change in the market value of a financial instrument due to large moves of the relevant market risk asset classes/factors;
  - nominal levels, which are based on the notional value of the exposure.

The main objectives of Granular Market Limits are:
  - supporting the management of market risk;
  - ensuring desk's focus to exposure under their mandate;
  - restricting risk concentration, i.e., preventing the build-up of positions that, although consistent with allocated VaR limits, could become unmanageable in case of turmoil or in case of reduced market liquidity;
  - complementing VaR when it does not cover sufficiently a specific risk factor;
  - facilitating interaction with traders, who manage their books according to sensitivities or scenario analysis;
  - limiting P&L volatility due to a specific risk factor;
  - complementing the compliance framework (e.g., Volcker rule and the German Trennbanken act).

The Granular Market Limits must be consistent with limitations on Broad Market Risk measures.

To cover also Amortised Cost securities, the Market Risk Strategy defines notional and CPV granular limits on Regulatory Banking book perimeter. This ensures the monitoring of Credit spread risk in the Banking book, which originates mainly from government bond portfolios held for liquidity purposes. The main credit spread exposure relates to Italian sovereign risk in the Italian perimeter.

As for Banking book FX risk, the FX Management & Control Global Policy in force requires every legal entity to setup local processes and controls to transfer the transactional exchange risk exposures to one single unit, generally in the Treasury department, mandated to manage the open exposure within the allotted limits and the general market risk appetite.

Finally, the Group is exposed to FX risk in relation to the holding of subsidiaries, associates and joint ventures presenting their financial statements in currencies different than EUR (Structural FX Risk). To limit the impacts of the FX rates movements on the Capital ratios volatility, a RAF KPI on Structural FX risk is set at Group level to identify an appropriate level of risk the Group is willing to maintain and thresholds that in case of breaches require the activation of the proper escalation mechanisms. Group risk management strategy could envisage the steering of the FX risk exposure in the LEs or the booking in the Holding of positions deliberately taken to hedge the Total capital ratio from FX volatility. On a yearly basis, this strategy is presented to the relevant Group committees and approved by the BoD. The potential losses deriving from the implemented strategy is limited through the market risk metrics. The general policy is to hedge the foreign currency exposures from dividends and contributions to consolidate profit (loss) considering hedging cost and market circumstances. The FX exposure is hedged using forwards and options. This general rule is valid for the Parent Company. The hedge strategy is reviewed by the relevant risk committees on a regular basis.

Banking Book

The main components of market risk in the Banking book are: credit spread risk, FX risk and interest rate risk.

As for the first two components (Credit Spread risk and exchange rate risk), please refer to what is reported in this paragraph in the Trading Portfolio section.

With regards to the third component (interest rate risk), the exposure is measured and monitored as defined in the RAF framework in terms of sensitivity of the economic value and of the net interest income.

The Group Financial and Credit Risk Committee (GFRC) is responsible for the definition of the interest rate risk strategy for the strategic position of the banking book, including the strategic management of the capital and structural gap between non-interest rate sensitive assets and liabilities.

The main objective of the interest rate management in the banking book is the reduction of the adverse impacts on net interest income due to interest rate volatility in a multiyear horizon, in order to achieve a flow of earnings and a return on capital coherent with the strategic plan. The strategy does not imply any intended directional or discretionary positioning to generate additional earnings, unless approved by the relevant bodies and separately monitored. The only exception is for those functions authorized to carry interest rates positions within an approved level of limitations from the relevant risk committees.
The Treasury functions manage the interest rate risk deriving from commercial transactions maintaining the exposure within the limits set by the relevant risk committees and optimizing the natural hedging opportunities between assets and liabilities. Exposure is measured and monitored daily by the risk management functions.
The interest rate management strategy takes also into account the main impacts from clients' behaviour, which may impact on the value of interest margins or on the economic value of the banking book. Such are for instance the loans prepayment and the stability of sight deposits.

The prepayment risk is managed through the adaptation of the contractual profile on the basis of behaviour of clients inferred from historical data, where relevant across the Group.

The stability of sight deposits is assessed by means of an internal model that estimates the stable volume and non-sensitive interest rate portion of it ("Core deposits").

Hedging strategy for core deposits is proposed by Finance and approved by GFRC. Such strategy aims to stabilise the NII over time within IRRBB RAF framework; a prudential stance is kept in determining the volume and duration of the hedging strategy to limit over-hedging risk.

Part E - Information on risks and related hedging policies

Structure and organisation
The Group Financial Risk department is responsible, at Group level, for the definition of the strategies of financial risk management of the Group to be submitted to the competent functions/Bodies (i.e., liquidity risk, Balance sheet interest rate risk, market risk and counterpart risk), ensuring that the control of the risks in charge of the UniCredit S.p.A. Foreign Branches are monitored and reported to the Group Chief Risk Officer and to the Top Management. In addition, the structure governs the Group activities aimed to ensure the independent control of the prices and of the Front Office relevant parameters, for the fair value calculation.
Finally, the structure is directly responsible for the approval and the oversight of the internal rule revision plan proposed by the Group Financial Risk structure in charge of it.

The structure breaks down as follows:

GROUP FINANCIAL RISK

- "**Valuation Models and Methodologies & Market Risk Management**", responsible for developing and maintaining Group methodologies, models, and architectures regarding financial risks and for providing adequate evaluation of financial instruments of banking and trading book. In addition, it is responsible for governing and controlling market risk either at Group and UniCredit S.p.A. level.
- "**Structured Entities and Counterparty Credit Risks**", responsible for governing and controlling either at Group level and UniCredit S.p.A. level (with the inclusion of the Foreign Branches) and of the Regional Center Italy (when applicable), structured entities risks and counterparty risks.
- "**Liquidity and Interest Rate Risk Management**", responsible for governing and controlling the liquidity risk and balance sheet interest rate risk, either at Group level and UniCredit S.p.A. level (including the Foreign Branches) and the Country Italy (when applicable).

The relevant Committees of reference are:
- Group Financial and Credit Risks Committee (GFRC) - Market Risk session;
- Group Executive Committee (GEC) - Risk Session.

The "Group Financial and Credit Risks Committee (GFRC) - Market Risk session" meets monthly and is responsible for approving strategies, policies and methodologies for Market Risks and for the monitoring of risks, with the aim to optimize the usage of financial resources (e.g., capital) in coherence with Risk Appetite and Business Strategies. It is also responsible for evaluating the impact of transactions significantly affecting the overall market risk portfolio profile.

The "Group Executive Committee (GEC) - Risk Session" which has approval as well as consulting and proposal functions, meets monthly and aims at supporting the CEO in its role of steering, coordinating and monitoring all categories of risks (included compliance risk), managing and overseeing the internal control system also at a Group level, as well as discussing and approving strategic risk topics such as Group Risk Appetite Framework, ICAAP, ILAAP, SREP, key highlights from Internal Control Systems, NPE, ESG.

The Parent Company's governing bodies delegate to the Group Financial and Credit Risk Committee (GFRC) the development of detailed internal regulations with the goal of establishing an integrated and consistent IRRBB management framework within the Group with the goal of facilitating an effective decision-making process and governance.
Local relevant committee of the liquidity reference banks (LRBs) or Legal Entities (LEs) (in accordance with local rules in force), within the scope of their responsibilities and delegated powers, are responsible for implementing the IRRBB management framework established by GFRC, also considering the peculiarities of each LRB or LEs and given the guidelines and indications of their respective governing bodies (both those responsible for strategic supervision and management).
The GFRC is also responsible for the Group-wide monitoring of IRR within the broader perspective of market risk. Having regard to the overall operations and risk exposures of the Group, it involves the Group Executive Committee (GEC) within its responsibilities and delegated powers.

The committee's involvement in interest rate risk management includes:
- the initial approval and fundamental modifications for the measurement and control system of Banking book interest rate risks with the support of internal validation function (where necessary);
- the optimization of the Group profile for Banking book interest rate risk;
- the definition of the operational strategies of Balance sheet (e.g., replicating portfolio).

Part E - Information on risks and related hedging policies

Risk measurement and reporting systems

Trading Book

UniCredit group continued to improve and consolidate market risk models to properly measure, represent and control the Group risk profile, reflecting these changes in the reporting activity. As regards market risk measurements, further details can be reported in paragraph "Internal Model for Price, Interest Rate and Exchange Rate Risk of the Regulatory Trading book", while for both monthly and daily reporting process, Global Process Regulation are periodically updated.
Within the organisational context described above, the policy implemented by UniCredit group within the scope of market risk management is aimed at gradually adopting and using common principles, rules and processes in terms of appetite for risk, limit calculations, model development, pricing and risk model scrutiny.
The Group Financial Risk department is specifically required to ensure that principles, rules, and processes are in line with industry best practice and consistent with standards and uses in the various countries in which they are applied.
The main tool used by UniCredit group to measure market risk on trading positions is Value at Risk (VaR), calculated using the historical simulation method. Further details on risk valuation models are included in the following chapter.
Group Financial Risk defines market risk reporting standards, both in terms of contents and recurrence, and provides timely information to the Senior Management and regulators regarding the market risk profile at consolidated level.
In addition to VaR and Basel 2 risk measures, stress tests represent an important risk management tool that provides UniCredit with an indication of how much capital might be needed to absorb losses in case of large financial shocks. Stress testing forms an integral part of the Internal Capital Adequacy Assessment Process (ICAAP), which requires UniCredit to undertake rigorous, forward-looking stress testing that identifies possible events or changes in market conditions that could adversely impact on the bank.

Banking Book

The primary responsibility of the monitoring and control of the risk management for market risk in the Banking book lies in the bank's competent bodies. For instance, the Parent company is responsible for the process of monitoring the market risks on the Banking book at consolidated level. As such, it defines structure, data, and frequency of the necessary Group reporting.

The Banking book interest rate risk measure covers both the economic value and net interest income risk aspects. In particular, these two perspectives are complementary and involve:
- Economic Value: variations in interest rates can affect the economic value of assets and liabilities. The economic value of the bank can be viewed as the present value of the bank's expected net cash flows, defined as the expected cash flows on assets minus the expected cash flows on liabilities; a relevant risk measure from this perspective is the economic value sensitivity per time bucket for a 1 bp rate shock. This measure is reported to the relevant committees to assess the economic value impact of possible changes in the yield curve. In addition, the economic value sensitivity is computed also for the regulatory scenarios ("Supervisory Outlier Test" described in EBA/GL/2022/14);
- Net Interest Income: the focus of the analysis is the impact of changes of interest rates on Net Interest Income. An example of a measure of risks used is Net Interest Income sensitivity for a 100 bps parallel shock of rates. This measure is reported to the competent committees to the end of evaluating its impact on the interest income over the next 12 months. Additional stress test scenarios are performed and monitored including basis risk and non-parallel shocks with hypothesis of increase or decrease of interest rates levels under constant Balance sheet assumption.

As for other sources of market risk, such as Credit Spread risk and FX risk, please refer to the information in the paragraph Risk management strategies and processes, relating to the Trading Book section.

Hedging policies and risk mitigation

Trading Book

The mitigation of Trading book risk is performed through the Market Risk Strategy, where broad and granular Limits are defined. The effective limit utilization is provided to "Group Financial and Credit Risks Committee" (through the Market Risk Overview report) and related breaches are escalated to the competent body, according to the severity assigned by the Market Risk Strategy. The escalation process is ruled by the Global Policy "Group Market Risk Governance Guidelines" which defines the nature of the various thresholds/limits applied, as well as the relevant bodies to be involved establishing the most appropriate course of action to restore exposure within the approved limits.
A set of risk indicators is also provided to the Group Executive Committee (and subsequently to the Internal Control & Risk Committee and to the Board of Directors) on a quarterly basis through the Group Risk Appetite Framework (RAF) and Integrated Risk Report (IRR).
If required, focus is provided to relevant committees on the activity of a specific business line/desk to ensure the highest level of understanding and discussion of the risks in certain areas which are deemed to deserve particular attention.

Part E - Information on risks and related hedging policies

Banking Book
On a regular basis, at least quarterly, the relevant IRR exposure, complemented by the analysis of the compliance to the limits, must be reported to Management bodies and internal committees. As a general principle, the compliance to the limits must be reported to Boards and committees depending on their role in limit setting and it is proportionate to the severity hierarchy.
The Group Financial and Credit Risk Committee (GFRC) must be subject to reporting with respect to RAF KPIs and Overall Group and LRB Granular Limits and Triggers with the same frequency of the committee's meetings. The same reporting process must be implemented within LRBs with respect to Local relevant committees (in accordance with local rules in force).
Breaches of limits and warning levels are reported, upon occurrence, to the relevant bodies. Consequently, the escalation process is activated in line with the procedures set in relative Policy, to establish the most appropriate course of action to restore exposure within the approved limits.
The execution of structural hedges to mitigate the interest rate risk exposure on client business is responsibility of the treasury functions. The strategic transactions in the Banking book are managed by the Asset and Liability Management department, ALM.

Internal model for price, interest rate and exchange rate risk of the regulatory trading book
The current Market Risk internal model is based on Value-at-Risk (VaR) framework, integrated with other risk measures: incremental risk capital charge (IRC) and stressed Value-at-Risk (SVaR) aimed at reducing the pro-cyclicality of the minimum capital requirements for market risk, in line with the European directives in force.
All the regulatory requirements in the contest of Market Risk have been addressed via internal development of the necessary model and IT infrastructure as opposed to the external acquisition of ready-made solutions.
This enabled UniCredit to craft solutions that in many aspects can be considered on the sophisticated end of the spectrum of practices that can be found in the industry. In this respect one distinctive feature of the market (and counterparty) risk frameworks implemented in UniCredit group is the full revaluation approach employing the same pricing libraries used in the Front Office.
UniCredit group calculates both VaR and SVaR for market risk on trading positions using the historical simulation method.
Under the historical simulation method positions are revaluated (in full revaluation approach) based on trends in market prices over an appropriate observation period. The empirical distribution of profits/losses deriving therefrom is analysed to determine the effect of extreme market movements on the portfolios.
For a given portfolio, probability and time horizon, VaR is defined as a threshold value so that the probability that the mark-to-market loss on the portfolio, over the given time horizon, not exceeding this value (assuming no trading in the portfolio) has the given confidence level. Current configuration of the internal model defines VaR at a 99% confidence level on the 1-day P&L distribution obtained from equally weighted historical scenarios covering the last 250 days.
Historical scenarios are built relying on proportional shocks for Equities and FX rates, and on absolute shocks for Interest Rates and Credit Spreads. UniCredit VaR Model simulates all the risk factors, both referring to general and specific risk, thus providing diversification in a straightforward approach. The model is recalibrated daily. The use of a 1-day time horizon makes the immediate comparison with realised profits/losses possible and such comparison is the core of the back-testing exercise.

The VaR measure identifies a consistent measure across all the portfolios and products, since it:
- allows a comparison of risk among different businesses;
- provides a means of aggregating and netting position within a portfolio to reflect correlation and offset between different assets classes;
- facilitates comparisons of market risk both over time and against daily results.

Although a valuable guide to risk, VaR should always be viewed within its limitations:
- historical simulation relies on past occurrences to forecast potential losses. In case of extreme shifts this might not be appropriate;
- the length of the time window used to generate the forecasted distribution will necessarily embed a trade-off between the responsiveness of the metric to recent market evolutions (short window) and the spectrum of scenarios that will embed (long window);
- assuming a constant one/ten-day horizon there is no discrimination between different risk-factor liquidity.

Stressed VaR calculation is based on the very same methodology and architecture of the VaR, and it is analogously calculated with a 99% confidence level and 1-day time horizon on a weekly basis, but over a stressed observation period of 250 days. The chosen historical period identifies the 1-year observation window which produces the highest resulting measure for the current portfolio.
Stress windows are recalibrated monthly and are tailored to the portfolio of each legal entity of the Group subject to the internal model, plus the Group itself that is relevant for RWEA calculation on a consolidated level. The SVaR window for UniCredit Bank GmbH and UniCredit Bank Austria AG is the "Lehman Crisis" period (2008-2009), while for UniCredit S.p.A. at solo level and Group level is the "Financial Sector Turmoil" period (2022-2023). The 10-day capital requirement is however obtained by extending the 1-day risk measure to the 10-day horizon taking the maximum of the square root of time scaling and a convolution approach that turns the one-day distribution into a 10-day distribution for both the VaR and the Stressed VaR. The 1-day measures are instead actively used for market risk management.

Part E - Information on risks and related hedging policies

In order to validate the consistency of VaR internal models used in calculating capital requirements on market risks, back-testing is performed by comparing the internal model risk estimates with the portfolio profit and loss, to check if the 99% of the trading outcomes is covered by the 99th percentile of the risk measures.
The test is based on the last twelve months data (250 daily observations). In case the number of exceptions in the previous year exceeds what forecasted by the confidence level assumed, a careful revision of model parameters and assumptions is initiated. Market, Operational & Pillar II Risks Validation performed the periodic validation of the VaR/SVaR framework to assess the compliance with regulatory requirements including an independent back-testing analysis complemented with different parameterisations and detailing the results for a set of representative portfolios of the Bank.

The IRC capital charge captures default risk as well as migration risk for un-securitised credit products held in the Trading book. The internally developed model simulates via multivariate version of a Merton-type model the rating migration events of all the issuers relevant to the Group trading positions over a capital horizon of one year. The transition probabilities and the sector correlations are historically calibrated, while idiosyncratic correlations are derived from the IRB correlation formula. Simulated migration events are turned into credit spread scenarios while default events are associated to a simulated recovery rate. In doing so a constant position assumption is employed and products are conservatively all attributed a common liquidity horizon of 1 year.
In each scenario all the relevant product inventory is revaluated under such spread and default events producing a simulated profit or loss (P&L) that fully reflects convexity, basis risk, portfolio effects and portfolio concentration risks. In this way a high number of paths Monte Carlo simulation generates a P&L distribution for the Group (and each leaf of its portfolio tree).
IRC is defined as the 99.9 percentile of such loss distribution.
Additional capital charge for securitisations and credit products not covered by IRC is evaluated through the standardised approach.

The following table summarises the main characteristics of the different measures that define the capital requirement for market risk in UniCredit.

MEASURE	RISK TYPE	HORIZON	QUANTILE	SIMULATION	CALIBRATION
VaR	All Market Risk Factors	10d	99%	Historical	1Y window, equally weighted
SVaR	All Market Risk Factors	10d	99%	Historical	1Y window, equally weighted
IRC	Rating Migration & Default	1Y	99.9%	Monte Carlo	Through-the-cycle (min 8Y)

The IRC Model is subject to a quarterly program of Stress tests aimed at evaluating the robustness of the model. The relevant parameters as Recovery Rates, Transition Probabilities, idiosyncratic correlation, Credit Spread shocks are stressed and the impact on the IRC measure is computed.

“Market, Operational & Pillar II Risks Validation” performed its analyses to evaluate the conceptual soundness of the IRC model, to supplement the available analyses on that topic and to ensure the compliance of the resulting risk management environment with all the relevant regulatory requirements and internal standards. As already remarked by the regulation, traditional back-testing procedures, regarding the 99.9% one-year soundness standard for IRC, are not applicable due to the 1-year time horizon of the measure.
Consequently, while validation of the IRC model relied heavily on indirect methods (including stress tests, sensitivity analysis and scenario analysis) in order to assess the qualitative and quantitative reasonableness of the model, special focus has indeed been given to the specific situation of UniCredit portfolios.

“Market, Operational & Pillar II Risks Validation” Unit kept the scope of their analyses as wide as possible in order to comprise the many diverse issues that are acting concurrently in such a model (general model design, regulatory compliance, numerical implementation, outcomes explanation). Market, Operational & Pillar II Risks Validation performed a full spectrum of validation analyses on the IRC measure calculation using its internal replica libraries. The replica allows a simple verification of the results provided by the productive environment, and in addition opens the door to a more dynamical and tailored implementation of the needed tests. The spectrum of analysis encompassed Monte Carlo stability, correlation analysis and stressing, assessment on portfolio concentration, calculation of parameters sensitivity, marginal contribution analysis, alternative models’ comparisons. All major parameters were tested, i.e., correlation matrices, transition probabilities matrices, transition shocks, recovery rates, probabilities of default, number of scenarios.
To understand the overall performance of the model in replicating the real-world migration and default phenomena, Market, Operational & Pillar II Risks Validation also performed a historical performance exercise comparing the migrations and defaults predicted by UniCredit IRC model with the ones actually observed since 1981 (due to data availability).

Banca d’Italia authorised UniCredit group to use internal models for the calculation of capital requirements for market risk. As of today, the Group legal entities within CEE countries are the ones that are mainly using the standardised approach for calculating capital requirements relating to trading positions. However, the VaR measure is used for the management of market risk in the abovementioned entities.

For Trading book VaR the bank differentiates between regulatory and managerial views. The managerial measure is used for Risk monitoring and Business steering purposes as prescribed by Market Risk Framework: in particular VaR limits represent the main metric translating the Risk Appetite into the Market Risk framework.

Part E - Information on risks and related hedging policies

The managerial VaR has a wider scope: it is used to monitor both Trading book and Banking book perimeter (specifically FVtPL and FVtOCI positions), also including legal entities for which the standardised measurement method is applied for Regulatory purposes, in order to have a complete picture of risk through PL and capital.
Furthermore, the exposure coming from hedges of the XVA sensitivities is excluded from managerial VaR monitoring but included in the Regulatory VaR limits in order to allow a proper steering of Market Risk RWEA; additionally, respective sensitivities are closely monitored against XVA risk.

The standardised measurement method is also applied to the calculation of capital covering the risk of holding Banking book exposure in foreign currencies for UniCredit S.p.A., which does not have an approval for FX Risk simulation under Internal Model. In this respect the FX risk for both Trading and the Banking book is included in VaR and SVaR for Regulatory purposes as for the approved legal entities (UniCredit Bank GmbH and UniCredit Bank Austria AG); as regards the managerial view the FX Risk of Banking book is included in the Overall (Trading book and Banking book) VaR. UniCredit Internal Model Approach includes the Risk Not In Model Engine framework, that provides an estimate on the completeness of the risk factors included in VaR, SVaR and IRC. Although RNIME program shows that UniCredit IMA captures adequately the material price risks, since fourth quarter 2019 UniCredit computes via Stress Test a prudential capital add-on.
To sum up, the Internal Model approach is used for Regulatory purposes for UniCredit S.p.A., UniCredit Bank GmbH, UniCredit Bank Austria AG, and UniCredit Bank Austria sub-group, while it is used for all legal entities (including CEE countries) for managerial purposes.

Finally Trading portfolios are subject to Stress tests according to a wide range of simple and complex scenarios. Simple scenarios which envisage the shock of single asset classes, are defined in the context of Interest Rate Risk/Price Risk/Exchange Rate Risk/Credit Spread Risk Sensitivity. Complex scenarios apply simultaneous changes on several risk factors. Both simple and complex scenarios are applied to the whole Trading book. Detailed descriptions are included in the paragraph on the Stress test.

Stress tests results are calculated in the Group Market Risk system, thus ensuring a common methodological approach across the Group. Results are calculated applying a full revaluation approach meaning that all positions are revalued under stressed conditions; no ad hoc models or pricing functions are applied for stress testing.

According to national regulations, some relevant scenarios are also a matter of regulatory reporting on a quarterly basis.
In addition, a set of scenarios is run monthly on overall Group perimeter, thus covering both Trading and Banking book positions. Results are discussed monthly in Market Risk Stress Test Open Forum involving Market Risk function’s representatives of all the legal entities and Business’ representatives.
Results are analysed in depth in the monthly report “Monthly Overview on Market Stress Test”.
Stress test Warning levels Usage is monitored monthly. More details on Warning Levels and Strategy are given in the previous paragraph Risk management strategies and processes.

VaR, SVaR and IRC
Diversified VaR, SVaR and IRC are calculated considering the diversification arising from positions taken by different entities within the I-mod perimeter (i.e., for which the use of the internal model for the risk calculation is approved). VaR is however in place for all the Legal Entities and its value is reported in Managerial VaR section for information purpose.
The VaR reduction observed in the second quarter of 2024 is mainly driven by client driven activities affecting several asset classes in the Trading book of UniCredit Bank GmbH.
The SVaR decrease occurred in the first quarter of 2024 is mainly due to changed exposure towards Republic of Italy in the Trading book of UniCredit S.p.A.
The IRC decreasing trend observed in the first half of 2024 is mainly driven portfolio changes in the Trading book of UniCredit Bank GmbH and changed exposure towards Republic of Italy in the Trading book of UniCredit S.p.A.

Risk on trading book

Daily VaR on Regulatory Trading book (*)

(€ million)

		2024				2023
I-MOD PERIMETER	27 JUNE 2024	AVERAGE LAST 60 DAYS	AVERAGE	MAX	MIN	AVERAGE
Diversified UniCredit group	5.7	5.9	6.3	9.3	4.1	8.3

Part E - Information on risks and related hedging policies

Risk on trading book

SVaR on Regulatory Trading Book (*)

(€ million)

			2024			2023
I-MOD PERIMETER	27 JUNE 2024	AVERAGE LAST 12 WEEKS	AVERAGE	MAX	MIN	AVERAGE
Diversified UniCredit group	11.6	11.4	11.3	15.9	7.3	13.4

Risk on trading book

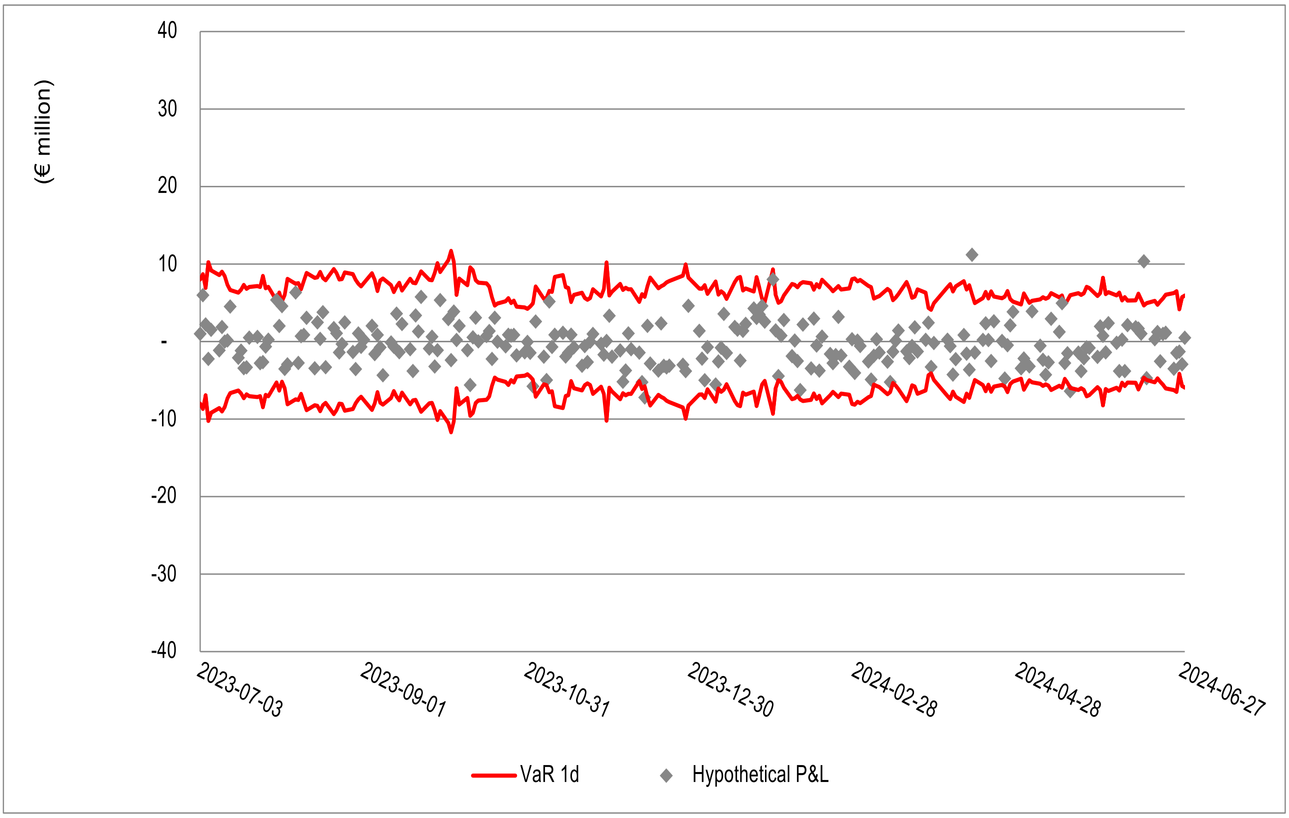
IRC on Regulatory Trading Book (*)

(€ million)

			2024			2023
I-MOD PERIMETER	27 JUNE 2024	AVERAGE LAST 12 WEEKS	AVERAGE	MAX	MIN	AVERAGE
Diversified UniCredit group	57.9	52.9	65.2	112.6	40.7	95.2

Note:
(*) End of month for Regulatory risk metrics refers to last Thursday of the month, differently from managerial metrics

EU MR4 Comparison of VaR estimates with gain/losses
The following graph shows back-testing results referred to the market risk on the Trading book, in which VaR results for the last twelve months are compared to the hypothetical "profit and loss" results for Group (I-Mod Perimeter).
During the first half of 2024, two overdrafts occurred at UniCredit group level:
- 17/05/2024 (hypothetical): the VaR overshooting is mainly driven by adverse equity price movements in UniCredit S.p.A and UniCredit Bank GmbH;
- 27/06/2024 (actual): the VaR overshooting is mainly driven by a regular update of Fair Value Adjustments (FVA) for UniCredit Bank GmbH, mainly related to the adverse evolution of Close-Out-Costs Adjustment and Model Risk Adjustment.



Part E - Information on risks and related hedging policies

Managerial VaR

Below are reported the Managerial Diversified Trading book VaR as of end of June 2024 at Group and Regional Centre levels and the Undiversified Trading book VaR at Group level, calculated as sum of the values of all Legal Entities (without considering diversification benefit). Difference with Regulatory Trading book was described above.

Daily VaR on Managerial Trading Book

(€ million)

TRADING BOOK	28 JUNE 2024
Diversified UniCredit group as per internal model	**8.1**
Germany	4.1
Italy	7.1
Central Europe	0.9
Austria	0.1
Czech Republic	0.9
Hungary	0.1
Slovenia	0.0
Eastern Europe	0.5
Bosnia	0.0
Bulgaria	0.1
Croatia	0.0
Romania	0.4
Russia	0.5
Serbia	0.4
Undiversified UniCredit group	**13.6**

Marginal Regulatory VaR

The table below provides a breakdown of 10-days VaR figure (i.e., referred to a 10-days' time horizon) according to the different market risks (debt, equity, FX, commodities) and its evolution during the year, in the form of template C24 of COREP.

Risk on Trading book by instruments classes

10-days VaR on Regulatory Trading book

(€ million)

	2024		2023
	Q1	Q2	Q4
Traded Debt Instruments	20.2	17.7	19.0
TDI - General Risk	22.6	18.1	18.9
TDI - Specific Risk	8.6	5.0	11.0
Equities	15.6	13.2	10.0
Equities - General Risk	-	-	-
Equities - Specific Risk	15.6	13.2	10.0
Foreign Exchange Risk	3.0	3.1	3.8
Commodities Risk	2.6	4.5	5.0
Total Amount For General Risk	**23.5**	**18.6**	**19.8**
Total Amount For Specific Risk	**17.4**	**12.1**	**13.4**

The VaR reduction observed in the second quarter of 2024 is mainly driven by client driven activities affecting several asset classes in the Trading book of UniCredit Bank GmbH.

CVA

The CVA charge data values for the Trading book for the Group are reported below (as sum of the individual legal entities charges since the diversification benefit is not considered). The charge accounts for the credit-spread volatility affecting regulatory CVA. It consists of a VaR figure computed over the current window (CVA VaR) and a VaR figure computed over a stressed window (CVA SVaR).

For exposures not covered by the CCR Internal model (used to calculate CVA exposure profiles) the standardised approach (SA) is used. The mitigation of the XVA exposure across UniCredit group is managed by a dedicated CVA Desk, whose mandate is to provide a centralised Front Office service function with the responsibility for XVA pricing & exposure management for OTC derivatives. The CVA Desk actively hedges the exposure to risk factors within the prescribed limit framework in UniCredit S.p.A., UniCredit Bank GmbH and UniCredit Bank Austria AG.

Overall CVA RWEA remained relatively stable with respect the first quarter of 2024.

Part E - Information on risks and related hedging policies

CVA Regulatory Capital Charge

(€ million)

	2024		2023
	Q1	Q2	Q4
CVA	82.1	83.1	83.3
CVA VaR	11.6	9.8	13.3
CVA SVaR	37.5	43.0	35.1
CVA SA	33.0	30.4	34.9

2.2.1 Interest rate risk and price risk - Regulatory trading book

Qualitative information

Interest rate risk

A. General aspects
Interest rate risk arises from financial positions taken by Group specialist centres holding assigned market risk limits within certain levels of discretion. Regardless of use of the internal models in calculating capital requirements on market risks, risk positions in the Group are monitored and subject to limits assigned to the portfolios on the basis of managerial responsibilities and not purely on regulatory criteria.

B. Risk management processes and measurement methods
For both a description of internal processes for monitoring and managing risk and an illustration of the methodologies used to analyse exposure, also refer to the introduction on internal models.
As regards Stress Test refer to the introduction on Risk Management Strategies and Processes and for the complex scenarios' description to Stress Test paragraph.
In addition to the monitoring of Granular Market Limits, Group Market Risk functions conduct sensitivity analysis at least on monthly basis, in order to determine the effect on the Income statement of changes in the value of individual risk factors or several risk factors of the same type.
Additionally, to the sensitivity of financial instruments to changes in the underlying risk factor, the sensitivity to the volatility of interest rates is also calculated assuming positive and negative shifts of 30% in volatility curves or matrices.

Price risk

A. General aspects
Price risk relating to equities, commodities, C.I.U and related derivative products included in the Trading book originates from positions taken by Group specialist centres holding assigned market risk limits within certain levels of discretion.
Price risk deriving from own trading of these instruments is managed using both directional and relative value strategies via direct sale and purchase of securities, regulated derivatives and OTCs and recourse to security lending. Volatility trading strategies are implemented using options and complex derivatives

B. Risk management processes and measurement methods
For both a description of internal processes for monitoring and managing risk and an illustration of the methodologies used to analyse exposure, refer to the introduction on internal models.
As regards stress test refers to the introduction on "Risk management strategies and processes" and for the complex scenarios' description to the "Stress test" paragraph.

Part E - Information on risks and related hedging policies

Quantitative information

1. Regulatory trading portfolio: distribution by residual duration (re-pricing date) of financial assets and liabilities for cash and financial derivatives

The table is not reported since a table showing Interest Rate sensitivity is described below, in accordance with Internal Model.

2. Regulatory trading portfolio: distribution of equity exposures and equity indices for the main listing countries

The table is not reported since a table showing price risk sensitivity is described below, in accordance with Internal Model.

3. Regulatory trading portfolio: internal models and other methods for sensitivity analysis

For both a description of internal processes for monitoring and managing risk and an illustration of the methodologies used to analyse exposure, also refer to the introduction on internal models.

Interest rate risk

Interest Rate Risk Sensitivity

Sensitivity to changes in interest rates is determined using both parallel shifts of interest-rate curves, and changes in the curve itself.
The curves are analysed using parallel shifts of ±1 bp/±10 bps and ±100 bps.
For each 1 bp shift, sensitivity is calculated for a series of time-buckets. Sensitivity for changes in the steepness of the rate curve is analysed by clockwise turning (Turn CW), i.e. an increase in short-term rates and a simultaneous fall in long-term rates, and by counter-clockwise turning (Turn CCW), whereby short-term rates fall and long-term rates rise.
In particular, clockwise and counter-clockwise turning use the following changes in absolute terms:

- +50 bps/-50 bps for the one-day bucket;
- 0bps for the one-year bucket;
- -50 bps/+50 bps for the 30-year plus bucket;
- for buckets between the above ones, the change to be set is found by linear interpolation.

The Group also calculates sensitivity to the volatility of Interest Rate assuming a positive shift of 30% or negative change of 30% in volatility curves or matrixes.

The tables below show trading book sensitivities.

(€ million)

INTEREST RATES	+1BP LESS THAN 1 MONTH	+1BP 1 MONTH TO 6 MONTHS	+1BP 6 MONTHS TO 1 YEAR	+1BP 1 YEAR TO 5 YEARS	+1BP 5 YEARS TO 10 YEARS	+1BP 10 YEARS TO 20 YEARS	+1BP OVER 20 YEARS	+1 BP TOTAL	-10 BP	+10 BP	-100 PB	+100 BP	CW	CCW
Total	**0.0**	**0.1**	**0.2**	**-0.3**	**-0.2**	**0.1**	**-0.0**	**-0.1**	**0.2**	**0.8**	**10.7**	**45.5**	**5.8**	**6.0**
of which:														
EUR	0.0	0.2	0.2	-0.3	-0.3	0.0	-0.0	**-0.1**	-2.0	3.0	-10.3	68.7	10.6	1.2
USD	0.0	-0.1	-0.1	-0.0	0.1	0.1	0.0	**0.1**	1.2	-1.2	11.6	-11.3	-6.1	6.1
GBP	0.0	-0.0	-0.0	-0.0	0.0	0.0	-0.0	**-0.1**	0.6	-0.6	5.6	-5.9	-0.6	0.6
CHF	-0.0	0.0	0.0	0.0	-0.0	-0.0	0.0	**-0.0**	0.2	-0.2	2.2	-2.2	0.4	-0.4
JPY	0.0	-0.0	0.0	0.1	-0.1	-0.0	-0.0	**0.0**	-0.2	0.2	-1.6	1.5	0.2	-0.2

(€ million)

	-30%	+30%
Interest Rates	**-17.7**	**2.6**
EUR	-16.8	1.6
USD	-0.9	1.0

Part E - Information on risks and related hedging policies

Price risk

Share-price sensitivity
Share-price sensitivity is expressed in two ways:
- as a "Delta cash-equivalent", i.e. the euro equivalent of the quantity of the underlying that would expose the bank to the same risk arising from its actual portfolio;
- as the economic result of a rise or fall in spot prices of 1%, 10% and 20%.

The Delta cash-equivalent and the Delta 1% (i.e. the economic impact of a 1% rise in spot prices) are calculated both for each geographical region (assuming that all stock markets in the region are perfectly correlated) and on the total (assuming therefore that all stock markets are perfectly correlated). The sensitivity arising from changes of 10% and 20% is calculated solely on the total.
The Group also calculates sensitivity to the volatility of equities assuming a positive shift of 30% or negative change of 30% in volatility curves or matrixes.
In addition, sensitivity to commodity price changes is calculated according to the above criteria. Given its secondary importance as compared to other risk exposures, this is calculated as a single class.

The tables below show Trading book sensitivities.

(€ million)

EQUITIES ALL MARKETS	DELTA CASH-EQUIVALENT	-20%	-10%	-1%	+1%	+10%	+20%
Europe	87.1	-	-	-	0.9	-	-
USA	115.0	-	-	-	1.1	-	-
Japan	-0.3	-	-	-	0.0	-	-
Asia ex-Japan	0.7	-	-	-	0.0	-	-
Latin America	-0.9	-	-	-	0.0	-	-
Other	-30.7	-	-	-	-0.3	-	-
Total	**170.9**	**-101.7**	**-17.0**	**-1.1**	**1.7**	**18.1**	**30.8**
Commodity	**-7.1**	**2.0**	**1.3**	**0.1**	**-0.1**	**-1.0**	**-1.9**

(€ million)

	-30%	+30%
Equities	**-12.5**	**23.1**

Part E - Information on risks and related hedging policies

2.2.2 Interest rate risk and price risk - Banking book

Qualitative information

Interest rate risk

A. General aspects, operational processes and methods for measuring interest rate risk

a) Interest rate risk refers to the current or future risk to the bank's capital and earnings arising from unfavorable movements in interest rates that affect the bank's positions. As interest rates change, the present value and timing of future cash flows change and this, in turn, changes the underlying value of a bank's assets, liabilities and off-Balance sheet items and therefore its economic value. Changes in interest rates also affect the formation of the interest margin and, consequently, the bank's profits.
Dedicated interest rate risk monitoring and management procedures are applied to all positions sensitive to changes in interest rates, excluding portfolios held for trading and Defined Benefit Obligations (DBO) portfolio for which a specific framework within the market risk management is envisaged.
The main sources of interest rate risk can be classified as follows:

- “Gap” risk: arises from the term structure of the banking book; this is the risk that is generated from different timings in the rate changes of the instruments. The extent of the change in the "gap" also depends on the linearity of the change in the term structure of rates, which can occur consistently across the entire rate curve (parallel risk) or differently from period to period of the curve (non-parallel risk). The “gap” risk also includes the repricing risk, i.e., the risk of changes in the interest margin which occurs when the rate of a financial contract resets; the same also refers to the yield curve risk, which occurs when a shift in an interest rate curve impacts the economic value of the assets and liabilities sensitive to interest rate risk.
- Basis risk: it can be divided into two types of risk:
  - “tenor” risk: derives from the mismatch between the maturity of the instrument and changes in interest rates;
  - currency risk: derives from the potential lack of compensation between interest rate sensitivities emerging from different currencies;
- Option risk: derives from positions in derivatives or from optional elements incorporated in many assets, liabilities and off-Balance sheet items of the bank, where either the bank or the customer have the right to change the amount and timing of cash flows.

b) The Group Financial and Credit Risk Committee is responsible for defining the operational strategy for managing the interest rate risk of the banking book, including the strategy for managing the capital and the structural gap between assets and liabilities not sensitive to the interest rate. The management of the interest rate risk of the banking book is also aimed at guaranteeing the reduction of the negative impacts on the long-term interest margins, due to the volatility of interest rates, to achieve a flow of profits and a return on capital consistent with the strategic plan. The strategy does not envisage any directional or discretionary positioning aimed at generating additional profits, unless approved by the competent bodies and monitored separately. The only exception refers to the functions authorised to take positions on interest rates within the limits approved by the Risk Committees.
The treasury functions manage the interest rate risk stemming from commercial transactions while maintaining the exposure within the limits set by the Risk Committees.
Limits and alert thresholds are defined for each Bank or Group Company in terms of sensitivity to the economic value or interest margin. The set of metrics is defined according to the level of complexity of the Company's business and each of the banks or companies of the Group is responsible for managing the exposure to interest rate risk within the defined limits.
At consolidated level, the Group Risk Management function is responsible for measuring interest rate risk, which reports to the Asset & Liability Management Committee the interest rate risk of the banking book exposures and analysis, on a monthly basis.

The interest rate risk management strategy is established considering also the main impacts deriving from the behavioral aspects of customers, which can impact on the value of interest margins and the economic value of the banking book, such as the example of early repayments of disbursed loans ("prepayment") and the stability of on demand items.
The monitoring activity is coupled with constant Stress Testing aimed at verifying compliance with the limits under more severe stress scenarios from those expected and occurred in the market. The calibration and monitoring of stress test scenarios takes place at least annualy.
The Internal Validation functions periodically carries out an independent assessment of the correct application of the measurement methodology applied by the risk functions within the monitoring perimeter of the banking book including behavioral assumptions.
The Audt functions ensure the adequacy and compliance with regulatory and internal regulations, at least with an annual frequency.

c) The interest rate risk is monitored daily in terms of the sensitivity of the economic value, for an instantaneous and parallel shock of +1 basis point of the term structure of the interest rates. The function responsible for managing interest rate risk checks on a daily basis the use of the limits for exposure to interest rate risk following a 1 bp shock. The basis risk and the risk emerging from options are also measured daily respectively by the "IR Basis" and "IR Vega" metrics. On a monthly basis, the sensitivity of the Economic Value is monitored for more severe parallel and non-parallel shocks on the term structure of interest rates and that of the interest margin, as described in the previous paragraph.

Part E - Information on risks and related hedging policies

d) The measurement of interest rate risk includes:
- the sensitivity analysis of interest margins to changes in interest rates: a constant Balance sheet analysis (under the assumption that positions remain constant during the period), and a simulation of the impact on the interest margin for the current period, that also considering the elasticity assumptions for items on demand. Furthermore, with the simulation analysis is assessed the impact on income of different shocks of the interest rate curves, including the Supervisory Outlier Test scenarios prescribed in the EBA Guidelines (EBA/GL/2022/14) and other instantaneous parallel rate scenarios. Additional scenarios are simulated to consider basis risk and other non-parallel shocks;
- the analysis of the sensitivity of the Economic Value to changes in interest rates: it includes the calculation of duration measures, sensitivity of the economic value of the Balance sheet items for the different points of the curve, as well as the impact on the economic value deriving from large changes in market rates, in accordance with the SOT scenarios required by the above EBA Guidelines.

e) The assumptions and parameters of the behavioral models used for the internal measurement systems are the same used to generate the regulatory exposures published in EU IRRBB1 template.

f) The mitigation of the interest rate risk and the hedging activities of the banking book are carried out through the use of regulated or Over the Counter (OTC) derivatives with an underlying interest rate. The optimization of the natural hedge of the assets with the bank's liabilities is managed by the Group Treasury function and the single legal entities. The interest rate risk is mainly transferred within the trading book of UniCredit Bank GmbH, which optimizes the UniCredit group's hedging costs and outsources them to the market. Derivative contracts hedging the interest rate risk of the banking book and not held for trading are recognised in the accounts as cash flow hedges or fair value hedges.

g) The presence and effects of behavioral options in the Balance sheet are taken into consideration through the development and application of behavioral models. The maturity profile as well as the repricing profile of non-maturity deposits takes into account the identification of the "stable" portion of the balances that is the amount of the deposit that could represent a stable source of financing despite the short contractual maturity, and the identification of the "core" part of the deposits that is the amount of the deposits which is stable and unlikely to reprice even under significant changes in the interest rates environment and/or other deposits with limited elasticity to interest rate changes. Both components are estimated through statistical models evaluating the stability of the volume and elasticity of the customer rate (i.e. the beta parameter). Hedging strategy for core deposits is proposed by Finance and approved by the GFRC. Such strategy aims to optimize the NII over time within IRRBB RAF framework; a prudent stance is kept in determining the volume and duration of the hedging strategy to limit over-hedging risk.
The maturity profile, as well as the average repricing maturity of mortgages and retail loans, both take into account the optionality of the advance payment, which is assessed through the statistical estimate of the CPR (conditional early repayment rate) on the loan portfolio.

h) The scenarios used in the EU IRRBB1 template related to the change in both economic value and interest margin correspond to the scenarios of the Supervisory Outlier Test required by the EBA Guidelines (EBA/GL/2022/14) and in regulation update (2024/856) that adopt the Regulatory Technical Standard on SOTs.

i) The average repricing maturity assigned to non-maturity deposits is 2.8 years (the longest repricing maturity is up to 40 years for a residual part of the portfolio naturally hedging assets in some countries).

Price risk

A. General aspects, operational processes and methods for measuring price risk
Banking Book price risk primarily originates from equity interests held by the Parent Company and its subsidiaries as stable investments, as well as units in mutual investment funds not included in the Trading Book as they are also held as stable investments.
For Stress Test refer to the introduction on Risk Management Strategies and Processes paragraph and for the complex scenarios' description to Stress Test paragraph.

Part E - Information on risks and related hedging policies

2. Banking book: internal models and other methods for sensitivity analysis

Interest Rate Risk

The economic value and net interest income sensitivity to a change in interest rate is computed as described in EBA guidelines (EBA/GL/2022/14) and in regulation update (2024/856) that adopt the Regulatory Technical Standard on SOTs.

The EU IRRBB1 template reported below, contains the interest rate risk exposure metrics as at 30 June 2024 and 31 December 2023. For the descriptions of the scenarios refer to Qualitative information - Interest rate risk section.

Regarding the sensitivity of the economic value of shareholders' equity the worst of the six SOT scenarios is the Parallel up and for that scenario an immediate and parallel change in interest rates, differentiated by currencies, is applied (e.g. +200 bps for EUR and USD, +300 bps for HUF etc). The sensitivity of the economic value of shareholders' equity of the worst of the six SOT scenarios as at 30 June 2024 was equal to -2,872 euro million. The economic value of shareholders' equity sensitivity change in the first half of 2024 is mainly driven by the update of non-maturing deposits model in UniCredit S.p.A., UCB GmbH and UCBA AG.

As at 30 June 2024, the net interest income sensitivity (with annual time-horizon and constant balance-sheet) for the worst of two SOT scenarios (Parallel down) was equal to -1,392 euro million. The Parallel down scenario apply immediate and parallel change in interest rates differentiated by currencies (e.g. -200 bps for EUR and USD, -300 bps for HUF etc.). The change in net interest income sensitivity in the first half of 2024 is mainly driven by the update of non-maturing deposits model in UniCredit S.p.A., UCB GmbH and UCBA AG.

Template EU IRRBB1 - Interest rate risks on positions not held in the trading book

(€ million)

		a	b	c	d
		CHANGES OF THE ECONOMIC VALUE OF EQUITY		CHANGES OF THE NET INTEREST INCOME	
SUPERVISORY SHOCK SCENARIOS		30.06.2024	31.12.2023	30.06.2024	31.12.2023
1	Parallel up	(2,872)	(2,614)	499	581
2	Parallel down	684	476	(1,392)	(1,726)
3	Steepener	871	879		
4	Flattener	(1,761)	(1,841)		
5	Short rates up	(2,307)	(2,282)		
6	Short rates down	791	781		

Note:
The template above is prepared according to Regulation (EU) 631/2022 of 13 April 2022 amending the implementing technical standards laid down in Implementing Regulation (EU) 637/2021 as regards the disclosure of exposures to interest rate risk on positions not held in the trading book.

On 30 June 2024 the net interest income sensitivity to an immediate and parallel change in interest rates of +100 bps was equal to +543 euro million, while the sensitivity to an immediate and parallel change in interest rates of -100 bps was equal to -621 euro million. Sensitivity changes from the values on December 2023 have the main drivers previously reported for NII SOT

Sensitivity of the net interest income to the +/-100bps

(€ million)

		a	b
		CHANGES OF THE NET INTEREST INCOME	
INTEREST RATE RISK SCENARIOS		30.06.2024	31.12.2023
1	NII +100bps	543	647
2	NII -100bps	(621)	(753)

Note:
With respect to the disclosure published on 31 December 2023, the NII+/-50 bps scenarios have been removed and the NII-100 bps scenario has been introduced.

Sensitivity of the net interest income to the +100bps scenario

(€ million)

		a	b
		CHANGES OF THE NET INTEREST INCOME	
SCENARIO PER CURRENCY		30.06.2024	31.12.2023
1	**Total**	**543**	**647**
2	Euro (EUR)	468	556
3	US Dollar (USD)	40	60
4	Hungarian Forint (HUF)	13	16
5	Other currencies	22	16

Note:
With reference to the disclosure published as at 31 December 2023, the Czech Republic Koruna (CZK) currency has been reclassified under the item "Other currencies" while United States Dollar (USD) previously reported in Other currencies is now explicit in the above table.

Part E - Information on risks and related hedging policies

2.2.3 Exchange rate risk

Qualitative information

A. General information, risk management processes and measurement methods
Exchange rate risk originates both from banks in the Group operating in currency areas other than the Eurozone and from positions taken by specialist centres holding the Group's market risk within the limits assigned.

Risk deriving from own trading of these instruments is managed using both directional and relative value strategies via direct sale and purchase of securities, regulated derivatives and OTC. Volatility trading strategies are implemented using options. Exchange rate risk is constantly monitored and measured by using internal models developed by Group companies.
For both a description of internal processes for monitoring and managing risk and an illustration of the methodologies used to analyse exposure, refer to the introduction on internal models. These models are also used to calculate capital requirements on market risks due to the exposure to such risk.
As regards stress test refer to the introduction on “Risk management strategies and processes” paragraph and for the complex scenarios' description to “Stress test” paragraph

B. Hedging exchange rate risk
The exchange risk hedging activity within the Trading book is aimed at keeping the FX risk within the defined Granular and Global limits.
Regarding banking book, the Group adopts hedge strategies for profits and dividends arising from its subsidiaries not belonging to the euro zone, taking into account market circumstances for the hedging strategies.

Credit spread risk

Qualitative information

A. General aspects
Risk relating to credit spreads and related credit derivative products included in Trading book originates from positions taken by Group specialist centres holding assigned market risk limits within certain levels of discretion.
Risk deriving from own trading of these instruments is managed using both directional and relative value strategies via direct sale and purchase of securities, regulated derivatives and OTC.

B. Risk management processes and measurement methods
For both a description of internal processes for monitoring and managing risk and an illustration of the methodologies used to analyse exposure, refer to introduction on internal models, Explanatory notes, Part E - Information on risks and related hedging policies, 2.2 Market risk.
As regards Stress Test refer to the introduction on “Risk management strategies and processes” and for the complex scenarios' description to “Stress test” paragraph, Explanatory notes, Part E - Information on risks and related hedging policies, 2.2 Market risk.

Quantitative information

Credit spread sensitivity
Credit spread sensitivity is calculated by assuming a worsening of creditworthiness seen in a parallel shift of +1 bp/+10 bp/+100 bps in the credit spread curves.
These sensitivities are calculated both inclusively, assuming a parallel shift of all the credit spread curves, and in respect of specific rating classes and economic sectors.

Part E - Information on risks and related hedging policies

The table below shows Trading book sensitivities.

(€ million)

	+1BP LESS THAN 1 MONTH	+1BP 1 MONTH TO 6 MONTHS	+1BP 6 MONTHS TO 1 YEAR	+1BP 1 YEAR TO 5 YEARS	+1BP 5 YEARS TO 10 YEARS	+1BP 10 YEARS TO 20 YEARS	+1BP OVER 20 YEARS	+1 BP TOTAL	+10BP	+100BP
Total	**-0.0**	**0.0**	**0.0**	**0.5**	**-0.1**	**0.0**	**0.1**	**0.5**	**4.8**	**52.2**
Rating										
AAA	-0.0	-0.0	-0.0	0.0	0.0	-0.0	0.1	0.1	1.4	11.6
AA	-0.0	-0.0	0.0	0.0	-0.1	0.1	-0.0	0.1	0.8	14.3
A	-0.0	0.0	-0.0	0.1	-0.0	0.0	-0.0	0.1	0.7	6.7
BBB	-0.0	0.0	0.0	0.3	-0.0	-0.1	0.0	0.2	2.3	22.6
BB	-0.0	-0.0	-0.0	-0.0	0.0	-0.0	0.0	-0.0	-0.2	-2.1
B	0.0	0.0	-0.0	-0.0	-0.0	0.0	0.0	-0.0	-0.0	-0.5
CCC and NR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	-0.5
Sector										
Sovereigns & Related	-0.0	-0.0	-0.0	0.0	-0.0	0.1	0.1	0.0	0.5	10.4
ABS and MBS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial Services	-0.0	0.0	0.0	0.1	-0.1	-0.1	0.1	0.1	0.6	6.0
All Corporates	-0.0	0.0	-0.0	0.4	0.0	0.0	0.0	0.4	3.7	35.9
Basic Materials	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	3.4
Communications	0.0	0.0	0.0	0.1	-0.0	-0.0	0.0	0.1	0.6	5.9
Consumer Cyclical	-0.0	0.0	-0.0	0.1	0.0	0.0	0.0	0.1	0.7	7.0
Consumer Non cyclical	-0.0	0.0	-0.0	0.1	-0.0	0.0	0.0	0.1	0.9	8.2
Energy	0.0	0.0	0.0	0.0	-0.0	0.0	0.0	0.0	0.2	1.9
Technology	0.0	0.0	0.0	0.0	-0.0	0.0	0.0	0.0	0.0	0.3
Industrial	-0.0	0.0	-0.0	0.0	0.0	0.0	-0.0	0.1	0.6	5.7
Utilities	0.0	0.0	-0.0	0.0	-0.0	0.0	0.0	0.0	0.4	4.0
All other Corporates	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	-0.6

Stress test

Stress tests complement the sensitivity analysis and VaR results in order to assess the potential risks in a different way. A stress test performs the evaluation of a portfolio under both simple scenarios (assuming change to single risk factors) and complex scenarios (assuming simultaneous changes in a number of risk factors).

The description of complex scenarios, which combine changes in interest rate, price, exchange-rate and credit spread risk factors is reported below. For the description of simple scenarios, refer to the previous paragraphs.
As far as complex scenarios are concerned, different scenarios have been applied to the Trading book and Banking book (specifically FVtPL and FVtOCI positions) on a monthly basis and reported to the Top Management.

Recession Scenario

In this scenario, we assume that an intensification of geopolitical tensions in the Middle East and Ukraine pushes up the price of oil and natural gas, while causing shortages and delays in delivery times as pressure on supply chains builds. The negative supply shock hits western economies when activity is already stagnating (eurozone) or about to decelerate materially (US) due to restrictive monetary policy. The shock tips these economies into a severe recession, with the eurozone being hit comparatively harder given its greater openness. The contraction in GDP causes a marked increase in unemployment as firms can no longer afford to hoard labor. The output gap turns deeply negative and underlying price pressures weaken fast, more than offsetting the impulse from supply shocks. In turn, weaker demand eases the pressure on energy prices and supply chains. We assume that disinflationary forces prevail overall, leading central banks to cut interest rates more aggressively than in the baseline scenario.

In the eurozone, GDP starts contracting already in 2024, by 0.3% (-0.8pp below the baseline). The recession intensifies in 2025 (-1.8%, 3pp below the baseline), followed by a tentative recovery in 2026 as rate cuts feed through while supply-side shocks fade. The cumulative hit to GDP growth through 2026 is 4.5pp.

Eurozone inflation averages 2.1% in 2024 and declines well below the ECB's 2% goal in the following years, as the effects of demand weakness and a widening of the output gap prevail over supply-side shocks. Inflation expectations drift lower, increasing pressure on the ECB to cut rates swiftly.

The ECB frontloads the easing cycle, lowering policy rates to 2% already by the end of 2024 and delivering another 50 bp of cuts in 2025, hence pushing rates below the level that we regard as neutral.

Part E - Information on risks and related hedging policies

Monetary policy would then remain unchanged throughout 2026. The Fed's policy response is similar to that of the ECB; the Fed funds rate falls to 3% by the end of 2024 and bottoms out at 2.50% in 2025.

Sovereign credit spreads would be under moderate widening pressure due to lower growth outlook, only in part countered by accommodative monetary policy.
BTPs are expected to widen 90 bp in ASW once the shock materialises.

Corporate credit spreads would also be under widening pressure, especially at the lower end of the rating scale. Pharma and telecoms should benefit from lower energy dependency and strong credit metrics.

Equity markets are expected to post significant losses, of about 15-30%, reflecting the recessionary environment.

In FX, we expect the EUR to come under pressure given the growth shock is more severe for the eurozone than the US and amid a generalised increase in risk aversion. We pencil in a 13% depreciation vs. the USD once the shock materialises. Similarly, in this scenario we expect to see strengthening of the CHF and the Yen, which are typical safe haven currencies.

Geopolitical & Trade Shocks Scenario

In this scenario, we assume that the conflict in the Middle East broadens, although falling short of a full-blown regional escalation. Disruption in the straits of Hormuz and Bab el-Mandeb pushes up the price of oil and natural gas strongly, while stress on supply chains builds. Geopolitical tensions between the US and China intensify and fresh protectionist measures on both sides further impair the functioning of global supply chains, weighing on global trade.
China's growth outlook deteriorates strongly as the downturn in the real estate sector is compounded by the new shocks, which weigh heavily on sentiment, investment and the labor market. The jump in commodity prices, disruption to supply chains and global trade, faltering growth in China and surging uncertainty sink the European economy in a deep recession while inflation surges. Importantly, we assume that inflation expectations become de-anchored, contributing to a strong pick-up in wage-growth. Faster wage growth keeps inflation well above target levels for a prolonged period of time, triggering a forceful response by central banks. Tighter financial conditions intensify the downward pressure on economic activity and lead to wider credit spreads.
Inflation becomes entrenched. The upward drift in inflation expectations plays a key role in this process, fueling second-round effects and materially faster wage growth compared to the baseline. Firms change their management of supply chains, aiming to strengthen their resilience at the expense of efficiency. This structurally raises firms' costs, which are then passed on to the final consumers. In the eurozone, inflation averages 3.3% in 2024 and is projected to be 5.5% in 2025 and 3.9% in 2026, hence remaining substantially above the ECB target.

Eurozone GDP contracts by 0.6% in 2024 (-1.1pp compared to baseline), sinks 3.8% in 2025 (-5pp vs. baseline) and declines by a further 0.5% in 2026. On a cumulative basis, GDP growth is projected to be 8pp lower than in the baseline scenario. Growth shocks for Germany, Italy and Austria exceed that for the eurozone, reflecting greater openness of these economies.

Monetary policy responds forcefully to the shock, sacrificing growth in order to regain control of inflation expectations. The ECB hikes the deposit rate to 5.25% by end-2025 and only cuts rates in 2026 to a still-restrictive 4.5%. The Fed follows a similar pattern, hiking the Fed fund to 6.50% in 2025 before easing to 5% in 2026. Importantly, we assume that Italy's sovereign spread do not spiral out of control thanks to the critical role played by the ECB's Transmission Protection Instrument (TPI).

Sovereign credit spreads are expected to come under strong pressure, due to a combination of slower growth and aggressive monetary policy tightening. We pencil in a widening of BTP Asset Swap spreads of 130 bp once the shock materialises. Combined with the move expected for German Bunds, BTP-Bund would widen by 140 bp once the shock materialises. Over the medium term we expect most of this shock to be reabsorbed as TPI is an important factor that mitigates excessive spread widening.

Corporate credit spreads would be under strong widening pressure, especially at the lower end of the rating scale. Industrials are expected to be under stronger pressure in this scenario, due to increasing supply chain imbalances and rising energy prices.

In FX, we expect the EUR to come under pressure given the growth shock is more severe for the eurozone than the US and amid a generalised increase in risk aversion. We pencil in a 16% depreciation vs. the USD once the shock materialises. Similarly, in this scenario we expect to see strengthening of the CHF and the Yen, which are typical safe haven currencies.

Equity markets are expected to post very significant losses of over 30%, reflecting the adverse economic environment and higher interest rates.

Part E - Information on risks and related hedging policies

Stress Test on Trading book [(*)]

(€ million)

	27 JUNE 2024	
	RECESSION SCENARIO	GEOPOLITICAL & TRADE SHOCKS SCENARIO
UniCredit group total	**49**	**-64**
Germany	92	9
Italy	-34	-57
Central Europe	-5	-2
Eastern Europe	-4	-13

Note:
(*) End of month for Stress Test results refers to last Thursday.

Conditional results of Managerial Trading book, as defined above, have been reported. Conditional losses in Geopolitical & Trade Shocks scenario are mainly coming from UniCredit S.p.A. and are driven by Group Finance business line. Conditional profits in Recession scenario are mainly coming from UCB GmbH due to structured Equity products in Equity & Brokerage Trading business line, partially offset by conditional losses in UniCredit S.p.A. due to Group Finance business line.

2.4 Liquidity risk

Qualitative information

A. General aspects, operational processes and methods for measuring liquidity risk
Liquidity risk is defined as the risk that the Group may find itself unable to fulfil its expected or unexpected payment obligations (by cash or delivery), current and future, without jeopardising its day to day operations or its financial condition.

The key principles

The liquidity reference banks
The Group aims at maintaining liquidity at a level that enables to perform the main operations in safe conditions, fund its operations at the best rate conditions under normal operating circumstances, and to remain always in a position to meet payment obligations.
To this end, the Group complies accurately with the legal and regulatory provisions imposed by the national Central Banks and by the national authorities of each country where it operates.

In addition to local legal and regulatory requirements, the Parent Company, under the responsibility of the Group Risk Management, defines policies and metrics to be applied at Group level, to ensure that liquidity position of any entity meets the requirements of the Group.

For these reasons, the Group is organised on a managerial perspective, according to the concept of the liquidity reference bank.
The liquidity reference banks are legal entities that act in their responsibility as liquidity hub. They are in charge:
- of the liquidity management and concentration process of liquidity flows of the legal entities falling within their perimeter of responsibility;
- of the funding optimisation carried out on the relevant local markets and are responsible to coordinate the access to short-term and medium-long-term markets of the Legal Entities belonging to their perimeter;
- finally, of the implementation of the Group's liquidity rules at local level in line with Group's Governance Guideline and Policy and with local regulations.

A particularly important role is played by the Parent Company, as a "supervisory and overarching liquidity reference bank" with its role of steering, coordinating, and controlling all the aspects regarding liquidity for the whole Group.
The Parent Company has the responsibility to set the overall Group risk appetite and sub-allocate the limits in agreement with the liquidity reference banks and/or Legal Entities. In particular, the Parent Company functions are responsible for the following:
- outlining Group overall liquidity risk management strategies;
- developing liquidity risk metrics and methodologies;
- setting specific limits for liquidity risk exposures, in line with the Group risk appetite;
- optimising liquidity allocation amongst Legal Entities, in compliance to the local regulations and transferability limitation;
- coordinating access to financial markets for liquidity management;
- outlining the yearly Group funding and contingency funding plan, coordinating and monitoring their execution;
- assessing the adequacy of the liquidity reserves buffers at Legal Entity and Group level;
- coordinating the refinancing transactions with the European Central Bank;
- defining, periodically reviewing the Group ILAAP and approving the Group ILAAP Report on yearly basis.

Part E - Information on risks and related hedging policies

The Parent Company moreover, acts as the liquidity reference bank for the Italian perimeter.

The principle of "self-sufficiency"

This organisational model allows self-sufficiency of the Group by accessing the local and global markets for liquidity in a controlled and coordinated way. According to Group Policies, structural liquidity surpluses can be up streamed to the Parent Company, unless legal requirements prevent it.
The liquidity available at country level could be subject to restrictions due to legal, regulatory, and political constraints.
The so-called "Large Exposure Regime", applied throughout Europe, along with specific national laws like the "German Stock Corporation Act", are examples of legal constraints to the free circulation of funds within a cross-border banking Group[43].

As a general rule, the large exposure regime, ruled by the CRR No.575/2013 (from Art. 387 on) partially amended by CRR No.876/2019, limits interbank exposures to a maximum of 25% of the institution's Tier 1 capital: this rule is also applicable to intra-group exposures.
However, there are significant differences in the way in which this EU regulation has been implemented in the various countries. In many CE&EE countries the 25% limit is valid, with some countries showing even stricter rules; in Austria, according to the National law, the 25% limit is not applied to exposures towards the Parent Company, if located in the European Economic Area; finally, in Germany the national Regulator has set up a process to apply for a waiver, exempting intra-group exposures from the large exposure limitation.
In the absence of official limits valid at national level, Austrian and German Regulators reserve the right to judge the exposure level on a case-by-case basis. In the current economic environment, in many of the territories in which the Group operates, Banking Regulatory Authorities are adopting measures aimed at reducing the exposure of their national banking system towards foreign jurisdictions with potential negative impacts on the ability of the Group to finance its activities.
For these reasons, the "Group Liquidity Management & Control Policy" provides for a further principle in order to enhance a sound liquidity risk management; each Legal Entity with market access has to increase its liquidity self-sufficiency, fostering in this way the exploitation of its strengths. In addition, the Group rule states that each LE (including the liquidity reference bank) should be self-sufficient in terms of liquidity in its local currency, either on its own or by leveraging on the relevant liquidity reference bank.
This self-sufficiency principle is reflected in a specific "limit structure": limits are set both at Group and at individual level, with the purpose of avoiding/controlling significant imbalances among legal entities.

This type of organisation promotes the self-sufficiency of the legal entities, by allowing them to access the local and global markets for liquidity in a controlled and coordinated way, whilst optimising: i) the liquidity surpluses and deficits within the Group's Legal Entities ii) the overall costs of funding across the Group.

The adoption of the Single Point of Entry by the Group implies that the Holding provides internal MREL to all the other subsidiaries within Europe, representing the only exception to the self-sufficiency principle.

Roles and responsibilities

At Group level, three main functions are identified in the management of the liquidity: the Group Risk Management competence line, the Group Finance competence line, and the Group Treasury function, each with different roles and responsibilities.
In particular, the operational responsibilities reside in the Finance and the Treasury functions, while the Risk Management function has responsibilities of independent controls and independent reporting compared to the operational functions (in line with the current requirements of Banca d'Italia).

Specifically, the Risk Management function is responsible for the independent control of liquidity risk and of Balance sheet interest rate and FX risk at Group level and for the internal and regulatory stress testing.
In detail:
- defining policies and methodologies for measuring and controlling the liquidity risk and developing, updating and presenting the independent internal risk reports/assessments to internal competent functions (second level controls);
- putting in place a strong and comprehensive internal limit and control framework to mitigate or limit the liquidity risk in line with the risk tolerance in order to monitor the different material drivers of liquidity risk;
- contributing to the setting of the risk appetite framework;
- assessing and monitoring liquidity risk exposure trends at Group and Country level and confronting them with the respective limits and triggers;
- verifying the correct implementation of the agreed mapping rules;
- performing an independent assessment of the Funding Plan and of the Contingency Funding Plan as well as monitoring their execution;
- developing and performing the liquidity stress test at Group level, analysing the outcome, delineating new scenarios to be taken into account and centralising the action plan relating to the stress test results; it is also responsible of periodically reviewing the liquidity stress test framework;

43 Also, Banca d'Italia Rules, Circular 285, foresees that the Group should ensure the maintenance through the time of adequate reserves in each Legal Entity, in order to take into account possible regulatory constraints (First Part, Title IV, Chapter 6, Section III, paragraph 7).

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- monitoring the liquidity risk and producing regular risk reporting at Group level in alignment with Basel Committee's "Principles for effective risk data aggregation and risk reporting", setting common standards in terms of presentations and communications.
- performing internal validation activities at Group level on systems for measuring liquidity risks on related processes and data quality and IT components, as well as on models for pricing financial instruments in order to check that they are conform to regulatory requirements and in-house standards;
- developing and back-testing the behavioural models for the measurement of the liquidity risk;
- validating, controlling the implementation and releases independent assessments on the models to map the liquidity profile of Balance sheet items (i.e. behavioral models on deposit stickiness, on loans prepayment, ecc.).

Group Treasury acts as main coordinator in the management of infra-group flows, stemming from liquidity deficits or surplus of the various Group's Legal Entities, and applies the appropriate transfer prices to such fund's movements. By doing so, Group Treasury ensures a disciplined and efficient access to the markets.
Group Finance competence line is responsible for the coordination of the overall financial planning process at Group, liquidity reference banks and relevant Legal Entities level, aiming to efficiently ensure the stability and the sustainability of the financial structure through time, addressing assets and liabilities composition and maturities, in compliance with the limits and triggers set for liquidity and Balance sheet metrics.
It is also responsible for the execution of the medium long term Group's funding strategy (including securitisation operations), coordinating the access to national and international capital markets for all the liquidity reference banks and relevant Legal Entities, exploiting local market opportunities in order to reduce the costs of funding and diversify the financing sources.
In addition to this, the function performs first level controls on liquidity positions managed by Group Finance and Group Treasury aimed at ensuring the proper P&L and liquidity workflow of the operations and defines conditions and rules for transfer price application.

All the relevant issues that concern the liquidity risk and management perspective of the Group are discussed in GFRC (Group Financial & Credit risks committee - ALCO session).
The Committee is responsible for approving strategies, policies and methodologies for Financial Risks and for the monitoring of risks related to Fund Transfer Pricing, across Liquidity Reference Banks, Business Functions and Legal Entities, with the aim to optimize the usage of financial resources (e.g., liquidity and capital) in coherence with Risk Appetite and Business Strategies.
It is also responsible for the approval of the Financial Plan, Funding Plan, Ordinary Counterbalancing Capacity Plan and Contingency Funding Plan to be submitted to the Board by the CEO as well as for evaluating the impact of transactions significantly affecting the overall financial risk portfolio profile.

The optimisation of liquidity risks is pursued through the setting of specific limits on the standard banking activity of transforming short, medium and long-term maturities.This is implemented in accordance with legal and regulatory framework in each country and internal rules and policies of the Group companies through management models in place within the individual liquidity reference banks.

Such models are subject to analyses carried out by the local Risk Management or equivalent structure with the same responsibilities in coordination with the Group's Risk Management to ensure that they comply with the metrics and the objectives of the Group's liquidity framework.
In addition, the regional rules must comply with national laws and regulatory requirements.

Risk measurement and reporting systems

Techniques for risk measurement
The different types of liquidity risk managed by the bank are:
- short term liquidity risk refers to the risk of non-conformity between the amounts and/or the maturities of cash inflows and cash outflows in the short term (below one year);
- market liquidity risk is the risk that the bank may face a considerable (and unfavourable) price change generated by exogenous or endogenous factors and incur losses as a result of the sale of assets deemed to be liquid. In the worst case, the bank might not be able to liquidate such positions;
- intraday liquidity risk appears when a bank is not able "to meet payment and settlement obligations on a timely manner basis under both normal and stressed conditions";
- structural liquidity risk is defined as the inability to raise the necessary funds to maintain an adequate ratio between medium to long-term (over one year) assets and liabilities at reasonable pricing level, in a stable and sustainable way, without affecting the daily operations or the financial condition of the Bank. It could have a potential impact on the cost of funding (own credit and market funding spreads), affecting future income of the institution;
- contingency risk, or stress liquidity relates to future and unexpected obligations (i. e. draw on committed facilities, deposits withdrawal, increase in collateral pledging) and could require the bank a greater amount of liquidity compared to what is considered the amount to run the ordinary business;
- intragroup liquidity risk, that might generate from an excessive exposure or dependency towards/from specific Group counterparts;

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- funding concentration risk arises when the bank leverages on such a limited number of funding sources, that they become so significant that the withdrawal of one or few could trigger liquidity problems;
- foreign exchange liquidity risk, generated by the current and projected liquidity mismatch between cash inflows and cash outflows in foreign currencies (refinancing risk) or related with the maturity distribution of the assets and liabilities in foreign currencies (foreign currency structural mismatch risk).

The exposure of the Group and its Legal Entities to any of these risks is measured by associating to any of them a metric or a set of metrics.
Every legal entity of the Group is exposed to the above-mentioned risks at a different extent: a materiality analysis is performed in order to define the perimeter of the liquidity risk management and control.

Liquidity risk, for its particular nature, is addressed by means of gap analyses, liquidity stress testing, and complementary measures (mainly through a set of indicators, among which: loans to deposits ratio, liquidity coverage ratio).
In particular, gap analyses are performed within two distinct time horizons:
- liquidity imbalance mismatch approach on a daily basis, which controls the short-term liquidity risk arising from the overnight up to a 12 months maturity;
- gap ratios on a monthly basis, which control the medium to long-term risk (structural liquidity) from the 1-year maturity onwards.

Strategies and processes to manage the liquidity risk
The Group's liquidity framework is based upon the Liquidity Risk Mismatch Model which is characterised by the following fundamental principles:
- <u>short-term liquidity risk management (operational liquidity),</u> which considers the events that will impact upon the Group's liquidity position from 1 day up to one year. The primary objective is to maintain the Group's capacity to fulfil its ordinary and extraordinary payment obligations while minimising the relevant costs;
- <u>structural liquidity risk management (structural risk),</u> which considers the events that will impact upon the Group's liquidity position over one year. The primary objective is to maintain an adequate ratio between medium/long term liabilities and medium to long-term assets, with a view to avoid pressures on short-term funding sources (both current and future), while in the meantime optimising the cost of funding;
- <u>stress tests:</u> Liquidity crisis is a low probability, high impact event. Therefore, stress testing is an excellent tool to reveal potential vulnerabilities in the Balance sheet. The Bank uses several scenarios ranging from general market crisis to idiosyncratic crisis, and a combination hereof.

In this context, the models to manage the liquidity take into account all assets, liabilities, off-Balance sheet positions and also both present and future events which generate certain or potential cash flows for the Group, thereby protecting the Group Banks/Companies from risks relating to the transformation of maturity.
In addition, the liquidity risk is included in the Group's risk appetite framework through some specific liquidity indicators.

Short-term liquidity management
Short-term liquidity management aims at ensuring that the Group remains in a position to fulfil its cash payment obligations, whether expected or unexpected, focused on the exposure for the first twelve months.
The standard measures taken for such purposes are the following:
- management of the access to payment systems (operational liquidity management);
- management of cash payments to be made and monitoring of the level of liquidity reserves and the extent of their utilisation (analysis and active management of the maturity ladder).

These principles are applicable at Group level and have to be used across the liquidity reference banks.

The *operative maturity ladder* is composed by the net contractual cash flows (in/outflows) affecting the cash position at Central Banks or "Nostro Account".
Therefore, these flows impact directly the "core liquidity" of the bank, over pre-defined time buckets.
The *operative maturity ladder* is composed of:
- primary gap, which shows the net wholesale refinancing requirements over the various time-buckets of the horizon.
- counterbalancing capacity, which shows the amount of unencumbered securities that are accepted as collateral by Central Banks and/or market counterparties. The counterbalancing capacity is considered at its "liquidity value" (i.e. the market value minus the applicable haircut).
- cumulative gap, which is the sum of the previous components;
- reservation for unexpected flows, which consists of liquidity adjustment to the operative maturity ladder, to consider a buffer that can be used by the Treasury to refinance unexpected outflows impacting the Central Bank position (included in the short-term buckets). The reservation for unexpected flows takes into account the volatility of the funding needs of the commercial asset portfolio, the volatility of the commercial funding sources, including potential concentration effects, the change of liquidity value of the counterbalancing capacity due to observed market price changes.

The operative maturity ladder is included in the Group risk appetite framework, with a limit of 0 on the 3 months bucket.

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The Group also adopts the cash horizon as a synthetic indicator of the short-term liquidity risk levels.
The cash horizon identifies the number of days after which the relevant entity is no longer able to meet its liquidity obligations as expressed in the operative maturity ladder, after having exhausted the available counterbalancing capacity.

Structural liquidity management

The Group's structural liquidity management aims at limiting refinancing exposures above one year and thus reducing refinancing needs in the shorter term.
The maintenance of an adequate ratio between medium to long-term liabilities and assets aims at avoiding pressures on short-term sources, whether present or future.
The standard measures taken for such purposes are the following:

- the spreading of the maturity of funding operations in order to reduce the usage of less stable funding sources, while in the meantime optimizing the cost of funding (integrated management of strategic liquidity and tactical liquidity);
- the financing of growth through strategic funding activities, setting the most appropriate maturities (yearly funding plan);
- the balancing of medium/to long-term wholesale funding requirements with the need to minimise costs, by diversifying sources, national markets, currencies of issuance and instruments used (realisation of the yearly funding plan).

The main metric used to measure the medium/long-term position has been the net stable funding ratio, as described by CRR2.
In general, the net stable funding ratio is calculated as the ratio between the stable portion of liabilities and assets.
All the Balance sheet items are mapped according to their contractual maturity. In addition, they are assigned a weight that reflect, for the liabilities, their stability within the Balance sheet and, for the assets, the portion that is rolled over by the bank or that, more in general, cannot be traded on the market in exchange of liquidity that would generate relief to the institution.
The internal limit, set at 102,30% for 2024, means that stable liabilities have to fully cover the requirements of funding generated by the stable assets.
In addition to the regulatory perspective offered by the net stable funding ratio, an internal metric, named structural liquidity ratio, is adopted to steer structural liquidity risk from an economic point of view, i.e. taking into account the liquidity risk stemming from different Balance sheet items under the perspective of internal models.
Another key structural metric, aimed at measuring the funding needs originated from the commercial activity of the Bank, is the loans to deposits ratio.
It measures the need of funding the bank has to finance on the wholesale market. The indicator is integrated in the risk appetite framework with the aim of monitoring and managing the level of funding coverage of net loans to customers, coming from funding sources not exclusively obtained through Treasury/Finance activity.

Liquidity under stress

Stress testing is a risk management technique used to evaluate the potential effects on an institution's financial condition of a specific event and/or movement in a set of financial variables.
As a forward-looking tool, liquidity stress testing diagnostics the institution's liquidity risk. In particular, the results of the stress tests are used to:

- determine liquidity limits both in quantitative and qualitative terms;
- plan and carry out alternative funding transactions for purposes of off-setting liquidity outflows;
- structure/modify the liquidity profile of the Group's assets;
- provide support to the development of the liquidity contingency plan.

In order to execute stress tests that are consistent across the liquidity reference banks, the Group has a centralised approach, requiring each local liquidity reference bank to run the same scenario set under the coordination of the Group risk management.
The Group runs liquidity scenarios and sensitivity analyses on a regular basis, the latter by assessing the impact on an institution's financial condition of a move in one particular risk factor, whereas scenario tests tend to consider the impact of simultaneous moves in a number of risk factors, based on a hypothetical, well defined and consistent stress scenario.

The Group identifies three different types of potential liquidity crisis:

- market (systemic, global or sector): market downturn scenario. This scenario consists of a sudden turmoil in a monetary and capital market, which may be caused by closure (or limited access) to market/settlement system, critical political events, country crisis, credit crunch, etc.;
- specific to the Group, or part of it (idiosyncratic): name crisis; the assumptions could be operational risk, events relating to the worsened perception of the Group reputational risk and a downgrade in UniCredit S.p.A. rating or another legal entities;
- a combination of market and specific crisis: combined scenario.

These scenarios are expected to cause a substantial reduction in the funding coming from rating-sensitive customers, CD/CPs' investors and inter-bank markets. In addition, a possible usage of the undrawn portion of the committed lines is considered.

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The *combined scenario* is defined as a general negative development in the market environment and also as a factual or market-hypothesised problem specific to the Group.

In the first half of 2024 the Group liquidity stress test result on the combined scenario was always positive on the time horizon relevant for the internal limit system.

In addition to the internal stress test, the bank adopts and monitors the liquidity coverage ratio (LCR), calculated in accordance with the provisions of Implementing Regulation (EU) 2016/322 in force from 1 October 2016 as amended by DR (EU) 2018/1620.
It is the ratio between the high-quality liquid assets (HQLA) and the net cash outflows expected over the coming 30 days, under stress test conditions.The compliance with this regulatory requirement is constantly monitored by setting, in the risk appetite framework, internal limitations above the binding minimum level of 100%.

Among the liquidity outflows that occur in a stress scenario, the bank monitors on a monthly basis the impact in terms of additionally required collaterals that the bank may be required to provide given a downgrade of its own credit rating.
All the relevant rating agencies are taken into account. The testing is carried out on a Legal Entity level, but consolidated reporting is available to analyse the impact on group wide basis. Specific attention is dedicated to exposures towards special purpose vehicles (SPV).

At Group level the amount of material outflows due to deterioration of own credit quality, included in the components of the Liquidity Coverage Ratio, amount to €1,913 million as at 30 June 2024.

Risk mitigation

Monitoring and reporting
In the Group the governance and control of liquidity risk is mainly performed through the setting and monitoring of operating restrictions managerial and regulatory aimed at preventing potential vulnerabilities in the bank's ability to meet its cash flow obligations that are embedded in risk metrics limits or warning/trigger levels.
The short-term liquidity limits are monitored and reported on a daily basis.
The structural liquidity ratios and their exposure against limits are monitored and reported on a monthly basis. The survival period and the result of the liquidity stress test are reported and monitored on a monthly basis.
In case of limit breach or warning level activation at Group level, the Group risk management function investigates the rationale of the events, triggering the proper escalation and reporting them to the relevant committees.

Mitigation factors
Liquidity risk is considered a relevant risk category for the risk appetite determination of the Group.
The practices and processes are included in the "Group Liquidity Management & Control Policy", that defines the principles that the Parent Company and the Legal Entities have to apply for hedging and mitigating this risk and the roles to be interpreted by the different committees and functions.
In addition to an adequate liquidity buffer to face unexpected outflows and robust and regular up-to-date stress testing performed, the main liquidity mitigation factors for UniCredit group are:
- an accurate plan of short-term and medium to long-term liquidity needs, to be monitored on a monthly basis;
- an effective contingency liquidity policy with feasible and up-to-date contingency action plan to be executed in case of crisis;
- a system of early warning indicators such to anticipate any potential liquidity crisis and give enough time to the Group to restore its safe liquidity profile.

Funding plan
The funding plan plays a fundamental role in the overall liquidity management, influencing both the short-term and the structural position.
The funding plan, defined at each level (i.e., Group, liquidity reference bank and Legal Entity level), is developed consistently with a sustainable analysis of uses and sources, both on short-term and structural positions.
One of the objectives of accessing the medium and long-term channels is to avoid the pressure on the short-term liquidity position.
The funding plan is updated at least on a yearly basis and is approved by the Board of Directors. In addition, it is aligned with the budgeting process and the risk appetite framework.
The Parent Company accesses the market for Group capital instruments.

The Parent Company coordinates the market access of the liquidity reference banks and legal entities, while the liquidity reference banks coordinate the access of the legal entities falling within their perimeter.
Each legal entity or liquidity reference bank can access the markets for medium and long-term funding, in order to increase its self-sufficiency, exploit market opportunities and functional specialisation, safeguarding the optimisation of cost of funds of the Group.
Group Finance competence line is responsible for the elaboration of the funding plan. Risk management is responsible for providing an independent assessment of the funding plan.

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Group contingency liquidity management
The liquidity crisis usually develops quickly and the relevant signals may be either difficult to interpret or may even be lacking; it is, therefore, important to clearly identify players, powers, responsibilities, communication and reporting criteria, in order to increase significantly the probability of overcoming the state of emergency successfully. A liquidity crisis could be classified as systemic (e.g., overall capital and money market disruption) or specific (e.g., specific to the bank), or a combination of both.
The ability to act in time is essential to minimise the potentially disruptive consequences of a liquidity crisis.
The analysis of the stress tests will form a valuable tool to identify the expected consequences and to define up front the most suitable actions in a certain crisis scenario.
In combination with the early warning Indicators the organisation may be able to reduce the negative liquidity effects in the initial stages of a crisis. Therefore, a crisis-mode operating model, that can be activated effectively in case of crisis according to an approved procedure, has been defined. In order to be able to proceed timely, a set of mitigating actions have been pre-defined.
Depending on the situation some of these actions can then be approved for execution.

The *Group contingency liquidity management* rules have the objective of ensuring effective interventions starting from the very outset (initial hours) of the liquidity crisis, through the definition of specific guidelines on activation, meetings, decisions, actions and communications.
This is achieved through:
- a set of early warning indicators that may help to identify emerging vulnerabilities in the Group liquidity risk position;
- activation of extraordinary liquidity governance and operating model linked to indicators included in both the risk appetite and recovery and resolution plan framework;
- a set of available standby mitigating liquidity actions;
- consistent internal and external communication.

A relevant part of the contingency liquidity management is the contingency funding plan. This plan consists of a set of potential but concrete management actions to be performed in time of crisis.
These actions are described in terms of size, instrument, and timing of execution aimed at improving the bank's liquidity position during time of crisis. The contingency funding plan is developed on the basis of the annual Funding Plan.
A specific early warning indicators dashboard is in place, both at Group and Legal Entities level, in order to continuously monitor situations of stress, which may, among others, be originated by market, sector or name specific events.
They are based either on macroeconomic or market indicators that also reflect the monetary policy stance of the Central Banks variables, or on specific internal metrics. The system of early warning indicators helps to identify emerging vulnerabilities in the Group's liquidity risk position or potential funding needs, triggering a potential response by the Senior management.
A "traffic light approach" is adopted for each metric in order to have sufficient time to inform senior management of a deteriorating situation and allow to put in place adequate actions aimed at restoring the business-as-usual state.

Adequacy of the Liquidity Risk Management
In the yearly process of the ILAAP, the Senior management is requested to give a judgement on the adequacy of the liquidity position and stability of funding, called Liquidity Adequacy Statement (LAS). This assessment aims at showing the main drivers that had modified the liquidity position throughout the year and provides comment also on the evolution of the main metrics that are used to steer the different aspects of the liquidity risk.
In the first half of 2024, the Group liquidity situation is deemed adequate, and the liquidity risk management arrangements of the institution ensure that the liquidity risk management systems put in place are adequate with regard to the institution's profile and strategy.

The framework of measurement systems and of limits in place aims to ensure that the Group has always an internal liquidity buffer/reserve that allows it to face expected and unexpected payments.

In the daily Treasury activity, the (managerial) liquidity reserve is represented by the Counterbalancing Capacity (CBC).
Group Treasury, in its role of operational liquidity management function is entitled to monetise also the bonds belonging to the trading book, if this is necessary to restore the liquidity positions, prevailing on any existing business or risk management strategies.

From a regulatory perspective, the liquidity reserve is represented by the amount of high-quality liquid assets (HQLA).
This is the numerator of the LCR and is made of assets, which can be easily and immediately converted into cash at little or no loss of value even in periods of severe idiosyncratic and market stress. These assets are unencumbered, which means free of legal, regulatory, contractual or other restrictions on the ability of the bank to liquidate, sell, transfer, or assign them.

Part E - Information on risks and related hedging policies

The adequacy of the liquidity reserve under both perspectives is monitored and controlled through the limitations set on the operative maturity ladder (managerial) and on the liquidity coverage ratio (regulatory), as described above.
In the first half of 2024, the operative maturity ladder of the Group, measured considering the impediments in the transfer of liquidity among Legal Entities, was constantly above the Risk Appetite Trigger, defined at a level that ensures that the Group would have enough liquidity to survive to a period of stress.

Similarly, the Group liquidity coverage ratio (LCR) was always well above the trigger (set above the minimum regulatory requirement of 100%), confirming that its liquidity reserve was large enough to cover one month of stress designed according to the regulatory hypothesis.

While the operative maturity ladder and the LCR restrictions ensure that the liquidity reserves are adequate, the respect of the loans to deposits ratio and other structural liquidity metrics restrictions ensure that the bank maintains an appropriate balance between assets and liabilities in the medium-long term (beyond one year), preventing additional pressure on the short-term liquidity position.
In the first half of 2024, the net stable funding ratio, the loans to deposits ratio and the structural liquidity ratio were above the limitations set in the risk appetite framework, thus confirming the relative stability of the funding source of the Group.

2.5 Operational risks

Qualitative information

A. General aspects, operational processes and methods for measuring operational risk

Operational risk definition
Operational risk is the risk of loss due to errors, infringements, interruptions, damages caused by internal processes or personnel systems or caused by external events. This definition includes legal and compliance risks but excludes strategic and reputational risk.
For example, losses arising from the following can be defined as operational internal or external fraud, employment practices and workplace safety, client claims, products distribution, fines and penalties due to regulation breaches, damages to the company's physical assets, business disruption and system failures, process management.

Group operational risk framework
UniCredit group sets the operational risk management framework as a combination of policies and procedures for the identification, the assessment and measurement, the addressing and mitigation, the monitoring and reporting of the operational risk of the Group and of the controlled entities.
The operational risk policies, applying to all Group legal entities, are common principles defining the roles of the company bodies, the operational risk management function, as well as the relationship with other functions involved in operational risk monitoring and management.
The Parent Company coordinates the Group Legal Entities according to the internal regulation and the Group operational risk control rulebook. A specific Risks Committee Group Non-Financial Risks and Controls Committee (GNFRC) is set up to monitor risk exposure, mitigating actions, measurement and control methods within the Group. With particular reference to UniCredit S.p.A. the Italy Non-Financial Risks and Controls Committee (INFRCC) supports the Head of Italy in the role of steering and monitoring of the Non-Financial Risks (NFRs) at Italy level, also overseeing the related Internal Control System (ICS). The methodologies for data classification and completeness verification, scenario analysis, risk indicators, monitoring and reporting, capital at risk measurement, Risk and Control Self Assessments and Operational Risks Mitigation Strategies are set by the Group Non-Financial Risks (GNFR) structure and applied by all legal entities. A pivot element of the risk control framework is the operational risk management application, allowing the collection of the data required for operational risk control and capital measurement.

The compliance of the Group Operational risk control and measurement system with external regulations and Group standards is assessed through an internal validation process, which is under the responsibility of the Group Internal Validation department of the Parent Company and is independent from the Group Non-Financial Risks structure.

Since March 2008 the UniCredit group applies the AMA model (Advanced Measurement Approach) for calculating operational risk capital. The use of this method has been rolled out to the main legal entities of the Group.

Organisational structure
Senior Management is responsible for approving all aspects related to the Group operational risk framework and verifying the adequacy of the measurement and control system; it is regularly updated on changes to the risk profile and operational risk exposure, with the support of the appropriate risk committees if required.

The Group Non-Financial Risks and Controls Committee (GNFRC) supports the CEO in the role of steering and monitoring the Non-Financial Risks (NFRs) at Group level, also overseeing the related internal control system (ICS).

Part E - Information on risks and related hedging policies

The GNFRC enables the coordination among the "three lines of defence" with the aim to identify and share Group priorities concerning Non-Financial Risks (e.g., events, regulations or emerging risks), assessing and monitoring the effectiveness of initiatives put in place in order to address them.

Without prejudice to the role reserved to the Board of Directors by the provisions in being at the time, the GNFRC, in order to support the CEO in implementing the strategic guidelines and the Group general Risk Management policies is responsible for:
- defining and approving policies, operational limits and methodologies for the measurement, management and control of Non-Financial Risks, as well as for the definition of the methodologies for the measurement, management, and control of Non-Financial Risks (Operational and reputational Risk) internal capital;
- promoting the annual managerial self-assessment processes and evaluating its results, in order to ensure a systematic approach to operational risk assessment and to the supervision of the Internal Control System;
- overseeing Group Non-Financial Risks profile, emerging threats as well as the internal control system robustness at Group level, through the monitoring of most relevant events and incidents, weaknesses and shortcomings, also addressing and prioritising, when needed, potential corrective actions;
- evaluating and providing guidelines for the management of risk relevant (e.g., reputational, security, data protection) single customer transactions or third party contracts, and for definition and implementation of business continuity plans.

With particular reference to the operational risk, GNFRC committee meets with approval, consulting and information functions for:
1) Approving:
- general governance policies for the different types of NFRs;
- Group policies and methodologies for the measurement, management and control of the NFRs as well as for the measurement and control of the related internal capital;
- Group insurance strategies proposed by the competent functions.

2) Consulting and information concerning:
- the main NFRs, for the industry and for the Group, and overall strategies for their optimisation;
- the relevant Group and local legal entities issues (also emerging by the activities carried out by local GNFRC) concerning NFR and ICS, evaluating weaknesses and shortcomings and, if needed, recommending and prioritising corrective actions, as well as monitoring main implementation plans milestones;
- external events having potential impact on Group NFRs profile, and best practices and/or lessons learned deriving from events, assessments and action plans defined by the Group legal entities;
- the periodical reporting provided by Risk Management on operational losses (with particular focus on events having relevant financial impacts), near misses, Risk Weighted Exposure Amounts (RWEA), Indicators and Scenario Analysis;
- the Compliance and Risk Management evidences on second level controls carried out, as well as on current and expected impacts of regulations monitored;
- the Group relevant risks/criticalities highlighted by Internal Audit function, for specific cases and in relation to specific areas or geographies; the strategic guidelines on Group Risk Appetite proposals including capitalisation targets and capital allocation criteria for Group Non-Financial Risks;
- the monitoring the information flows on the exercise of the powers sub-delegated by the CEO according to the current Delegation of Powers by the Board of Directors and on the new sub delegation granted;
- the Internal Validation annual Regulatory Report on operational risk.

In order to evaluate the strength or the potential criticalities related to the Group ICS, the GNFRC evaluates the significant or critical elements emerging from reports produced by external Regulators (i.e., ECB, SSM, Banca d'Italia, Consob, etc.), from other Group Functions with control duties or operating within the ICS (e.g., ICT, Security, Operations, Procurement and Cost Management) and external Auditors.

Group Non-Financial Risks structure (GNFR) is responsible for the governance and control of operational and reputational risks (including operational risks bordering on credit risk, alias Cross Credit risks) of the Group and for evaluating its exposure to operational and reputational risks, providing frameworks, methodologies, and coordination of risk assessment activities, and guaranteeing their continual and independent monitoring. The structure is furthermore responsible for defining strategies to mitigate such risks and containing the related losses and Risk Weighted Exposure Amounts. The structure is responsible for ensuring integrated analysis and reporting, involving and in alignment with the other control functions (i.e., Compliance, Audit) on the main operational and reputational risks of the Group. The structure is also responsible for the governance and control of IT and of Digital Security risks, through the definition of the framework for the management of IT and of Digital Security risks, the coordination and monitoring of the Group Entities in its implementation, the measurement, assessment and control of IT and of Digital Security risks for UniCredit S.p.A. as well as for the cooperation with Group Digital Security structure in the reduction of the attack surface of the information system, evaluating the correctness of the counter measures and of the related monitoring.

Part E - Information on risks and related hedging policies

The structure is organised as follows:

- Operational Risks Analytics and Oversight is responsible to define principles and rules at Group level for identification, assessment, control and reporting of operational risk, monitoring their correct application by Group legal entities. The structure is also responsible for defining operational and reputational risk capital measurement methodologies, conducting analysis of the Group's exposure to operational risk also based on operational risks analytics models. The structure is furthermore responsible for the definition of Risk Appetite Framework (RAF) metrics of competence as well as for the related periodical monitoring;
- Reputational & Operational Risks Strategies & Mitigation is responsible to define the priority operational risk strategic areas, coordinating and monitoring the definition and planning of related relevant risks mitigation actions by the Legal Entities of the Group. The structure defines and provides methodologies for the evaluation of operational risks and controls (i.e., Risk and Control Self-Assessments - RCSA) on processes, products and projects performed by the Group legal entities. The structure is also responsible to define the methodologies for assessing the reputational risk related to activities performed by the Group, providing reputational risk assessments for UniCredit S.p.A. and Non-Binding opinions for the other legal entities of the Group;
- Operational Risk Processes Assessment is responsible to oversee the operational risks for the Holding and Global functions perimeter, supporting the identification, management and monitoring of operational risks, also through the coordination of specific risk assessment activities on processes, products and projects. The structure is also responsible for the governance, identification and monitoring of the operational related credit risk for the Group (“cross credit risk”), coordinating and supporting dedicated risk assessments on business and governance processes and the related communication within Group and local committees;
- Digital Risk is responsible to define the most relevant areas within the Operational Risk Framework which regard Digital & Information perimeter of activity, in coherence with the Risk Appetite Framework and Group strategic objectives; as well as define the guidelines for the control of the IT and Digital Security risks performed by the Group Legal Entities and monitoring their execution. The structure is also responsible to identify, evaluate and control IT and Digital Security risks within the definition of the processes belonging to Digital & Information Division as well as within the implementation of the same.

Internal validation process

In compliance with regulations, an internal validation process for the operational risk control and measurement system has been set up for the Group and for the relevant Legal Entities in order to verify the compliance with regulations and Group standards. This process is under the responsibility of Group Internal Validation department. Group methodologies for measuring and allocating the capital at risk and the IT system are validated at Group level by the above-mentioned department, as well as the implementation of the operational risk control and management system within the relevant Entities, which is firstly analysed through a self-assessment performed by local Non-Financial Risk Management functions, following the technical instructions and policies issued by Group Internal Validation. The results of the local self-assessments are annually verified by Group Internal Validation, which also performs additional analysis on data and documentation. Such evidence is the basis for the release of specific Validation Reports to the relevant subsidiaries. The local self-assessment, together with the opinion of Group Internal Validation and Internal Audit report are submitted to the Legal Entities’ competent governing bodies.
The validation outcomes on the operational risk control and measurement system, both at Group and Controlled Entities level, are annually consolidated with the annual validation report which, with the annual Internal Audit report, is presented to the UniCredit S.p.A. Board of Directors.

Reporting

A reporting system has been developed by the Parent Company to keep senior management and the Management Body regularly informed on the Group operational risk exposure and the risk mitigation actions.
In particular, weekly reports are provided on operational losses trend, the main initiatives undertaken to prevent or mitigate operational risk in the various business areas and main operational risk events. Quarterly updates are provided on capital-at-risk estimations and RAF metric monitoring. Operational loss reports, submitted to Group Non-Financial Risks and Controls Committee are periodically provided to Regulators.

Risk addressing and mitigation

The goal of reducing and controlling the operational and reputational risks is pursued by GNFR and the local Non-Financial Risk (NFR) management functions, as well as by the other relevant and involved functions (e.g., business/support functions, competence lines), through the definition of the risk priorities and the identification of related actions to mitigate them.
The identification of the Group and Legal Entity Operational & Reputational Risk Mitigation Strategies (Group and Legal Entity ORRMS) is performed by GNFR and the local NFR management functions through a set of recurring yearly activities at Group and local level to define the most appropriate mitigation actions in their scope in order to address and reduce the identified operational and reputational risk priorities.
Group ORRMS are submitted for approval to the Group competent Committee. The approved Group ORRMS are then sent to the Legal Entities for their information and sharing.

Part E - Information on risks and related hedging policies

The Group and local ORRMS are defined through:
- the definition of Group Operational and Reputational Risk Priorities, which are based upon an integrated analysis performed by GNFR and constitute the list of priority risk areas to be managed for the upcoming year;
- the Local Operational and Reputational Risk Priorities definition and the related local ORMMS, set through the analysis of the relevance of each priority supplied by GNFR, according to the provided methodology. Additionally, the local NFR management functions should identify and evaluate additional priorities affecting their own Legal Entity, considered relevant on the basis of the local market trends, the business evidences of the previous year and the specificities of the Legal Entity, and address them through defined second level control action which represent the local ORRMS;
- the identification of Group ORRMS, which aim at assuring the mitigation of the operational and reputational risk priorities through the adoption of second level structured actions. The list of actions includes the measures, designed to reduce, prevent, avoid or transfer the risk exposure, thus avoiding a potential loss or decreasing its impact.

During the year, the status of the mitigation actions plan related to Group and Local ORRMS, is monitored on a regular basis, following a risk-based approach. In particular, the monitoring is performed through:
- the second Level Controls, aimed at verifying that the actions defined within ORRMS are effectively and timely carried out and in case of significative changes concerning the implementation timeline, mitigation action effectiveness or risk exposure, the local NFR management function must engage the main risk owner to implement an adequate recovery plan and timely informs GNFR;
- the oversight, during which GNFR checks the planned actions and discusses the potential criticalities detected during the monitoring phase of Local and Group ORRMS, with the goal of defining (if any) recovery actions and/or (if any) escalations to local or Group competent Risk Committees.

Operational Risk Permanent Work Group (PWG)
The global operational regulation Group Operational & Reputational Risk Mitigation Strategies rules the PWG, an inter-functional working group established in the Legal Entities, which aims at identifying the root causes of Operational Risks and reduce the Operational Risk exposure of the Group Legal Entities, leveraging mainly on the expertise of the NFR management function and the other competent functions (e.g., Compliance, Security, Business functions, etc.) involved time by time.
The meetings, called at least quarterly, contribute to identify the risks, propose the mitigation actions, and monitor their implementation status.

Insurance as risk mitigation
GNFR/local NFR management function, respectively at Group/Local level, is involved in the decision process related to insurance coverage with analyses regarding the exposure to operational risks, effectiveness of deductibles and of policy limits. Such functions regularly inform management on insurance related matters connected to operational risks. The role of GNFR and the local NFR management function in insurance management is defined in in the global operational regulation Group Operational & Reputational Risk Mitigation Strategies.
Any proposal of relevant change in the risk transfer strategy through insurance is submitted to the competent functions/Bodies for approval.
The operational risks commonly insured in the Group are damages to physical assets, frauds, and liability toward third parties.

On the basis of a risk classification, the Group has insurance policies according to the following forms:
- internal fraud: Bankers Blanket Bond (BBB) policy, according to Employee Dishonesty insuring clause;
- external fraud: BBB policy, according to the following insuring clauses: on premises and in transit (including loss of property resulting directly from theft & robbery), forgery or alteration, computer manipulation, included the cases of “fraudulent impersonation of counterparty” aimed at the execution of fraudulent transactions (e.g., the so-called CEO frauds);
- ICT and cyber breach: Cyber policy, coverage for liability claims (including legal expenses and customer notification costs) and business interruption costs (included also damages to UniCredit group caused by the system failure of the external IT providers). The coverage is extended also to Group multimedia liability (i.e., infringement of the copyright, defamation and general negligence in the course of publication);
- protection for the personal liabilities of the management including legal expenses: Directors and Officers Liability (D&O) policy;
- Employer’s Liability (E.L.): protection for the Bank’s liability against claims for damages suffered by employees (compared to third-parties);
- third Party Liability Policy (TPL): protection for the Bank’s general liability against claims for damages suffered by third parties;
- external occurrences: Property ALL RISKS policy as well as EDP ALL RISKS policy are provided in respect of buildings and other assets, extended to natural events, catastrophic losses, vandalism and terrorism, Fine Art policy to cover entrusted or owned works of art.

Part E - Information on risks and related hedging policies

AMA includes the effect of the BBB coverage on ET1 (Event Type 1) "Internal Frauds". In particular, its impact is recognised by applying the following haircuts (aimed at considering uncertainty and mismatching elements theoretically linked to an insurance), which are updated on annual basis:

- Residual Term of Policy - longer than 1 year aims to keep coverage stability;
- Cancellation Terms - longer than 1 year aim to keep coverage stability (as well as for residual term);
- Probability of Insurance Recovery (PoIR) - its calculation addresses uncertainties and responsiveness of insurance policies related to "mismatches in coverage";
- Recovery Rate - it considers the split of fines and penalties in internal losses (other deviations from full recovery already included in PoIR);
- Probability of Default of Insurers - it contributes to estimate the ability of insurer to pay in a timely manner, considering the potential credit risk associated with the insurance asset and the related time delay;
- Discount Factor - applied to the recoveries, considers that the final payment is expected with a delay defined by the time delay.

Non-Financial Risks Appetite (NFRs Appetite)
Non-Financial Risks Appetite metrics (Key Performance Indicators - KPIs) are reviewed annually and quarterly monitored; KPIs are cascaded to Legal Entities (in line with the perimeter defined by Group RAF).
ELOR (Expected Losses on Revenues) is an overarching NFRs metrics within Risk Appetite framework; in addition, Cyber Risk, ICT Risk, Financial Crime, Outsourcing & Third Parties Risks and Reputational Risk are monitored through dedicated KPIs and/or qualitative statements covering the main identified risk factors.
ELOR is a ratio estimated with a statistical model, based on the historical losses time series and forward-looking factors, as numerator, and the budget revenues, as denominator.
ELOR is monitored using the actual losses on actual revenues booked until end of quarters. The comparison between the thresholds estimated at the beginning of the year and the actual calculated on each quarter allows a close monitoring by the Parent Company of changes or reactions put in place by the legal entities to reduce and prevent risks. These analyses are also used to evaluate the impact of mitigation actions implemented in the past and as a base for future strategies and mitigation activities, as well as the improvement of existing ones.
A disciplined approach in monitoring expected losses and implementing remedial actions will ensure consistency with best practice standards, increasing accountability and alignment between business and risk control functions.

Stress test
Since 2017, the Group has carried out regular stress analyses for operational risks. These include the stress test exercise for the Group, aimed at verifying, through the use of a statistical-econometric model, the impact in terms of operating losses, as well as the consequent repercussions on capital at risk, of the changes in the underlying macro-economic factors, using articulated economic scenarios discussed and defined by the Group Stress Test Council on the proposal of the Research Department. This exercise is carried out twice a year, or on request, whenever an analysis of this type is required, to assess the risks deriving from possible worsening of the macro-economic context.

Risk capital measurement and allocation mechanism
UniCredit group developed an internal model for measuring the capital requirements. It is based on internal loss data, external loss data (collected from the international consortium ORX - Operational Riskdata eXchange Association), scenario loss data and risk indicators. Capital requirement is calculated at Group level, considering the risk classes. For each risk class, severity and frequency of loss data are separately estimated to obtain the annual loss distribution.

The severity distribution is estimated on internal, external and scenario data, while the frequency distribution is determined using only the internal data. The severity distribution is selected among a portfolio of parametric distributions (truncated lognormal, truncated Weibull, truncated loglogistic, generalised Pareto, shifted lognormal) applying a decision tree on internal data to identify the set of distribution/threshold best describing the tail severity data for each risk class.

Frequency of loss data is modelled by a Poisson distribution. For each risk class, the annual loss distribution is obtained from severity and frequency through Monte Carlo simulation. An adjustment for key operational risk indicators is applied to the annual loss distribution estimated for each risk class.

Annual loss distributions of risk classes are aggregated considering correlation among monthly loss data of risk classes. Correlation is estimated through a Student-t copula function and the overall annual loss distribution is obtained through Monte Carlo simulation, considering also insurance coverage. Group AMA capital requirement is calculated at a confidence level of 99.9% on the overall loss distribution for regulatory purposes and for economic capital purposes. Expected loss, for each risk class, is calculated as the minimum between median of loss distribution and available specific provisions related to ordinary internal loss data. Deduction for expected loss is calculated summing up the expected losses of the risk classes without exceeding the median of overall distribution.

Part E - Information on risks and related hedging policies

Through an allocation mechanism, the individual Group Legal Entities' capital requirements are identified, reflecting the Entities exposure to operational risk.
The allocation mechanism is based on two steps:
- the Group capital requirement is allocated to model Hubs (sets of similar Legal Entities, in terms of geographical area or business type) proportionally to their relative Standardised Approach (TSA), Operational losses and stand-alone capital at risk figure;
- the Hub capital at risk is then allocated to individual Legal Entities on the basis of their TSA, historical loss profile and scenarios.

The AMA approved by the Supervisory Authority in 2008 has been upgraded and deeply revised (starting from 30 June 2014 reporting leading to a second-generation model newly approved by competent authorities in 2014. The findings resolution on second generation model led to the last model version, starting from 31 December 2015 reporting. Key operational risk indicators adjustment has been fine-tuned, from 31 December 2017 reporting, to incorporate some observations included in the letter by ECB "follow-up review of AMA 2 findings" submitted in July 2016. A model change has been applied from 31 December 2018 reporting date, in order to improve the accuracy and the risk sensitivity of the Operational Risk capital requirement calculation, including an add-on, while the Supervisory Authority was completing the investigation. This model change has been finalised from the 30 June 2019 reporting, in order to address the Supervisory Authority findings, remove the add-on, and make the model compliant with the EU Regulatory Technical Standards (EU Regulation 2018/959 of 14 March 2018).
The Legal Entities not yet authorised to use the advanced methods contribute to the consolidated capital requirement on the basis of the Standardised Approach (TSA) or Basic Indicator Approach (BIA) model.

B. Legal risks

The parent company UniCredit S.p.A. and other UniCredit group companies are named as defendants in several legal proceedings. In particular, as at 30 June 2024, the parent company UniCredit S.p.A. and other UniCredit group companies were named as defendants in 38,058 legal proceedings, of which 6,209 involving the parent company UniCredit S.p.A. (excluding labour law cases, tax cases and credit recovery actions in which counterclaims were asserted or objections raised with regard to the credit claims of Group companies). In addition, from time to time, past and present directors, officers and employees may be involved in civil and/or criminal proceedings, the details of which UniCredit group may not lawfully know about or communicate.
The Group is also required to fulfil appropriately various legal and regulatory requirements in relation to certain aspects of its activity, such as conflicts of interest, ethical issues, anti-money laundering laws, EU, US and international sanctions, client assets, competition law, privacy and information security rules and others. Actual or alleged failure to do so may lead to additional litigation and investigations and subject the Group to damages claims, regulatory fines, other penalties and/or reputational damages. In addition, one or more Group companies and/or their current and/or former directors are subject or may in the future be subject to investigations by the relevant supervisory or prosecutorial authority in a number of countries in which the Group operates. These include investigations and/or proceedings relating, inter alia, to aspects of systems and controls and instances of actual and potential regulatory infringement by the relevant Group companies and/or its clients.
Given the nature of UniCredit group's business and its reorganisation over time, there is a risk that claims or matters that initially involve one Group company may affect or involve other Group entities.
In many cases, there is substantial uncertainty regarding the outcomes of the proceedings and the amount of possible losses. Where it is possible to estimate reliably the amount of possible losses and the loss is considered as more likely than not, provisions have been made in the financial statements to the extent the parent company UniCredit S.p.A., or any of the Group companies involved, deemed appropriate based on the circumstances of the case and in compliance with the International Accounting Standards (IAS).
To provide for possible liabilities and costs that may result from pending legal proceedings (excluding labour law and tax cases), as at 30 June 2024, UniCredit group set aside a provision for risks and charges of €792 million, of which €270 million for the parent company UniCredit S.p.A.
As at 30 June 2024, the total amount of claimed damages relating to judicial proceedings other than labour, tax and debt collections proceedings amounted to €7.7 billion, of which €5 billion for the proceedings involving the parent company UniCredit S.p.A.
This figure is affected by both the heterogeneous nature of the pending proceedings and the number of involved jurisdictions and their corresponding characteristics in which UniCredit group companies are named as defendants.
The estimate for reasonably possible liabilities and the provisions are based upon the available information, however, given the many uncertainties inherent in legal proceedings, they involve significant elements of judgment.
Therefore, any provision may not be sufficient to meet entirely the legal costs and the fines and penalties that may result from pending legal actions.
Set out below is a summary of information, including, if material and/or indicated, the single requests of the plaintiffs, relating to matters involving UniCredit group which are not considered groundless or in the ordinary course of the Group companies' business.
This section also describes pending proceedings against the parent company UniCredit S.p.A. and/or other UniCredit group companies and/or employees (even former employees) that the parent company UniCredit S.p.A. considers relevant and which, at present, are not characterized by a defined claim or for which the respective claim cannot be quantified.

Part E - Information on risks and related hedging policies

Unless expressly mentioned below, labour law and tax claims or debt collections proceedings are excluded from this section and are described elsewhere in the notes of this section. In accordance with IAS37, information that would seriously prejudice the relevant company's position in the dispute may be omitted.

Proceedings which involve the parent company UniCredit S.p.A.

Proceedings arising out of the purchase of UniCredit Bank GmbH (UCB - formerly UniCredit Bank GmbH) by the parent company UniCredit S.p.A. and the related Group reorganisation

Squeeze-out of UCB minority shareholders (Appraisal Proceeding)
In 2008, approximately 300 former minority shareholders of UCB filed a request before the District Court of Munich to have a review of the price paid to them by the parent company UniCredit S.p.A., equal to €38 per share, in the context of the squeeze out of minority shareholders (Appraisal Proceeding). The dispute mainly concerns the valuation of UCB, which is the basis for the calculation of the price to be paid to the former minority shareholders. On 22 June 2022, the competent court in Munich rejected all applications for a higher compensation than that which the parent company UniCredit S.p.A. paid to the former minority shareholders of UCB hence dismissing all claims. Certain claimants have filed appeals.

Squeeze-out of UniCredit Bank Austria AG's minority shareholders (Appraisal Proceeding)
In 2008, approximately 70 former minority shareholders of UCB Austria commenced proceedings before the Commercial Court of Vienna claiming that the squeeze-out price paid to them, equal to €129.4 per share, was inadequate, and asking the court to review the adequacy of the amount paid (Appraisal Proceeding). At present the proceeding is pending in the first instance. In parallel, one contentious proceeding in which the plaintiff claims damages is still pending, involving however only insignificant amounts in dispute.

Fino Arbitration proceedings
In July 2022 Fino 1 Securitisation S.r.l. (Fino 1) commenced an ICC arbitration seeking damages in relation to, inter alia, the alleged breach of certain representations and warranties included in a transfer agreement for the sale of receivables entered into in 2017. The proceedings are ongoing.
In March 2023, Fino 2 Securitisation S.r.l. (Fino 2) also commenced an ICC arbitration seeking damages in relation to another transfer agreement for the sale of receivables also entered into in 2017. The proceedings are ongoing.

Euro-denominated bonds issued by EU countries
On 31 January 2019, the parent company UniCredit S.p.A. and UCB received a Statement of Objections from the European Commission referring to the investigation by the European Commission of a suspected violation of antitrust rules in relation to European government bonds. The subject matter of the investigation extended to certain periods from 2007 to 2011 and included activities by UCB between September and November 2011. The European Commission concluded its investigation by issuance of its decision on 20 May 2021. The decision provides for the imposition of a fine of €69 million on the parent company UniCredit S.p.A. and UCB. The parent company UniCredit S.p.A. and UCB contested the European Commission's findings and brought an action for the annulment of its decision before the General Court of the European Union on 30 July 2021.

On 11 June 2019, UCB and UniCredit Capital Markets LLC were named, among other financial institutions, as defendants in a putative class action already pending in the United States District Court for the Southern District of New York. The third amended class action complaint, filed on 3 December 2019, alleges a conspiracy among dealers of Euro-denominated bonds issued by European central banks to fix and manipulate the prices of those bonds, among other things by widening the bid-ask spreads they quoted to customers. The putative class consists of those who purchased or sold Euro-denominated bonds issued by European central banks in the US between 2007 and 2012. On 23 July 2020, the court granted motions to dismiss the third amended complaint by certain defendants, including UCB and UniCredit Capital Markets LLC, without prejudice. Plaintiffs filed their fourth amended class action complaint on 9 February 2021, repleading their claim against UCB and UniCredit Capital Markets LLC and other financial institutions. Like earlier pleadings, the fourth amended class action complaint does not include a quantification of damages claimed. On 14 March 2022, the court granted UC Capital Markets LLC motion to dismiss while denying UCB's motion to dismiss. The court has since denied UCB's motion for reconsideration, UCB has answered the operative complaint and discovery has commenced. On 25 September 2023, the court granted plaintiffs leave to file a fifth amended class action complaint, which plaintiffs did on 16 October 2023 and continued to name UCB among others (but not UniCredit Capital Markets LLC) as a defendant. UCB reached a settlement with the plaintiffs and the putative class in May 2023, and the court preliminarily approved that settlement on 16 May 2023. On 19 April 2024, the court granted final approval of UCB's settlement with the plaintiffs and the putative class and entered final judgment.

Part E - Information on risks and related hedging policies

Proceeding relating to certain forms of banking operations
The UniCredit group is named as a defendant in several proceedings in matters connected to its operations with clients, which are not specific to UniCredit group, rather affect the financial sector in general.
In this regard, as at 30 June 2024 (i) proceedings against the parent company UniCredit S.p.A. pertaining to compound interest, typical of the Italian market, had a total claimed amount of €853 million, mediations included; (ii) proceedings pertaining to derivative products, mainly affecting the Italian market (for which the claimed amount against the parent company UniCredit S.p.A. was €358 million, mediations included) and the German market (for which the claimed amount against UCB was €8 million); and (iii) proceedings relating to foreign currency loans, mainly affecting the CE&EE countries (for which the claimed amount was around €253 million).
The proceedings pertaining to compound interest mainly involve damages requests from clients arising from the alleged unlawfulness of the calculation methods of the amount of interest payable in connection with certain banking contracts. At present, the parent company UniCredit S.p.A. has made provisions that it deems appropriate for the risks associated with these claims.

With regard to the litigation connected to derivative products, several financial institutions, including UniCredit group companies, entered into a number of derivative contracts, both with institutional and non-institutional investors. In Germany and in Italy there are a number of pending proceedings against certain Group companies that relate to derivative contracts concluded by both institutional and non-institutional investors. The filing of such litigations affects the financial sector generally and is not specific to the parent company UniCredit S.p.A. and its Group companies. At present, the parent company UniCredit S.p.A. and the involved Group companies have made provisions deemed appropriate based on the best estimate of the impact which might derive from such proceedings.

With respect to proceedings relating to foreign currency (FX) loans, in the last decade, a significant number of customers in the Central and Eastern Europe area took out these types of loans and mortgages denominated in a foreign currency. In a number of instances customers, or consumer associations acting on their behalf, have sought to renegotiate the terms of such FX loans and mortgages, including having the loan principal and associated interest payments redenominated in the local currency at the time that the loan was taken out, and floating rates retrospectively changed to fixed rates. In addition, in a number of countries legislation that impacts FX loans was proposed or implemented. These developments resulted in litigation against subsidiaries of the parent company UniCredit S.p.A. in a number of CE&EE countries including Croatia, Slovenia and Serbia.
In 2015, the Republic of Croatia enacted amendments to the Consumer Lending Act and Credit Institutions Act mandating the conversion with retroactive effect of Swiss franc (CHF)-linked loans into Euro-linked (the “Conversion Amendments”).
In 2019, the Supreme Court of the Republic of Croatia ruled that the CHF currency clause contained in certain loan and mortgage documentation was invalid (standing confirmed by the Constitutional Court in March 2021). In March 2020, the Supreme Court ruled that agreements entered into following the Conversion Amendments whereby customers converted their CHF mortgages and/or loans into EUR are valid and accordingly no additional payments are due. In May 2022, the European Court of Justice (ECJ) rendered a preliminary ruling in the court case against Zagrebacka banka d.d. (Zaba) taking the stand that the Directive on unfair terms in consumer contracts is not applicable in cases in which the conversion was based on national law (as it was in Croatia). The ECJ also referred to the local Croatian courts to decide on the conversion agreements and their effects. In December 2022, the Supreme Court ruled that customers who converted under the Conversion Amendments are entitled to the penalty interest on their overpayments before the conversion. Due to the court practice related to FX matters, since 2019, there was a significant increase in the number of new lawsuits against Zaba. Statute of limitation for filing individual lawsuits in respect of the invalidity of the Swiss franc currency clause expired on 14 June 2023. Considering all the above, provisions have been booked which are deemed appropriate.

Lawsuit brought by Paolo Bolici
In May 2014, the company wholly owned by Paolo Bolici sued the parent company UniCredit S.p.A. in the Court of Rome asking for the return of €12 million for compound interest (including alleged usury component) and €400 million for damages. The company then went bankrupt. The parent company UniCredit S.p.A. won the case in the first instance and, in the course of the appeal, the parties reached a settlement, following which the case was definitively discontinued, also after the intervention by Mrs Beatrice Libernini, Mr Bolici’s business partner, was declared inadmissible.
On 31 July 2020, Mrs Libernini sued the parent company UniCredit S.p.A., seeking damages based on analogous facts to those alleged in the 2014 proceedings. The Court ruled in favour of the parent company UniCredit S.p.A. The appeal filed by the other party is pending.
In February 2023, Mr Bolici and Mrs Libernini commenced new proceedings before the Court of Rome, in which, recalling most of the claims already put forward by both of them and identifying the Bank as the main architect of the Group's financial collapse, they claim further damages for various reasons, invoking new allegations whose merits are currently being assessed. In January 2023 the Court of Rome ruled in favour of the Bank, fully dismissing the claims by the plaintiffs. The appeal filed by the other party is pending.

Part E - Information on risks and related hedging policies

Giovanni Lombardi Stronati
In June 2023 Mr Giovanni Lombardi Stronati commenced proceedings before the Court of Rome seeking a declaration that the Bank is contractually liable for having ordered the sale of securities in his name, which had been seized in the context of criminal proceedings in which he was charged and then acquitted for embezzlement and fraudulent bankruptcy. The claim amounts to €420 million and is based on allegations whose merits are currently being assessed. Following the first hearing of September 2023, the Court is due to decide on the alleged liability of the Bank, leaving the issue of the calculation of the alleged damages for a potential further phase of the case.

Mazza
In 2005 the parent company UniCredit S.p.A. filed a criminal complaint against a Notary, Mr. Mazza, representatives of certain companies and disloyal employees of the parent company UniCredit S.p.A. in relation to unlawful lending transactions in favour of certain clients for €84 million. The criminal court of first instance acquitted the defendants.
The Court of Appeal of Rome reversed this decision and found all the defendants guilty. Following a further appeal, while stating that some accusations were time-barred, the Supreme Court confirmed the decisions of the Court of Appeal in respect of the damages sought by the Bank. In May 2022, the insurance company indemnified the parent company UniCredit S.p.A. under the applicable policy, paying an amount of €33 million in relation to the losses suffered by the bank.
Following the acquittal in the first-instance criminal proceedings, Mr. Mazza and other persons involved in the criminal proceedings filed two lawsuits for compensation claims against the parent company UniCredit S.p.A.: (i) the first (commenced by Mr. Mazza with a claimed amount of €15 million) was won by the Bank at first-instance and the judgment is now final; (ii) in the second (commenced by Como S.r.l. and Mr. Colella with a claimed amount of €379 million) case the Court of Rome ruled in favour of the parent company UniCredit S.p.A. Plaintiffs have appealed and reduced the claimed amount to €100 million.

Criminal proceedings
Certain entities within UniCredit group and certain of its representatives (including those no longer in office), are involved in various criminal proceedings and/or, as far as the parent company UniCredit S.p.A. is aware, are under investigation by the competent authorities with regard to various cases linked to banking transactions.
At present, these criminal proceedings have had no significant negative impact on the operating results and capital and financial position of the parent company UniCredit S.p.A. and/or the Group, however there is a risk that, if the parent company UniCredit S.p.A. and/or other UniCredit group entities or their representatives (including those no longer in office) were to be convicted, these events could have an impact on the reputation of the parent company UniCredit S.p.A. and/or UniCredit group.
In relation to the criminal proceedings pertaining to the Diamonds offer topic reference is made to the paragraph “E. Other claims by customers - Diamond offer”, Explanatory notes, Part E - Information on risks and related hedging policies, Section - 5 Operational risks, Qualitative information.

Other proceedings

Claims in relation to guarantee payments and sanctions
In August 2023, UCB was named as a defendant in a lawsuit pertaining to guarantee claims commenced by a Russian energy company before a court in Saint Petersburg, Russia. UCB had issued part of a guarantee package in favour of the Russian company on behalf of a German guarantee client. The Russian company had drawn down the guarantees by making payment claims to UCB, which UCB could not fulfil under the applicable EU sanctions. The guarantees are governed by English law and contain an arbitration agreement providing for ICC arbitration seated in Paris. On 29 January 2024, the English Court of Appeal reversed an earlier decision denying a permanent anti-suit injunction (ASI) and granted a final ASI requiring the Russian company to immediately take all steps necessary to withdraw the Russian proceedings. The Court of Appeal's decision was upheld by the Supreme Court on 23 April 2024. Nonetheless, the Russian court has rejected UCB’s jurisdictional defenses and in May 2024 granted certain injunctions against UCB to seize securities, cash and real estate (if any) held by UCB in Russia in the amount of the claim. The Russian court also joined AO UniCredit Bank (a member of the UniCredit group and a bank operating in Russia, AO Bank) as a co-defendant in the case. At a hearing held on 26 June 2024, the Russian court granted the Russian company's claims in full and held both UCB and AO Bank jointly and severally liable. This judgment will take effect one month after the date of publication of the full judgment, unless appealed within this period. Each of UCB and AO Bank is evaluating its own strategy in relation to this dispute with the Russian company and may take steps to appeal the decision in Russia as well as seek other legal remedies.

Claims in relation to counter guarantees and sanctions
In April 2024, UCB was named as a defendant in a lawsuit brought by AO Bank before a court in Moscow, Russia, in connection with guarantee claims. UCB issued counter-guarantees to AO Bank for guarantees issued by AO Bank to a Russian company. When AO Bank made a payment under the guarantees to the Russian company, AO Bank demanded payment under the counter-guarantees from UCB, which UCB was unable to perform due to applicable EU sanctions. Following a procedural hearing on 14 June 2024, the Russian court scheduled the next hearing for the third quarter of 2024.

Part E - Information on risks and related hedging policies

Proceedings related to claims for withholding tax credits
On 31 July 2014 the Supervisory Board of UCB concluded its internal investigations into the so-called “cum-ex” transactions (the short selling of equities around dividend dates and claims for withholding tax credits on German share dividends) at UCB. In this context, criminal investigations have been conducted against current or former employees of UCB and UCB itself as an ancillary party by the Prosecutors in Frankfurt/Main, Cologne and Munich. With respect to UCB, all proceedings originally initiated by the aforesaid prosecution offices were finally closed with payment of a fine or the payment of a forfeiture.
In December 2018, in connection with an ongoing investigation against other financial institutions and former Bank employees, UCB was informed by the Cologne Prosecutor of the initiation of a new investigation in connection with an administrative offence regarding “cum-ex” transactions involving Exchange Traded Funds (ETF). In April 2019 these investigations were extended to so called ex/ex-transactions, in which an involvement of the Bank in the sourcing of cum/ex transactions of other market participants on the ex-day is suspected. The facts are being examined internally. UCB is cooperating with the authorities.
On 28 July 2021, the Federal Criminal Court (BGH) rendered a decision through which the principle of criminal liability of cum/ex structures was determined for the first time. With its decisions of 6 April 2022,17 November 2022 and 20 September 2023, the BGH confirmed three criminal judgements in other cum/ex cases of the Regional Court of Bonn, thus further solidifying its case law. The Federal Constitutional Court rejected several complaints against decisions of the BGH, thereby confirming the case law of the BGH. UCB is monitoring the development.
In June 2023, the Munich tax authorities completed a regular field audit of UCB for the years 2013 to 2016 which includes, among other things, a review of transactions in equities around the dividend record date (so called cum/cum transactions). During these years UCB performed, among other things, securities-lending transactions with different domestic counterparties which include, but are not limited to, different types of cum/cum transactions. It still remains to be clarified whether, and under which circumstances, tax credits can be obtained or taxes refunded with regard to different types of cum/cum transactions. Some of the taxes credited from the cum/cum transactions are currently not recognised for tax purposes by the tax audit. UCB appealed against the tax assessments for 2013 to 2015, which were amended based on the findings of the tax audit regarding cum/cum transactions. Moreover, with respect to cum/cum transactions in which the counterparty of UCB claimed tax credits in the past, it cannot be ruled out that UCB might be exposed to third party claims under civil law.

Claims in relation to a syndicated loan
UCB, together with several other financial institutions, has been named as a defendant in complaints filed by the judicial administrator and foreign representative of a Brazilian oil and gas conglomerate in July 2021 in the United States before the Southern District of New York court claiming damages in connection with the repayment of a syndicated loan for two oil drilling rigs in which UCB participated that defendants are alleged to have unlawfully obtained.

VIP 4 Medienfonds
Various investors in the fund “Film & Entertainment VIP Medienfonds 4 GmbH & Co. KG” to whom UCB issued loans to finance their participation, brought legal proceedings against UCB. In the context of the conclusion of the loan agreements, the plaintiffs claim that the Bank provided inadequate disclosure about the fund structure and the related tax consequences. A settlement was reached with the vast majority of the plaintiffs. An outstanding final decision with respect to the question of UCB's liability for the prospectus in the proceeding pursuant to the Capital Markets Test Case Act (Kapitalanleger-Musterverfahrensgesetz) which is pending at Munich Higher Regional Court, will affect only a few pending cases.

Alpine Holding GmbH
Legal proceedings against UCB Austria arose from bondholders’ claims commenced in June/July 2013. The claims stemmed from the insolvency of Alpine Holding GmbH, as UCB Austria acted as joint lead manager, together with another bank, for the undertaking of Alpine Holding GmbH bond issues in 2010 and 2011. Bondholders’ claims are mainly referred to prospectus liability of the joint lead manager, whereas a minority of the cases is based on misselling due to allegedly unlawful investment advice. The damage claims amount to €19 million in total. These proceedings are mainly pending in the first instance and may be adverse to UCB Austria.
Meanwhile, the expert appointed by the Court in the majority of the civil proceedings had issued a report largely in favour of UCB Austria and the other issuing banks. Based on this report, in December 2023 the Court rendered a first partial judgement on the investors’ prospectus liability claims, in which it confirmed the legal position of UCB Austria and the other issuing banks that the prospectuses were correct and complete, thus fully rejecting the investors’ claims based on prospectus liability. Investors have appealed against the partial judgment. Therefore, the final outcome of the lawsuits cannot be assessed as of yet.
In addition to the ongoing proceedings against UCB Austria stemming from the Alpine insolvency, further Alpine-related actions have been threatened and may be filed in the future. The pending or future actions may have negative consequences for UCB Austria. Despite the favourable developments mentioned above, at the moment it is impossible to estimate reliably the timing and results of the various lawsuits, nor determine the level of liability, if any.

Part E - Information on risks and related hedging policies

Bitminer litigation in the Republic of Srpska, Bosnia and Herzegovina
In 2019, a local customer, Bitminer Factory d.o.o. Gradiška (Bitminer), filed a lawsuit before the District Commercial Court in Banja Luka claiming damages for unjustified termination of its current bank accounts by UniCredit Bank a.d. Banja Luka (UCBL), a subsidiary of the parent company UniCredit S.p.A. in Bosnia and Herzegovina, Republic of Srpska. Bitminer alleged that termination of the accounts obstructed its Initial Coin Offering (ICO) relating to a start-up renewable-energy-powered cryptocurrency mining project in Bosnia and Hercegovina.
On 30 December 2021, the first instance court adopted most of Bitminer's claims and ordered UCBL to pay damages in the amount of BAM 256,326,152 (€131 million) (the "Judgment"). The appeal was filed in January 2022. On 18 April 2023, the High Commercial Court reversed the Judgment in its entirety, and issued a final, binding, and enforceable second instance judgement (the "Second-Instance Judgment"). The second instance court established that Bitminer's claim is unfounded and that UCBL is not liable for any damages. Bitminer duly filed a revision, an extraordinary legal remedy, to the Supreme Court of the Republic of Srpska. The revision proceedings do not suspend or otherwise affect the finality and enforceability of the Second-Instance Judgement. In April 2024, the Supreme Court of the Republic of Srpska issued the ruling and rejected the revisions. Bitminer filed an appeal with the Constitutional Court of Bosnia and Herzegovina.

C. Risks arising from employment law cases
UniCredit is involved in employment law disputes. In general, all employment law disputes are supported by provisions made to meet any disbursements incurred and, in any case, UniCredit does not believe that any liabilities relating to the outcome of the pending proceedings could have a significant impact on its economic and/or financial standing.

Lawsuits filed against UniCredit S.p.A. by members of the former Cassa di Risparmio di Roma Fund
Lawsuits brought against UniCredit S.p.A. by members of the former Cassa di Risparmio di Roma Fund aimed to reconstitute the patrimony of the fund, ascertain and quantify social security individual position of each member. Claims' value is about €384 million. The litigation is now pending before the Supreme Court after two degrees decisions favorable to the Bank. No provision has been made as these claims are considered groundless.

D. Risks arising from tax disputes
The following disclosure concerns the most significant disputes that arose in the first half of 2024 as well as those already outstanding for which there have been decisions or other settlements. For what is not mentioned here, please refer to previous financial statements.

Contingencies that have arisen
During the first half of 2024, there are no outstanding contingencies of a significant amount.

Updates on pending litigation and tax audits
The litigation initiated by the Bank as the incorporator of Pioneer Global Asset Management S.p.A. before the Tax Court of First Instance of Milan following the tacit denial opposed to the application for refund of IRAP on dividends in relation to the 2014 tax year, litigation value €3 million, the Tax Court of First Instance of Milan, in a ruling filed on 14 September 2023, rejected the Bank's appeal with an order to pay the costs of litigation. The Bank appealed the ruling before the Tax Court of Second Instance of Lombardia. Waiting for the hearing to be set.
The lawsuit instituted by UniCredit following the partial denial opposed to the IRES refund application in relation to tax years 2007, 2008 and 2009, total value €2 million, was concluded at second instance with a ruling that partially upheld the bank's appeal on 19 January 2024. The Bank will appeal the unfavorable statements of the ruling before the Supreme Court.
In relation to the judgments introduced by the former "Cassa di Risparmio di Torino" (later UniCredit) against the silence - refusal formed on the application for reimbursement of the IRPEG credit and ILOR credit for the year 1984, total value €3 million, the judgement before the Tax Court of Second Instance of Piemonte ended with the ruling filed on 9 May 2024 which partially upheld the Bank's appeal. The terms for the appeal before the Supreme Court are still pending.
For the disputes instituted in 2008 by UniCredit S.p.A., as the incorporating company of Banca Popolare del Molise, for the recovery of IRPEG-ILOR tax credits for the years 1983,1985 and 1986, 1987 and 1988, litigation value €2 million, the Agenzia delle Entrate, invoking the applicable rule ratione temporis, notified the appeal before the Supreme Court against the judgement of the Tax Court of Second Instance of Molise. The Bank is already set in the legal proceeding.
As part of the group of active cases in charge of UniCredit S.p.A. following the retrocession, on 29 June 2020, of the receivables assigned at the time to the company Banca Farmafactoring. S.p.A., with regard to:
- denial of reimbursement of 1997 IRPEG credit of the former Banca di Roma S.p.A. total amount €44 million. The Tax Court of Second Instance of Lazio dismissed the appeal of the Bank, which challenged this ruling both in the Supreme Court and by appeal for revision before the Tax Court of Second Instance of Lazio. The hearing for the revision held on 28 April 2024; the decision has not been filed yet;
- denial of refund of IRPEG credit years 1994-1997 and ILOR 1996, value €31 million of the former Banca Mediterranea S.p.A.: the Tax Court of Second Instance of Basilicata rejected the Bank's appeal with a decision filed on 22 January 2024. The Bank will appeal the decision before the Supreme Court.

Part E - Information on risks and related hedging policies

In relation to the settled litigations, the following disputes are reported:

The lawsuit introduced before the Supreme Court by UniCredit S.p.A., as incorporating of Banco di Sicilia S.p.A., against the denial of reimbursement by dall'Agenzia delle Entrate - Ufficio di Palermo 2 in order to the reimbursement of IRPEG 1984 fiscal credit, total value €57 million, ended with definitive statement of Supreme Court filed on 28 May 2024 which decided that the denial of reimbursement was legitimate. The credit position had already been written off.
In relation to the litigation brought by UniCredit S.p.A. as acquirer of Banco di Sicilia S.p.A., adverse notice of assessment IRPEG/IRAP year 2002, value of litigation €5 million, the Supreme Court, with judgment filed on 26 September 2023, accepted the appeal brought by the Office and referred the judgement to the Tax Court of Second Instance of Sicily. The Bank decided not to resume the case.
There are currently no ongoing tax audits.
As at 31 December 2023, the total amount set aside by UniCredit S.p.A. to cover tax risks for litigation and tax audits amounted to €147 million, of which €2 million was for legal expenses. As at 30 June 2024, the fund for risks and charges amounted to €90 million, of which €2 million for legal expenses.

Tax proceedings in Germany
No updates on disputes relating to UniCredit Bank GmbH.
It should be noted that following the tax audit for fiscal years 2009-2012, some findings were made to the Bank for which the pre-litigation administrative phase is ongoing.
In a nutshell, the payments made concerning the tax proceedings are: (i) Corporate Income Tax/Trade Tax: allocation of costs for cum/ex-investigations and "Roth case" related to London branch €15 million (ii) further three topics with small amounts in dispute €1 million (iii) VAT: not accepted adjustment of the pro-rata rate €22 million.

E. Other claims by customers
Supporting the business structures, the Compliance function oversees the regulatory environment evolution relating to banking services and products in areas like transparency, financial and investment services and anti-usury. Compliance, as control function, develops rules, checks processes and procedures and monitors complaints trends. The Compliance function, along with the Legal one, also supports analysis and evaluation stages of adequacy of potential "customer care" actions or other initiatives designed to compose particular situations in which UniCredit S.p.A. might be involved in order to define them.
Considering the regulatory complexity and interpretations not always homogeneous, UniCredit S.p.A. time-to-time assesses the accounting of provisions for risk and charges, aimed at facing costs, deemed probable, in a contest that has increased the litigiousness at baking system level.

Concerning the financing of consumer credit, the EU Directive 2008/48 establishes that "the consumer shall be entitled at any time to discharge fully or partially his obligations under a credit agreement. In such cases, he shall be entitled to a reduction in the total cost of credit, such reduction consisting of the interest and the costs for the remaining duration of the contract".
Following the decision of the European Court of Justice in September 2019 (judgment C-383/18 referring to the "Lexitor" case) and the communication of the Banca d'Italia issued in December 2019, UniCredit S.p.A. proceeded to adapt to the most recent interpretation of this legislation, also as a result of the declaration of unconstitutionality of law 106 of 2021.

On 27 April 2021, the German Federal Court of Justice (Bundesgerichtshof) decided in a ruling against another financial institution that, in ongoing contracts, fee conditions as well as general terms and conditions can only be amended vis-à-vis consumers if the customer declares his consent. Until now, the financial industry had assumed, based on a common provision in the general terms and conditions, that it was sufficient if the customer was notified of the changes and did not object within two months. The bank has examined the effects of the ruling on its contractual relationships. For a part of the contracts, adjustments to fee conditions made in the past under this provision are ineffective, so that repayment obligations may arise. The bank is asking the clients concerned to declare their consent to the current fees and general conditions. The vast majority of the clients has already agreed.

Diamond offer
Over the years, within the diversification of investments to which the available assets are addressed and also considering in this context those investments with the characteristics of the so-called "safe haven" with a long-term horizon, several UniCredit S.p.A. customers have historically invested in diamonds through a specialised intermediary company, with which the Bank has stipulated, since 1998, a collaboration agreement as "Introducer", in order to regulate the "reporting" methods of the offer of diamonds by the same company to UniCredit S.p.A. customers.

Since the end of 2016, the liquidity available on the market to meet the requests of customers who intended to divest their diamond assets has contracted to a certain extent until it became nil, with the suspension of the service by the brokerage company.

Part E - Information on risks and related hedging policies

In 2017 UniCredit S.p.A. started a "customer care" initiative which envisaged the availability of the Bank to intervene for the acknowledgement towards the customer of the original cost incurred for the purchase of precious items and the consequent withdrawal of the stones, upon certain conditions. The initiative has been adopted by the Bank assessing the absence of responsibility for its role as "Introducer"; nevertheless, the AGCM ascertained the responsibility of UniCredit S.p.A. for unfair commercial practice (confirmed in appeal by the Administrative Regional Court in the second half of 2018), imposing, in 2017, a fine of €4 million paid in the same year. The Bank has filed an appeal to the Council of State. With a sentence of 11 March 2021, the Council of State accepted the appeal brought by UniCredit S.p.A. against the fine imposed by reducing the amount of the fine to €3 million and sentenced AGCM to return €1 million, amount reimbursed in June 2021.

For the sake of completeness, it should be noted that on 8 March 2018, a specific communication was issued from Banca d'Italia concerning the "Related activities exercisable by bank", in which large attention was given to the reporting at the bank branches of operations, purchase and sale of diamonds by specialised third-party companies.

As at 30 June 2024, UniCredit S.p.A. received reimbursement requests for a total amount of €417 million (cost originally incurred by the Clients) from No.12,487 Customers; according to a preliminary analysis, such requests fulfill the requirements envisaged by the "customer care" initiative; the finalization of the reimbursement requests is currently carried out, aimed at assessing their effective compliance with the "customer care" initiative, and then proceed with the settlement where conditions recur; with reference to the scope outlined above (€417 million), reimbursed No.12,077 customers for €409 million (equivalent value of original purchases), equal to about 98% of the reimbursement requests said above.

In order to cope with the probable risks of loss related to the repurchases of diamonds, a dedicated Provision for risks and charges was set up; its quantification was also based on the outcome of an independent study (commissioned to a primary third company) aiming at evaluating the diamonds' value. Finally, in line with a strategy that envisages its disposal in the short term, the gems purchased are recognised for about €49 million in item "120. Other assets" of the Balance sheet.

On 19 February 2019, the judge in charge of the preliminary investigation at the Court of Milan had issued an interim seizure directed to UniCredit S.p.A. and other financial institutions aimed at: (i) direct confiscation of the amount of €33 million against UniCredit S.p.A. for the offence of aggravated fraud and (ii) indirect as well as direct confiscation of the amount of €72 thousand for the offence of self-laundering against UniCredit S.p.A. From the seizure order it emerged that investigations for the administrative offence under article 25-octies of Legislative Decree 231/2001 were pending against UniCredit S.p.A. for the crime of self-laundering. On 2 October 2019, the Bank and certain individuals had received the notice of conclusion of the investigations pursuant to article 415-bis of the Italian Code of criminal procedure. The notice had confirmed the involvement of certain current and former employees for the offence of aggravated fraud and self-laundering. In particular, with regard to the latter, self-laundering serves as a predicate crime for the administrative liability of the Bank under Legislative Decree 231/2001.
In September 2020, a new notice pursuant to article 415-bis of the Italian code of criminal procedure was served on certain individuals already involved in the proceedings. The allegations against the UniCredit S.p.A. individuals only pertained to the offence of fraud. Such new allegations did not modify the overall investigative framework as per the notice served in the autumn of 2019. In June 2021 the public prosecutor had issued the formal request of indictment against certain current and former employees. The case was transferred to the Prosecution Office of Trieste following jurisdiction challenges made by the suspected individuals. The case, which had reached the preliminary hearing phase, was back at the investigations stage. The interim seizures of €33 million and €72 thousand ordered in February 2019 were lifted.
In February 2023, the Prosecution Office of Trieste requested the dismissal of the case against the individuals and dismissed the case against the Bank with reference to the charge of self-laundering. The measure was approved by the General Prosecution Office at the Court of Appeal of Trieste, so the investigation against the Bank is formally concluded. The Judge for the Preliminary Investigations then formally dismissed the case, accepting the Prosecutor's request. The file was sent back to Prosecution Office of Milan in relation to the charges of fraud against the individuals.
In May 2024, the Public Prosecutor's Office filed a motion to dismiss the case, in accordance with the requests made by the defendants' lawyers. It is therefore necessary to await the possible filing of objections by the defendants and the consequent scheduling of the hearing before the Judge for the preliminary investigations. Otherwise, the decision of the Judge for the preliminary investigations will be awaited.

Part E - Information on risks and related hedging policies

Quantitative information

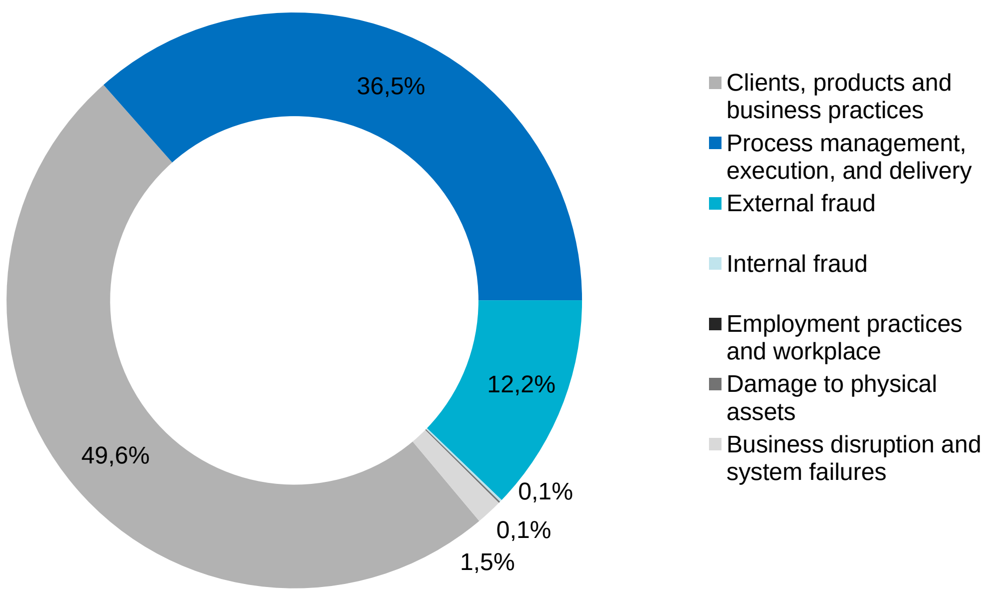
UniCredit group mainly uses the advanced method (AMA) for calculating the capital against operational risks. Companies not yet authorised to use the advanced method contribute to the consolidated capital requirement on the basis of the Standardised Approach (TSA) or Basic Indicator Approach (BIA) method.

The weight of the different methods, expressed in terms of contribution to the total relevant indicator of the Group, is as follows: AMA 88.54%, TSA 8.54%, BIA 2.92%.

The AMA perimeter embeds Group main legal entities in Italy, Germany and Austria AMA is also applied to main legal entities of CEE countries including Slovenia, Czech Republic, Slovakia, Romania, Croatia, Bulgaria and Hungary.
Main TSA and BIA legal entities are AO UniCredit Bank (Russia) and UniCredit Factoring S.p.A.
Detailed below is the percentage composition at Group Level, by type of event, of operational risk sources as defined by the New Basel Capital Accord and acknowledged by the Regulations for the Prudential Supervision of Banks issued by Banca d'Italia in December 2013 (Circular No.285/2013 and following updates).

The risk categories for event type are the following:
- internal fraud: losses owing to unauthorised activity, fraud, embezzlement or violation of laws, regulations or business directives that involve at least one internal member of the bank;
- external fraud: losses owing to fraud, embezzlement or violation of laws by subjects external to the bank;
- employment practices and workplace safety: losses arising from actions in breach of employment, health and workplace safety laws or agreements, from personal injury compensation payments or from cases of discrimination or failure to apply equal treatment;
- clients, products and business practices: losses arising from non-fulfilment of professional obligations towards clients or from the nature or characteristics of the products or services provided;
- damage to physical assets: losses arising from external events, including natural disasters, acts of terrorism and vandalism;
- business disruption and system failures: losses owing to business disruption and system failures or interruptions;
- process management, execution and delivery: losses owing to operational or process management shortfalls, as well as losses arising from transactions with commercial counterparties, sellers and suppliers.

Operational losses First Half 2024 divided by risk category



"Employment practices and workplace safety" is not shown in the chart since it has a positive impact in the reference period due to the effects of recoveries and releases of funds.

Part E - Information on risks and related hedging policies

In the first half of 2024, the main source of operational risk was “clients, products and business practices”, which includes losses arising from the non-fulfilment of professional obligations towards clients or from the nature or characteristics of the products or services provided.
The second largest contribution is the category “errors in process management execution and delivery” due to operational or process management shortfalls.

There were also, in decreasing order, losses stemming from “external fraud” (for this purpose, the positive effect, due to a relevant release of provisions on an external fraud case, has not been considered), “business disruption and technology system failures”, “damage to physical assets” and “internal fraud”.

Additional information on operational risks is reported in paragraphs ”B. Legal Risks”, “C. Risks arising from employment law cases” and “D. Risks arising from tax disputes” of this Consolidated first half financial report, Explanatory notes, Part E - Information on risks and related hedging policies, Section 2 - Risks of the prudential consolidated perimeter, 2.5 Operational risks.

2.6 Other risks

Other risks included in Economic Capital

As reported in the paragraph “Introduction”, Explanatory notes, Part E - Information on risks and related hedging policies, among the Group’s risks there are other risks relating to Pillar II that are Business Risk, Real Estate Risk, Financial Investment Risk and Reputational Risk (the latter is described in the paragraph Reputational Risk, Explanatory notes, Part E - Information on risks and related hedging policies 2.6 Other risks). For each risk, the Economic Capital calculation is performed adopting a confidence level equal to the regulatory level (99.90%) and a one-year time horizon.

1. Business risk

Business Risk is defined as adverse, unexpected changes in business volumes and/or margins on a one-year time horizon; in this context the margin is defined as the difference between earnings and costs not explained by risk factors already included, e.g., in credit, market, operational risk. Business risk can result, above all, from changes in the competitive situation or customer behaviour, but may also result from changes in the reference regulatory framework.
The exposure data used to calculate Business risk are taken from the income statements of each Entity of the Group for which the risk is significant. Volatility and correlations are estimated from the time series of the relevant items of the Income statement reports.
The Business Risk calculation is performed on a quarterly basis for monitoring and for planning purposes according to the relevant time schedule.

2. Real estate risk

Real Estate Risk is defined as the potential loss resulting from market value fluctuations of the Group’s real estate portfolio, including real estate Special purpose vehicles. It does not take into consideration properties held as collateral which are evaluated inside credit risk.
The relevant data for the Real Estate Risk calculation includes general information relating to properties and area or regional rental price indexes for each property to enable calculation of volatility and correlation in the model.
The Real Estate Risk calculation is performed on a quarterly basis for monitoring purposes and for planning purposes according to the relevant time schedule.

3. Financial investments risk

Financial investments risk stems from the equity investments held in companies not included in the Group consolidation perimeter and not encompassed in the Market Risk managerial framework.
The relevant portfolio mainly includes listed and unlisted shares, private equity, units of mutual, hedge and private equity funds. For all the Group equity positions, capital charges may be calculated using either a PD/LGD-based approach or a market-based one. Listed equity holdings and funds, which are a subset of Financial Investment risk are treated relying on the Market Risk Internal Model infrastructure.

The unlisted component is evaluated into the Group Credit Portfolio Model (GCPM). The calculation of the risk is based on a Value at Risk (VaR) model calculated at 99.90% confidence level and is executed inside credit and market risk models according to the nature of the underlying portfolio.
The Financial Investments Risk is calculated on a quarterly basis for monitoring and for planning purposes according to the relevant time schedule.

Part E - Information on risks and related hedging policies

Risk measurement methods

1.Economic Capital
As described in the paragraph Introduction, Explanatory notes, Part E - Information on risks and related hedging policies, within the Internal Capital Adequacy Assessment Process (ICAAP) and in line with the proportionality principle defined in Pillar II of Basel II, the risk profile of the Group and the main Group legal entities is assessed for all the Pillar II risk types (Credit, Market, Operational, Reputational, Business, Financial Investments and Real Estate risks).

The Economic Capital represents the capital needed to face the potential losses inherent in the Group's business activities and takes into consideration all the Pillar II risk types reported above that are quantifiable in terms of Economic Capital. The effect of the diversification among risk types ("inter-risk diversification") and of the diversification at portfolio level ("intra-risk diversification") is also considered. In addition, a Capital add-on is calculated as prudential cushion in order to account for Model Risk uncertainty.

As for its components, the Economic Capital is calculated on a one-year time horizon and adopting a confidence level equal to the regulatory level (99.90%). For monitoring purposes, the Economic Capital is calculated quarterly and disclosed to Senior Management quarterly through RAF Monitoring & Integrated Risk reporting; it is also calculated for planning purposes according to the relevant time schedule.

Consistently with the corporate governance system, the function Strategic & Integrated Risks of UniCredit S.p.A. is responsible for the Group Economic methodology development and its measurement, as well as for the setting and implementation of the Group related processes.

The "Group Rules", after the approval, are submitted to relevant Legal Entities for local approval and implementation.

2.Stress Testing
The multidimensional nature of risk requires to supplement the measurement of economic capital with stress testing, not only in order to estimate losses in certain scenarios, but also to assess their impacts in terms of capital requirements. Stress testing is a key risk management tool for the management of the relevant risks in order to assess the bank's vulnerability with respect to exceptional but plausible events, providing additional information to the monitoring activities.
Stress testing activities, in compliance with regulatory requirements, are performed on the basis of a set of internally defined stress scenarios, that include the Group main geographies where the Group is active and are carried out at least twice a year.

In the context of the activities of risk measurement prescribed by Pillar II, the Group stress test methodology considers the impacts on the various risks generated from the materialization of the macroeconomic adverse scenarios. These scenarios are drawn analysing both current macroeconomic events and plausible future events that could take place and that are considered penalizing for the Group.

The stress test exercise is performed both with reference to single risk types and as an overall considering possible interactions. The results of the exercise are represented by the additional expected losses and by the stressed Economic Capital. The overall results consider both the single risk variations as well as any possible benefit of diversification.

Since 2017, two complementary approaches are considered in stress testing activities: the so called "Normative Perspective" focuses on the impacts of stressed scenarios on regulatory capital metrics while the "Economic Perspective" quantifies impacts of scenarios on the Economic Capital.

The Group Senior Management is involved in the Group-wide stress test in the following phases:
- macro-economic stressed scenarios approval used to estimate the impacts on regulatory and economic capital;
- after the exercise is finalised, with the approval of the results and impacts and a potential discussion of actions to return into the predetermined limits of capital.

The adequacy of the risk measurement methodologies supporting the ICAAP, including stress testing and risk aggregation, is checked by internal validation functions.

Reputational risk
Reputational risk is defined as the current or prospective risk to earnings or capital decrease arising from the adverse perception of the image of the financial institution on the part of customers, counterparties (also including debtholders, market analysts, other relevant parties, such as civil society, NGOs, media, etc.), shareholders/investors, regulators or employees (stakeholders).
Reputational risk is a secondary risk generated as a "knock-on effect" from risk categories, such as credit, market, operational and liquidity risks and all others risks types (e.g., business risk, strategy risk, ESG risk which considers the environmental, social and governance aspects of responsible investments). Reputational risk could also be generated from material events.

Part E - Information on risks and related hedging policies

Since 2010 UniCredit group has ruled the reputational risk and the policy currently in place is the Group Reputational Risk management policy which aims at defining a general set of principles and rules for assessing and controlling reputational risk. On top of the Global Policy Regulation, a set of sensible sectors policies has been issued during the years, in order to mitigate specific reputational risks that arise from having relationships with counterparties operating in these sectors. The current policies are “Defense Industry”, “Nuclear Energy”, “Mining”, “Water Infrastructure (dam)”, “Thermal Coal” and “Oil &Gas”. In 2022, the “Defence Industry” policy has been reviewed, the main improvements refer to the introduction of client’s classification based on their activity, the explicit inclusion of key components and key infrastructures in the scope of the regulation as well as the update of the forbidden countries, refining the guideline that deals are not supported if addressed to countries involved in an active conflict or internal repression against civil population or subject to embargo, and the update of controversial weapons (e.g. depleted uranium). Also, it has been refreshed the approach of the “Mining” policy, in order to introduce the client’s classification as the other sensitive sectors policies, to assess its adequacy to the current context and climate requirements and to better clarify the overall set of principles referring to prohibited extraction activities, sites and behaviors, considering both the best practices (i.e., prohibition on asbestos) and the principles stated in other UCG Policies (i.e., prohibition on Arctic extractions). Also, in first half 2022 a new Tobacco Commitment with the guidelines to exit the tobacco industry by the end of 2025 has been issued.

In March 2024 the "Civil Nuclear Sector" and "Water Infrastructure Sector (Large Dams)" policies were updated and are now in line with the other regulations of sensitive sectors.
Finally, in June 2024, the "Commitment to Human Rights" document was updated, it describes the general approach, the impact measurement model, the "DE&I - Diversity, Equity & Inclusion" initiatives and the social strategies.

The reputational risk management is in charge to the Group Non-Financial Risks Department of UniCredit S.p.A. and to dedicated functions within the Group legal entities.

Since 2021 the Group Non-Financial Risks and Controls Committee (GNFRC) - Reputational Risk dedicated session has been established.
The Committee meets with approval functions, according to the regulations in place, for the following topics:
- Governance policies and guidelines for the management of the reputational risk on sensitive sectors and customer relationships;
- Binding Opinions, whenever a relevant reputational risk is present on specific single transactions/relationships - as foreseen by the Internal Regulations - to be provided to UniCredit S.p.A. functions;
- Non-Binding Opinions, whenever a relevant reputational risk is present on specific single transactions/relationships - as foreseen by the Internal Regulations - on cases submitted by Local NFRC, to be provided to other Group Legal Entities.

The Committee meets with consulting and information functions for the following topics, evaluating and providing guidelines with reference to:
- Reputational risk relevant emerging trends or material events, for their implications on Group and Local strategies, initiatives, transactions, projects, customers or other business activities, leveraging on evidences and assessments provided by Risk Management, Compliance, Legal, Group ESG Strategy & Impact Banking, Group Institutional Affairs and Group Identity and Communication;
- Group relevant risks/criticalities highlighted by Internal Audit function, for specific cases and in relation to specific areas or geographies;
- Periodical reporting provided by Group competent structures on the business activities and decisions taken in relation to the defined sensitive sectors.

In addition, UniCredit group developed a proprietary methodology for the quantification of reputational risk and the consequent calculation of the Value-at-Risk (VaR) for such a risk.
The methodology estimates the semi-elasticity between the “media sentiment” referred to UniCredit (summarised into the Media Tonality Index, provided by an external company, CISION Ltd, qualified in Reputation Intelligence and Media Monitoring) and the market expectations regarding the Group expected future profits, which are derived from equity prices via the reverse engineering of a dividend discount model, once sterilised from the effects affecting the whole European banking sector.
The Reputational VaR represents the maximum (at 99.9% confidence level) potential reduction of future earnings as derived from the estimated model parameters and the distribution of the Media Tonality Index.

Top and emerging risks
In UniCredit, the management and monitoring of risks is based on a dynamic approach; Top Management is promptly informed on top risks and/or emerging risks through a strict monitoring process embedded in the risk assessment process.
The Risk Management identifies and estimates these risks and submits them regularly to Senior/Top management and Board of Directors which take the appropriate actions to manage and mitigate risks.
The following top and/or emerging risks have been considered relevant during 2024:
1. Ongoing conflicts;
2. Macroeconomic and (geo-)political challenges;
3. Cyber security risks;
4. Risks stemming from the current European Regulatory developments.

Part E - Information on risks and related hedging policies

1. Ongoing conflicts
Russia-Ukraine conflicts persist in 2024, with Middle East conflict still ongoing since October 2023.
These conflicts had negative consequences on inflation, market volatility, energy cost.
Furthermore, the following effects need to be considered: 1) intensification of sanctions to Russia by United states and Western countries 2) energy policy rotation towards secure access and source diversification; 3) intensified competition for critical materials, equipment, and commodities. High level of the uncertainty about the evolution and outcome of the conflict persists, along with the risk of escalation with potentially larger humanitarian, political and economic impacts hindering global post-pandemic recovery.
Over the years, Europe has come to depend heavily on Russian energy sources: coal, crude oil, fuel oil, and, especially, natural gas.
European countries are taking actions to lower further their demand, increasing gas supplies from countries other than Russia, importing more Liquefied Natural Gas (LNG) and generating more biofuel. Middle East conflict has added pressure on supply chains due to shipping re-routing and higher costs.
For additional information about the update of macro-economic scenarios and its effects on valuation of Group's asset refer to "Section 2 - General preparation criteria", Explanatory notes, Part A - Accounting policies.
Cyber-attacks remain an important risk factor. Since the beginning of the conflict, several cyber-attacks took place also at banking industry level. Depending on the evolution of the conflict, cyber threat is expected to continue be relevant.

2. Macroeconomic and (geo-)political challenges
Macroeconomic environment starts to show first signs of recovery amid Russia-Ukraine conflict, with Middle East conflict adding to geopolitical tensions in the second half 2023, as business sentiment and consumer confidence are improving. Protracted conflicts and escalation risk, low growth and persistent inflationary pressures, markets volatility and monetary policy tightening, are among main drawbacks to economic recovery. Corporate and households' vulnerabilities persist as financial conditions have tightened and economic outlook weakened. Households' savings buffer has been largely reduced; disposable income has been negatively affected both by high inflation and high interest rates.
Phasing out of central banks facilities put in place in 2020 in mitigation of Covid-19 crisis being completed. Further potential drawbacks include the following: 1) Non-Bank Financial Intermediation (NBFI) sector structural vulnerabilities' in the form of liquidity mismatch and leverage, considering the strict interconnection with the banking system; 2) technological advances in Artificial Intelligence (AI) that could erode social trust and disrupt businesses and markets; 3) impact of higher rates on both residential and commercial housing markets, particularly in countries with high debt and overvalued property values; 4) impacts from climate change as further detailed within "The Climate-related and environmental risks" section, Explanatory notes, Part E - Information on risks and related hedging policies.
In addition to the above-mentioned factors, the following trends and challenges on the geopolitical arena are relevant:
- US-China tensions over Taiwan;
- trade tariffs tensions (US/EU/China);
- significant wave of elections in 2024, including presidential elections in the United States set to impact the geo-economic landscape amid increasing geopolitical tensions.

3. Cyber security risk
In an era where banking services are increasingly digitised, the increasing relevance of cyber threats and the dynamic regulatory environment continue to place digital risks at the forefront-spanning cybercrime, the integration of emergent technologies, and the fortification of IT resilience and disaster recovery protocols. Cyber threats have not only grown more sophisticated, leveraging artificial intelligence and exploiting third-party and internal vulnerabilities, but the ongoing Russia-Ukraine conflict also amplifies concerns over service disruptions. The role of third-party entities as providers of critical business services has emerged sharply within our risk perimeter, in continuity necessitating a comprehensive supplier risk management approach in line with regulatory recommendations. Additionally, the landscape of new regulations across countries and the complexity of regulatory divergence poses significant challenges for compliance, especially for firms operating internationally. This complex regulatory scenario mandates a resilient infrastructure capable of rapidly adapting systems and processes to new regulations, ensuring continuous compliance and the safeguarding of data integrity and service continuity. While the pervasive nature of cyber risks remained the primary threat, with significant potential impact to overall financial stability, regulatory compliance, and reputation, and despite UniCredit group facing challenges throughout 2023, such as DDoS (Distributed Denial of Service) attempts, UniCredit group successfully mitigated any cyber-attacks from impacting our operations.

4. Developments in the European regulatory framework
Over the last few years, the regulatory framework in which financial institutions act has become increasingly complex and strict. This complexity has further increased following the introduction of new financial regulations, some of which being still under discussion, and by the ECB central role in the supervision of a large portion of the European banking system.
All these changes might significantly affect UniCredit and introduce additional challenges for the general banking sector profitability and capital requirements.

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The most relevant changes are the following:

- on 27 March 2020, the Basel Committee's oversight body, the group of central bank Governors and Heads of Supervision (GHOS) changed the implementation timeline of the outstanding Basel 3 standards. In particular the implementation date of the Basel 3 standards finalised in December 2017 and January 2019 (credit risk, operational risk, output floor and market risk) has been deferred by one year to 1 January 2023;
- the EU Commission, published on 27 October 2021 the Banking Package 2021, which includes the proposals for the final implementation of Basel 3 in the European Union through a legislative package introducing amendments to Capital Requirements Regulation 2013/575/EU (CRR), to the Directive 2013/36/UE (Capital Requirements Directive), and also a proposal to amend the Capital Requirements Regulation in the area of resolution (the so-called "daisy chain" proposal). In June 2023, the EU Council and the European Parliament found a provisional agreement on the revisions to the Commission proposal. In line with the Basel standards, the EU Co-legislators agreed in restricting the usage of internal models for measuring credit risk on some specific portfolios and to return to a more stringent standardised approach as well as to eliminate internal models for operational risks. They also agreed to introduce the output floor, applied at "solo" level. The agreement shows that the Co-Legislators have taken into account some important European specificities that could mitigate the impact on the sector. In addition to the implementation of the Basel standards, part of the legislative package also aims to strengthen the resilience of the banking sector to environmental, social and governance (ESG) risks and to improve the Fit and Proper assessment framework. Following the approval by the European Parliament and the Council of the EU, between April and May 2024, the package entered into force July 9. Most of the CRR3 provisions will be applicable from 1 January 2025, although for some measures there are different application dates, transitional periods or phase-in application. With regards to the CRD6, Member States will have 18 months to transpose the Directive starting from its entry into force (by 9 January 2026);
- in May 2020 the European Banking Authority (EBA) published its Guidelines on loan origination and monitoring that require institutions to develop robust and prudent standards to ensure newly originated loans are assessed properly. The Guidelines also aim to ensure that the institutions' practices are aligned with consumer protection rules and respect fair treatment of consumers. The Guidelines apply from 30 June 2021. But positively, institutions may benefit from a series of transitional arrangements: (1) the application to the already existing loans and advances that require renegotiation applies from 30 June 2022, and (2) institutions are allowed to address possible data gaps and adjust their monitoring frameworks and infrastructure until 30 June 2024;
- on 1 July 2020 the European Banking Authority (EBA) published its final Guidelines on the treatment of structural FX positions, applicable from 1 January 2022. The aim of these Guidelines is to establish a harmonised framework for the application of the structural FX waiver and identify objective criteria to assist Competent Authorities in their assessment of the structural nature of a foreign-exchange position and to understand whether such position has been deliberately taken for hedging the capital ratio;
- entry into force of the liquidity requirements envisaged in Basel 3: a short-term indicator (Liquidity Coverage Ratio - LCR), with the goal to have banks maintain a liquidity buffer to survive a 30-days period of stress, and a structural liquidity indicator (the Net Stable Funding Ratio - NSFR) referring to a time horizon over one year, introduced to ensure that assets and liabilities have a sustainable structure in terms of maturity. While the LCR has been in force for some time now, the NSFR has been introduced as a requirement in the CRR2 published in June 2019 and applied since June 2021;
- MREL: "Pillar 2" MREL is bank-specific and was introduced by the BRRD in 2014 and later amended in June 2019 (BRRD2). MREL is defined annually by the EU Resolution Authorities, also in its subordinated component, i.e., to be met with subordinated instruments;
- discussion on the preferential treatment of sovereign exposure in banks' banking book: banks' exposures to the home sovereign currently benefit of a zero-risk weight. There is no concrete proposal under consultation yet, but policy makers and regulators are discussing which approach to adopt, if any, to remove this preferential treatment (e.g., the Revision of the Treatment of Sovereign Exposure - RTSE, might foresee an application of concentration charges);
- as announced in July 2022, in January 2023 the EBA kicked-off a new stress test exercise aiming to assess the resilience of EU banks to a common set of negative economic shocks. The results were published at the end of July 2023;
- climate risk and environmental risk regulation updates:
  - ECB issued in November 2020 a Guide with supervisory expectations, based on current regulations, on how banks should incorporate climate-related and environmental risks into business strategy, governance, credit-granting process, Risk Appetite Frameworks, risk management framework, liquidity and capital adequacy processes, through dedicated stress testing scenarios;
  - the ECB conducted the Stress Test exercise in 2022 exclusively regarding Climate Risks, with the aim of evaluating the exposure of the Euro Area financial sector to natural disasters (floods or episodes of intense drought and heat) and to a faster-than-expected ecological transition (e.g., rapid increase in the price of CO2 from 2022). The results of the Stress Test have been integrated into the 2022 Supervisory Review and Evaluation Process (SREP) letter as a qualitative evaluation and have no quantitative impact on the P2R;
  - based on the final agreement between the Council and the European Parliament on the revisions to the European Commission proposal on the Regulation on Capital Requirements 2013/575/EU (CRR) and on the Capital Requirements Directive 2013/36/EU (CRD) published in the Banking Package 2021, additional measures are foreseen to deal with climate-related environmental risks. Accordingly, banks are required to fully include, for the obsolescence of physical collateral, the climate related valuation considerations and take into consideration the long-term impact of climate related risks when defining their business strategy and processes. Additionally, several mandates were assigned to EBA to: i) issue guidelines for credit risks stress testing to include climate-related environmental factors by 2025 (potential Pillar 2 impact) ii) define

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minimum standards for banks for the assessment of these risks in their portfolios, iii) propose targeted enhancements that could be considered within the current prudential framework to integrate climate risks (Pillar 1 impact) and iv) assess the effective riskiness of exposures impacted by environmental factors and a dedicated prudential treatment associated to these exposures by end of 2027 (Pillar 1 impact);

- on 30 November 2022, the EU Commission adopted the implementing technical standards on Pillar 3 which requires large credit institutions to disclose information on Environmental, Social and Governance (ESG) risks. The new rules aim to ensure comparable quantitative disclosures on climate change risks, including transition and physical risks, as well as qualitative disclosure regarding the inclusion of ESG factors into banks' governance and business strategies and foreseen a phase-in period for disclosing information as follows: i) from January 2023, banks must disclose qualitative info on ESG risks and information related with the credit quality of their exposures; ii) from January 2024 the exposures towards EU counterparties and households on Taxonomy-aligned activities that are contributing to environmental objectives (Green Asset Ratio), while from January 2025, on a voluntary basis, the exposures towards non-EU counterparties and SMEs (Banking Book Taxonomy Alignment Ratio); and iii) Scope 3 emissions (financed greenhouse gas emissions associated with banks' investment and lending activities to counterparties) from June 2024;

- capital markets, payments and digital finance regulation updates:
  - in June 2023, the European Commission published a legislative proposal on the establishment of a digital euro (d€). Such currency would be an electronic form of cash for the digitalised world. It would give consumers the option to use central bank money in a digital format, complementing banknotes and coins. Under the proposal, i) banks will be obliged to provide free of charge basic digital euro payments services upon request of their clients, but they will be compensated for the costs incurred, even though fees will be subject to a cap; ii) the ECB should develop instruments to limit the use of the d€ as a store of value, including holding limits, in order to address financial stability risks. In October 2021, the Governing Council of the ECB launched an investigation phase, aimed at exploring the opportunity to issue this currency. From November 2023, the ECB has launched a preparation phase of the project in which different technical solutions will be developed and tested. Only after these steps, and only after the European Parliament and the Council have adopted the Commission's legislative proposal, the ECB will take the final decision on whether to issue or not a digital euro;
  - in October 2022, the European Commission adopted a legislative proposal to make instant payments in euro available to all citisens and businesses holding a bank account in the EU and in EEA countries. The EU Council and the European Parliament found a provisional agreement in September 2023. It foresees that all credit institutions should offer (and receive) instant payments to all their customers through all channels (digital and traditional), already offered for SEPA Credit Transfer (SCT). Moreover, the price of an instant payment transaction should be aligned to the one of a regular credit transfer. All Payment Service Providers (PSPs) offering the service of sending euro IPs (Instant Payments) are required to check that the payee's IBAN matches the payee's name (so called IBAN-name check) and must notify the customer of any detected discrepancy. The text was published in the EU Official Journal in March 2024 and entered into force on April 9;
  - in April 2021, the European Commission presented a proposal for a 'Regulation laying down harmonised rules on Artificial Intelligence' (the Artificial Intelligence Act), which will create a comprehensive, harmonised, regulatory framework for Artificial Intelligence (AI) in the EU, but will also impact use and development of AI systems globally, including within the financial services sector. The regulation introduces a strict regime and mandatory requirements for 'high risk' AI systems, such as those used to evaluate creditworthiness of natural persons. Following the approval by both the European co-legislators in the first months of 2024, the publication of the act in the EU Official Journal is expected by July 2024;
- Capital Markets Union regulation updates:
  - in May 2023, the European Commission published its Retail Investment Strategy (RIS) legislative package with the aim of ensuring that the legal framework for retail investments sufficiently empowers consumers, encourages improved and fairer market outcomes and ultimately creates the necessary conditions to grow retail investor participation in capital markets. The Package mainly presents amendments to the Directive on Markets in Financial Instruments (MiFID II), the Directive on Insurance Distribution (IDD), and to the Regulation on key information documents for Packaged Retail and Insurance-based investment Products (PRIIPS). In particular the proposal i) introduces a partial ban on inducements paid from manufacturers to distributors in relation to the reception and transmission of orders, or the execution of orders to or on behalf of retail clients (where no advice relationship exists between the investment firm and the client); ii) Value for Money (VfM): amends product oversight and governance rules to ensure that undue costs are not charged and that products deliver Value for Money to retail investors, with specific comparability tools (benchmarks); iii) foresees the standardization of information on costs and charges, with a greater degree of detail. The legislative process is ongoing. As both EU Council and Parliament finalised their own position within the first half of 2024, reviewing several parts of the proposal, the negotiations aimed at reaching an agreement on a final legislative text are expected to start in Autumn 2024. The entry into force of the new package is not expected before the end of 2025.

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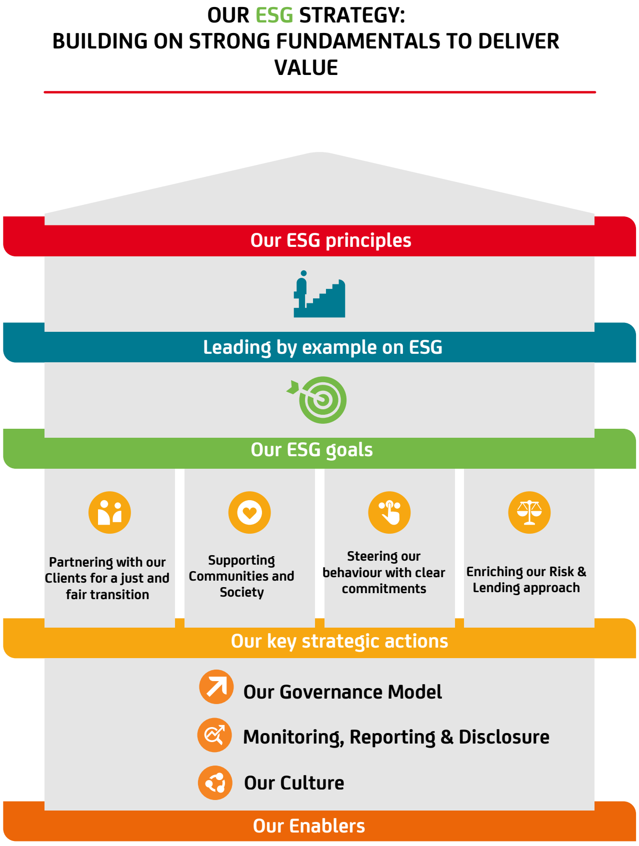
The climate-related and environmental risks

Embedding sustainability is one of the five strategic imperatives of UniCredit. To this respect, the ESG Strategy is built on strong fundamentals and interconnected elements to deliver value[44].



The ESG Strategy is embodied in the Group ESG Roadmap which focuses on ESG priorities across the organisation and ensures a common direction, with several workstreams reflecting the key elements described above.

UniCredit strategic approach is based on the double materiality concept which considers both an inside-out and an outside-in perspective. The Bank recognises that its activities can have both positive and negative impacts on natural resources and the environment. This understanding enables the Group to manage and contain potential negative impacts that can harm the planet and communities while also influencing the market towards the necessary transition to more sustainable practices.
With the inside-out perspective, the Group commits to manage the direct and indirect impacts that its operations, investments and lending have on the environment:

44 For further information please refer to 2023 Integrated Report, available in the ESG and Sustainability section of UniCredit website (https://www.unicreditgroup.eu/en.html).

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Direct impacts
Reduce environmental footprint by:
- steering Group's behavior towards Net Zero on own emissions;
- procuring electricity from renewable sources;
- improving energy and space efficiency;
- fostering the circular economy and efficient use of resources.

Indirect Impacts
Accompany clients in their green transition journey by:
- assessing and monitoring portfolio exposure towards most nature-related sectors;
- identifying and evaluating the impacts on nature;
- adopting a sector policy framework;
- defining the journey towards Net Zero on portfolio emissions.

On the other hand, the outside-in perspective requires preparing to measure the business consequences of ecological stress and the associated socio-economic transition and take advantage of emerging opportunities by:
- executing the Group strategy;
- correctly managing climate and environmental risks, in line with the agreed Risk Appetite Framework (RAF) and the ECB climate stress test requirement.

Consequently, several actions have been put in place to comply with ESG strategy goals, as described in the following paragraphs, specifically on climate and environmental risk.
UniCredit group's climate risk strategy is based on the identification and awareness of all the climate-related risks and opportunities that the Group may encounter. Regarding climate-related risk, including both transition and physical, the Group continuously identifies, analyses, and assesses them aiming at their comprehensive incorporation within the Group's risk management framework.

In this regard the table below provides an overview of each identified climate-related risk, its potential impacts, the corresponding time horizons (short, medium and long-term) and the actions undertaken to monitor and mitigate these risks.

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POTENTIAL CLIMATE-RELATED RISKS	TIME HORIZON	MAIN POTENTIAL IMPACTS	SPECIFIC ACTIONS	OVERARCHING ACTIONS
Transition risks Changes in or introduction of public policies and/or environmental regulations	Short and medium/long-term	• Reduction of business for corporate clients with potential drawbacks on creditworthiness/ solvency • Financial implications arising from environmental/ESG regulations and GHG emission limits and/or taxes applied to clients operating in specific economic sectors • Reduction of Group profits deriving from concentration on sectors more sensitive to climate-related risks	• Inclusion of ESG risks considering both counterparty scoring (including the use of an internally developed questionnaire) and energy performance certificates (EPC) when assessing credit applications • Enhancement of Market and Liquidity risk framework to incorporate the assessment, monitoring and control of ESG risks • Integration of industry steering signals within the Credit Risk Strategies framework, based on relevant Climate & Environmental (C&E) factors	• Definition of data governance processes and related IT investments to integrate ESG risks into the risk management framework • Participation in international working groups and commitments related to climate, such as the Net Zero Banking Alliance, stakeholder engagement initiatives and active collaboration with policy makers • Risk identification process and materiality assessment, including stress tests, to evaluate the significance of climate-related risks in the short, medium and long-term horizons • Inclusion of specific KPIs related to transition and physical risks within the Risk Appetite Framework. The risk appetite is then cascaded to more granular levels via risk strategies and policies • Promoting a sustainable culture within the organisation by developing ESG training courses and workshops
Transition risks Technological changes	Short and medium/long-term	• Increase in costs for corporate clients with potential drawbacks on creditworthiness/ solvency		
Transition risks Changes in customer/ consumer preferences	Short and medium/long-term	• Reduction of business for corporate clients with potential drawbacks on creditworthiness/ solvency • Potential changes to the offering of products and services to clients		
Transition risks Changes in customer or community perceptions	Short and medium/long-term	• Reputational impacts or negative perceptions from the community or Stakeholders due to inadequate management of climate-related risks	• Environmental sector policies and their subsequent implementation • Reputational Risk assessment to evaluate the positioning of clients and specific projects in relation to climate-related topics	

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POTENTIAL CLIMATE-RELATED RISKS	TIME HORIZON	MAIN POTENTIAL IMPACTS	SPECIFIC ACTIONS	OVERARCHING ACTIONS
Physical risks **Acute** Extreme weather events such as floods, droughts, heavy rainfalls, heatwaves, fires and hail **Chronic** Chronic weather events such as variations in average temperatures and sea level rise	Short and medium/long-term	• Financial implications resulting from corporate /retail clients being damaged by extreme weather events, potentially impacting their creditworthiness/ solvency • Potential damage to the Group's infrastructure and the potential disruption of activities • Increase in energy supply costs due to higher heat/electricity demand • Potential fires, driven by rising temperatures, affecting areas in proximity to the Group's buildings • Potential impact of sea level rise on buildings located near the sea • Reduced productivity due to higher temperatures	• Inclusion of ESG risks considering counterparty scoring • Monitoring of physical risks both on counterparties within the portfolio and individual collaterals	• Definition of data governance processes and related IT investments to integrate ESG risk into the risk management framework • Participation in international working groups and commitments related to climate, such as the Net Zero Banking Alliance, stakeholder engagement initiatives and active collaboration with policy makers • Risk identification process and materiality assessment, including stress tests, to evaluate the significance of climate- related risks in the short, medium and long-term horizons • Inclusion of specific KPIs related to transition and physical risks within the Risk Appetite framework. The risk appetite is then cascaded to more granular levels via risk strategies and policies • Promoting a sustainable culture within the organisation by developing ESG training courses and workshops • Signing (2022) of the Finance for Biodiversity Pledge (FfB) and participation as member to the working table on Biodiversity of the UNEP FI (United Nations Environment Programme Finance Initiative)

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UniCredit group has identified several potential opportunities arising from the transition to a low-carbon economy that impact on both on Group business and its operations. These opportunities are described in the table below:

SEGMENT	OPPORTUNITY	TIME HORIZON
Business - Individual Solutions	Enlarge environmental retail product offering in the areas of renewable energy lending and energy efficiency lending, in alignment with the most recent European regulations	Medium-term
	Keep investment product strategy aligned with the latest regulations so to meet customers' sustainability appetite	Medium-term
Business - Corporate Solutions	Develop adequate tools to identify the ESG profile of corporate clients and provide them with the best solutions for a just and fair green transition	Short-term
	Advise clients to take advantage of strategic initiatives and subsidised finance options to facilitate the achievement of their decarbonisation goals	Short-term
	Further expand products and services offering to support clients in improving their sustainability profile	Medium-term
	Continue to focus on providing advisory and debt arranging in the main energy perimeters transition sectors to support clients' energy transition journey	Medium-term
Operations	Reduce the environmental impact of buildings and IT assets (offices, branches, data centres) by leveraging electricity from renewable sources and optimising energy and space efficiency	Short-term

UniCredit ESG Governance
The sustainability governance has been significantly strengthened in recent years at both steering and execution levels, underpinning the drive to further integrate ESG criteria into the Group's overall business strategy.

Corporate bodies oversight
The UniCredit Board of Directors defines the overall Group's strategy, which incorporates the ESG strategy, overseeing its implementation over time. The Board of Directors approves the Risk Appetite Framework (RAF) which establishes the desired risk profile vis-à-vis its short and long-term strategic objectives and business plan. For monitoring purposes, dedicated Climate Risk KPIs have been included in the Risk Appetite Framework, enabling the Group to oversee the evolution of transition and physical risks it is exposed to.
The Risk Committee supports the Board of Directors in risk management related matters, performing all the activities instrumental and necessary for the Board to make a correct and effective determination of the Risk Appetite Framework and of the risk management policies. In particular, the Risk Committee supports the Board of Directors:
- in defining and approving risk management strategic guidelines, framework and policies (including the non-compliance risk, climate and environmental risks, risk data quality). Within the Risk Appetite Framework, the Risk Committee performs those tasks as necessary for the Board of Directors to define and approve the risk objectives (risk appetite) and the tolerance threshold (risk tolerance);
- in verifying that risk strategies, management policies and the Risk Appetite Framework are correctly implemented.

As to Sustainability, the Governance and Sustainability Committee supports the Board of Directors on Sustainability and ESG related matters (with the exception of all risk related ESG components, e.g., Climate and Environmental risks, which fall under the Risk Committee remit). To this purpose, the Committee upon evaluation of its Chair and the CEO, carries out preliminary activities, analyses and submits proposal on the sustainability and ESG framework, policies and guidelines.
The Audit committee exercises oversight of ESG governance and related topics.

Part E - Information on risks and related hedging policies

Management role

At management level, dedicated committees and functions ensure the implementation of the Group's strategy while effectively managing climate related risks in accordance with the RAF agreed upon. They also capitalise on the business opportunities that emerge from the transition to a low-carbon economy.

The Group Executive Committee (GEC) is the Group's most senior executive committee and is chaired by the CEO. Within its mission it defines the overall ESG strategy.

It also ensures the effective steering, coordination and control of the Group business, as well as the alignment of the Parent Company with the different businesses and geographies regarding strategic topics such as ESG issues. Moreover, in dedicated Risk sessions, the GEC supports the CEO in coordinating and monitoring all categories of risks and in steering ESG-related matters, thus granting a dedicated focus on Climate and Environmental risks among others.

The Group Strategy & ESG and the Group Stakeholder Engagement functions work together as a "CEO Office", handling all important initiatives for the CEO. These initiatives include strategy development, M&A, the integration of ESG criteria into our business operations, stakeholder management and dealing with regulatory affairs.

The Group ESG function, part of Group Strategy & ESG, steers the definition and implementation of the Group's ESG strategy. It ensures the ESG framework is consistent with the Group's principles and Purpose and with relevant international standards and practices. The function is tasked with, inter alia, monitoring and disclosing the Group's ESG impacts and results, developing the social agenda and related proposition, and with overseeing the adoption of relevant policies and standards. This includes the coordination and publication of the Group Integrated Report, UniCredit's TCFD Report, the implementation of the Principles for Responsible Banking-UNEP FI and related reporting. The function also co-coordinates the Group's conversion project towards implementation of the Corporate Sustainability Reporting Directive (CSRD) together with the Group Finance function. Group ESG, in collaboration with all relevant functions, is involved in the Net Zero Governance.

On the opportunity side, the ESG Advisory Team (part of Group Client Solutions) is a multi-disciplinary solutions team focused on enabling clients to create long-term stakeholder value by integrating sustainability into their strategic decisions by:

- providing independent first-class advisory services aimed at building resilience and adaptability to climate change while exploiting transition opportunities;
- assessing the impact of applicable regulations, sustainable finance market principles and practices, market trends and stakeholders' expectations on clients' business models;
- steering the communication on strategy between the company and the investors, advising on ESG Ratings and reporting;
- identifying the most suitable solutions based on the defined strategic positioning.

To support customers in seizing opportunities arising from the ecological transition, dedicated teams have been established in all major countries where the Group operates. These teams are responsible for developing and offering new ESG-related products and services for both corporate and individual clients, in line with the Group's targets and ambitions.

Within UniCredit's Risk Management function, the management of Climate and Environmental (C&E) Risk has become increasingly significant and strategically important, undergoing a substantial transformation in recent years. It is embedded across the three main risk management pillars, credit, financial and non-financial risks, with the aim of identifying, measuring, monitoring, and managing C&E risk impacts at central and local levels.

The following are the main structures directly involved in Climate Risk management:

- the Group Executive Committee (GEC), in addition to its role in steering the overall Group's business, in the dedicated Risk Sessions, the Committee supports the CEO in coordinating and monitoring all categories of risks and approves strategic risk topics including ESG-related matters, thus granting a dedicated focus on Climate and Environmental risks;
- the Group Non-Financial Risks and Controls Committee (GNFRC) supports the CEO in steering and monitoring non-financial risks. For example, it approves governance policies and guidelines for the management of reputational risk regarding sensitive sectors;
- the Group Financial and Credit Risk Committee defines strategies, policies, operational limits and methodologies for credit risk, market risks and financial risks.

The Group Risk Management function supports the CEO in defining the Group Risk Appetite proposal, to be shared with the Group Executive Committee and Internal Controls & Risks Committee and submitted for approval to the Board of Directors.

This process occurs in coordination and in alignment with the yearly budget plan. The function ensures the overall climate risk framework definition at Group level and supports local implementation. Within the various risk areas, dedicated employees and functions have been devoted to the integration of climate topics within risk management activities and the effective dissemination of the relative knowledge. Such functions include Climate Risk and Risk Governance which oversees climate-related and environmental risks, and Climate & Environmental Credit Analysis which manages the integration of climate and environmental factors within the credit risk cycle. Furthermore, the Group Risk Management functions issue, for relevant ESG topics, credit risk opinions to support the Group Transactional Committee sessions in the discussion and approval (based on the delegated powers) of credit transactions.

Part E - Information on risks and related hedging policies

Climate risk management

UniCredit recognises C&E risk factors as crucial elements in safeguarding its clients' portfolios and assets from climate-related risks. To achieve this goal, UniCredit is integrating climate and environmental factors into its risk management processes and procedures. Climate Risk management encompasses the identification, measurement, and monitoring of these risks as well as the implementation of mitigation measures. The Group actively engages and supports corporate clients in transitioning to a lower carbon business model, fully exploiting green business opportunities. Furthermore, the Group aims to assist own clients in achieving a just transition, ensuring fairness throughout the process.

Risks identification

UniCredit conducts an annual risk identification process which is a comprehensive framework to proactively identify all potential risks the Group may encounter. The primary outcome of this activity is UniCredit's risk inventory, which comprises a comprehensive list of the quantitative and qualitative risks to which the Group is or may be exposed. The risk identification process enables UniCredit to assess which risks are, or are likely to be, material considering their exposures. Material risks are determined annually using a quantitative approach that involves assessing the risk level against the materiality threshold.

In line with the European Banking Authority's (EBA) and the European Central Bank's (ECB) expectations, UniCredit's risk identification process covers ESG risks dimensions, assessed through the lenses of physical and transition risk drivers, considering that these could positively or negatively affect the risk types already incorporated in UniCredit's risk management framework.

Environmental, Social & Governance (ESG) risks pertain to any adverse financial consequences that may arise for the Group due to the existing or prospective impacts of ESG factors on its counterparties or invested assets:

- Climate and Environmental (C&E) factors are related to the quality and functioning of the natural environment and its systems and include factors such as climate change, biodiversity, energy consumption, pollution and waste management.
- Social and Governance factors, for which the Group assigned an impact on reputational risk, revolve around the rights, well-being and interests of individuals and communities and include governance arrangements for the environmental and social factors in the policies and procedures of counterparties.

In coherence with the recommendations of the Task Force on Climate-related Financial Disclosures (2017), climate related risks can be divided into two major categories: (i) risks related to the transition to a lower-carbon economy and (ii) risks related to the physical impacts of climate change, described in detail below.

Transition risks refer to the risks arising from the transition to a lower-carbon economy, which may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change. Depending on the nature, pace, and focus of these changes, transition risks can pose different levels of financial and reputational risk for organisations:

- policy and legal risks stemming from continuously evolving policy actions, attempting to either constrain actions that contribute to the adverse effects of climate change or seeking to promote adaptation to climate change, and from litigation or legal risks;
- technology risk stemming from technological improvements or innovations that support the transition to a lower-carbon, energy-efficient economic system and that can have a significant impact on organisations to the extent that new technology replaces old systems and disrupts some parts of the existing economic system;
- market risk stemming from the potential shifts in supply and demand for certain commodities, products and services;
- reputational risks stemming from changing client or community perceptions of the organisation's contribution to or detraction from the transition to a lower-carbon economy.

Physical risks refer to the risks related to the physical impact of climate change. These types of risk can be event driven (acute) or long-term shifts (chronic) in climate patterns and, as such, their effects can be felt both in the short and medium/long-term horizon:

- acute physical risks are event-driven, including increased severity of extreme weather events (e.g., droughts, floods, etc.);
- chronic risks refer to longer-term shifts in climate patterns (e.g., sustained higher temperatures).

The connections between climate risk drivers and the risks faced by banks are referred to as transmission channels. The likelihood and magnitude of the impact of climate risk drivers can be affected by a number of additional variables. These include: the geographic location of the bank, the assets or exposures involved, the interactions and interdependencies between transmission channels and climate risk drivers that can amplify impacts and mitigating measures that can reduce or offset impacts.

Understanding these transmission channels is crucial for assessing the impact of climate risk drivers in UniCredit's risk management framework. The figure below illustrates the climate-related risk drivers, relevant transmission channels and risk types that may be affected.

Part E - Information on risks and related hedging policies

CLIMATE-RELATED RISK DRIVERS	TRANSMISSION CHANNELS	RISK TYPES POTENTIALLY IMPACTED
Physical risk drivers • Acute • Chronic **Transition** to low carbon Economy risk drivers • Policy changes • Technological changes • Behavioural/consumer preferences changes • Client or community perception changes	• Carbon price/carbon tax • New climate-related regulations • Stranded assets • Damages to property • Shifts in prices and asset values • Increased volatility of asset prices • Lower asset performance • Operational disruption • Productivity changes • Losses of business opportunity • Dispute, claims • Interest rates level • Changes in individuals' habits • Changes in clients' expectations • Political decisions • Energy Performance Certificates • Insurance availability/affordability/ pricing	• Credit Risk • Market Risk • Liquidity Risk • Operational Risk • Reputational Risk • Business Risk • Real Estate Risk • Inter-risk diversification

Integration of climate risk into risk framework - short/medium/long term impacts

With particular reference to the identification and monitoring of climate-related risks, an annual materiality analysis aimed at assessing the relevance of climate related risk drivers with respect to the various risk families considered and their potential impact for the Group is carried out under the normative and economic perspectives for both the short-term and medium/long-term horizons. This exercise, performed through scenario analysis, envisages the full coverage of risk types and the integration of forward-looking elements and is used to identify how the risk types (e.g., credit risk, market risk, etc.) are impacted by transition and physical risks for the considered time horizons, as well as an assessment of the capital adequacy to check the Group resilience for the medium/long-term horizon. The result of the short-term assessment over the twelve-month time horizon is also adopted in the context of the materiality assessment process prescribed by the internal risk identification process.

From a methodological perspective the projections of credit risk impact are performed starting from the current distribution of bank loans and assuming over the time horizon (up to 2050) an exposure reallocation in terms of industry/sector in line with Group Credit Strategy and ESG commitments. Similarly for secured portfolio some inertial assumptions have been considered on the expected dynamics of EPC rating for Residential/Commercial buildings. No profit generation is considered.

The set of climate scenarios considered for the analysis is provided by a qualified external provider and is meant to assess and quantify potential vulnerabilities through analyses in stressed conditions for the short and medium/long-term horizons. The main climate assumptions embedded in the scenarios in terms of transition policies and level of emissions/temperature are consistent with the NGFS/IEA[45]'s ones to ensure consistency with scientific climate change pathways to properly assess the impact of physical and transition risk drivers. The scenarios are extended with a more comprehensive set of variables (climate and macro-economic related) disaggregated at higher level of granularity, which is better fitting our stress testing models framework.

In particular, a central scenario (namely, Baseline), which considers the current political context, the central macro-economic outlook and climate assumptions similar to the International Energy Agency (IEA) STEPS scenario incorporating policies deemed sufficiently credible to materialize into action, as well as two polarised stressed scenarios with very low probability of occurrence are considered.

45 Network for Greening the Financial System/International Energy Agency.

Part E - Information on risks and related hedging policies

The scenarios' narratives for 2023 climate-risk scenario analysis are described below.

BASELINE

Central scenario.

Narrative: Projection of commitment and measures currently adopted by different countries. Climate assumptions aligned with the IEA's Stated Policies Scenario.

DELAYED TRANSITION

Transition risk stressed scenario.

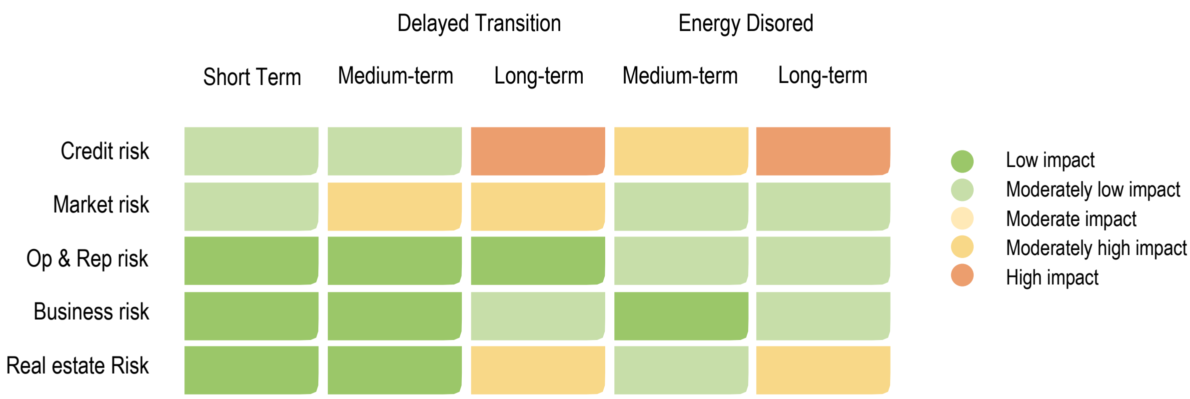
Narrative: policies are introduced in 2030, starting the transition. The delayed start implies that a more stringent policy is required to achieve similar climate outcomes by 2050, resulting in greater economic impacts. Aggressive and uncertain carbon taxation policies cause substantial inflationary pressures, stranded assets and financial instability. Government carbon tax revenues are sufficient to cover the fiscal costs of the transition.

ENERGY DISORDER

Physical risk stressed scenario.

Narrative: Increased protectionism in energy, whose demand primarily met with fossil fuels, and other strategic sectors on top of no effective policy actions to address climate change, resulting in high emissions and severe temperature increase
The scenario also considers physical damage estimates attributed to changes in temperature volatility and the increasing likelihood of acute events.

The polarised stressed scenarios are modelled as deviations from the Baseline scenario's macroeconomic outlook and, as such, are meant to capture climate risk driven outcomes, with varying mixes of physical (main driver of Energy Disorder scenario) and transition risk (main driver of Delayed Transition scenario). The following heatmap depicts the results of the 2023 climate-risk scenario analysis for the short, medium, and long-term horizons, in terms of the impacts on the components of the capital adequacy ratio under the economic perspective.



Medium-term = 2030
Long-term = 2040-2050

The short-term column refers to the impact for each risk type considering the maximum impact of the two stressed climate scenarios. The same exercise is carried out in the medium and long-term horizon (i.e., 2030, and 2040-2050) to isolate transition and physical risk drivers. Credit Risk is the most affected component and reaches its peak in in the long-term in the scenario with no climate policies and increased protectionism ("Energy Disorder"), which embeds a lower economic growth and rise in the frequency of extreme natural events with consequent increase of default rate and depreciation of real estate collateral. High/moderately high impacts are estimated for Credit Risk, Real Estate Risk and Market Risk[46] under the Delayed Transition scenario driven by a disorderly transition, reaching their peak in 2050.

46 Calculated based on internal methodology which considers an instant loss defined as the maximum negative shock up to 2050.

Part E - Information on risks and related hedging policies

In the short-term period, the impacts on credit risk are expected to be limited in consideration of:
- low % of exposures in stage 2 and referred to counterparts operating in highly vulnerable sectors (1.7% of Total Gross Loans);
- average maturity of loans in stage 2 toward highly vulnerable obligors of around 4 years;
- limited number of Collateral Properties located in geographic areas prone to extreme natural events (e.g., flood/wildfire) with an average LTV of 31%.

The outcomes of the 2023 short-term materiality assessment performed within the standard Internal Capital Adequacy Assessment Process (ICAAP) framework, complemented by further concentration analyses and stress scenarios, suggest a limited impact of climate-related risk drivers. Similarly, the outcome of the liquidity impact of climate-related risks reveals a limited materiality of the exposures to these risks also in Internal Liquidity Adequacy Assessment Process (ILAAP). According to the long-term assessment, the capital position of the Group is adequate considering the potential impact of climate-related risks also on a longer time horizon.

Integration of climate risk into RAF

UniCredit's Risk Appetite provides an integrated view of business and risk strategy ensuring strategic plan execution within the risk capacity a bank is willing to assume. It establishes the Group's desired risk profile, driving short-term and long-term strategic objectives, and is supervised by the UniCredit Board of Directors.

The Risk Appetite Framework (RAF) is composed of three key elements:
- Risk Appetite Statement (RAS) - provides a strategic view of and guidance on the target risk profile and is expressed via qualitative statements;
- Risk Appetite Dashboard - quantitative KPIs with related targets and risk tolerance thresholds for proactive risk steering;
- Risk Strategies - ensure the cascading of the Risk Appetite to more granular levels via operative indicators, limits and controls.

Since 2020, dedicated Risk Appetite Statements are drawn up regarding Climate & Environmental (C&E) risks, including the definition of UniCredit's commitment to assist its clients in a just and fair transition and the continuous integration of C&E risks within the Risk Management framework. Dedicated quantitative C&E risk related KPIs have been included in the Risk Appetite Dashboard since 2022, addressing both transitional and physical C&E risks. As of 2024, the following C&E KPIs are included in the Risk Appetite Dashboard and regularly monitored at Group level and certain significant legal entities:
- High Transition risk exposure KPI - aimed at measuring the Group's exposure against largest counterparties that appear more vulnerable along the transition path towards a lower-carbon economy, based on information retrieved through Climate and Environmental Questionnaire during credit application;
- Physical risk KPI - designed to measure potential damages that extreme climate-related acute physical risks events could cause to the Group's collateral portfolio;
- Net Zero KPI - defined on the following 3 priority sectors with the same metrics used to set 2030 targets (financed emissions and physical intensity), to steer accordingly the portfolio in 2024:
  - Oil & Gas: Financed Emissions (MtCO2e);
  - Power generation: Physical intensity (gCO2e/kWh);
  - Automotive: Physical intensity (gCO2e/vkm)[47].

Being an integral part of the Group Risk Appetite monitoring process, C&E KPIs are subject to an escalation process (in the case of risk tolerance threshold breaches) with related corrective/mitigation actions to be defined, when needed. The Group Board of Directors is informed of the breach and remedy actions (if any) on a quarterly basis in the periodical information sharing process.
As of today, no breach in any of the defined thresholds happened.

47 Net zero Primary metrics: for O&G: Megatons of CO2 equivalent (MtCO2e); for Power Gen: Grams of CO2 equivalent per kilowatt hours (gCO2e/kWh); for Automotive: Grams of CO2 per vehicle-kilometer (gCO2/vkm).

Part E - Information on risks and related hedging policies

Integration of transition risk into credit portfolio - credit risk strategy and counterparty level

UniCredit has been working on the identification, measurement, monitoring and mitigation of transition risk. The transition risk of the portfolio is measured with different metrics, also including the distribution of the credit portfolio by industry.
A comprehensive approach has been developed to assess and manage transition risk; the risk management framework defined is fully consistent with the RAF and is based on 3 pillars:

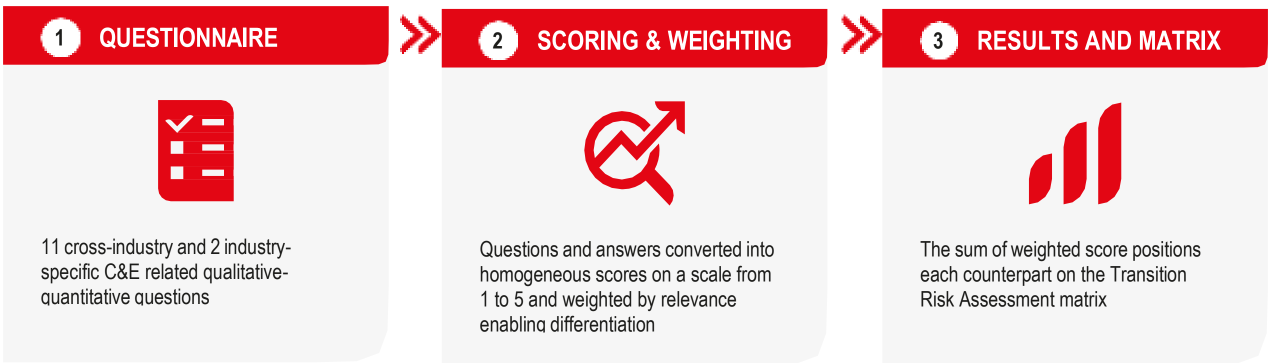
- specific reputation risk policies set-up (refer to subparagraph "*Non-Financial Risks*" below);
- dedicated Industry steering signals, based on relevant C&E factors included in the credit risk strategies framework;
- assessment at single client level, leveraging a dedicated C&E questionnaire.

In particular, the credit risk strategies, reviewed at least once a year, are an important tool for ensuring inclusion of the relevant C&E factors in the overall credit risk strategy. Industry steering signals (underweight, neutral, overweight) and related industry limits embed all relevant C&E factors, leveraging a heatmap based on harmonised transition risk scores (integrating C&E questionnaire where available) by economic activity.
Further principles are also integrated within qualitative guidelines (including Net zero indication) for the business to assess and mitigate the risks for each specific industry. The cascading to the legal entities of the Group, together with the monitoring and escalation processes at local and Parent company level, steer different credit portfolios in alignment with the RAF.
To determine the extent to which the Bank's credit counterparties are exposed to climate and environmental risks, the C&E questionnaire is based on a set of both cross-industry questions (in total 11 considering the different sections) and industry-specific questions (an additional 2 for specific sectors), measuring qualitative and quantitative current and forward-looking key indicators across the following three main drivers.

The three main drivers of the C&E questionnaire are:

- C&E exposure - the 5 questions allow an analysis of the current level of exposure of the Economic Group under assessment: (i) level of Greenhouse Gas (GHG) emission (Scope 1, 2 and 3); (ii) water consumption, (iii) energy consumption; (iv) waste production and recycling;
- C&E vulnerability - the 4 questions allow an analysis of the climate change management maturity level on a forward-looking basis, covering: (i) Company's investment plan to shift to lower emission level business model, (ii) GHG emissions reduction target;
- Economic Impact - the 2 questions allow an analysis of the potential impacts on corporate clients' financial and industrial performance in terms of cost and revenues.

Three steps are applied in order to determine the questionnaire result as shown in the following figure:

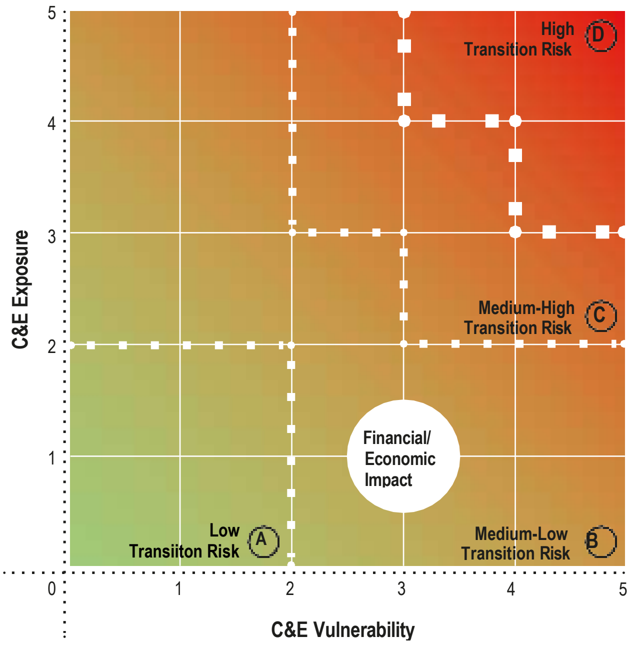


In detail:

- calculation of question-specific indicators based on the answers provided (a penalty system is in place and applied when information could not be retrieved);
- conversion of indicators, related to single questions, to standardise the scores of different responses and guarantee comparability of results;
- weighting of question-specific scores according to a pre-defined table (that takes into account the relevance of the questions) and calculation of the summary score for the different dimensions:
  - sum of question-specific scores (and penalties if necessary) for each question in the Exposure cluster; the result is plotted on the vertical axis of the matrix;
  - sum of question-specific scores (and penalties if necessary) for each question in the Vulnerability cluster; the result is plotted on the horizontal axis of the matrix;
- determination of C&E score ratings (1-Low; 2-Medium- Low; 3-Medium-High; 4-High Risk), as shown in the matrix below.

Part E - Information on risks and related hedging policies

Scoring methodology matrix



High C&E Transition Risk
Risk counterparts

A	**Low**	Clients with no/limited Climate and Environmental Transition risk
B	**Medium-Low**	Clients with moderate Climate and Environmental Transition risk
C	**Medium-High**	Clients with tangible Climate and Environmental Transition risk
D	**High**	Clients with important level of Climate and Environmental Transition risk

The results of the climate and environmental assessment are integrated in the credit application, thus in the files submitted to credit committees, allowing the decision maker to effectively take climate and environmental factors into account during the credit decision phase.
A specific process, factoring in transition risk and physical risk evaluation (together with reputational risk and Net Zero whenever relevant), has been designed and cascaded to the Group Legal entities through a dedicated Group Operational regulation in order to address the inclusion of Climate and Environmental considerations into the overall evaluation of the client. Leveraging on transition risk score, the process application results in specific strategies (in terms of eligible products) to steer the corporate portfolio's exposure fostering the clients' green transition and reducing at the same time UniCredit's exposure to C&E Risks.
More in details, in case the client is subject to high transition risk, the strategy foresees prevalence or exclusivity of ESG products. Outcome of physical risk assessment at counterparty level is meant to complement the strategy with the request of physical risk mitigation action whenever deemed necessary.
The adoption of the Group foreseen process is progressing, also according to the availability of ESG Group's infrastructure in the different Group legal entities.

Investments - enablers for implementation
The Group designed a global framework for ESG related information supported by a central IT architecture that represents a key enabler for compliance to regulatory disclosure requirements needs as well as to enhance Risk Management processes, Business steering, monitoring and reporting framework.
All the ESG data collected have been integrated into the ESG Global IT infrastructure: a single data framework that will allow ESG data to be integrated with other risk information, ensuring the uniqueness of the information and its use for different purposes.
To implement this idea, the Group has created a new integrated ESG ecosystem that involves the development of 3 main new assets:
- Survey/Front-End, which has a dual function, allowing on the one hand the submission of customers surveys, to retrieve ESG KPIs in the origination phase (as described above), and on the other hand to make key ESG information available to the Network, through the ESG KPIs cockpit (relevant tool for the steering of Business and Credit Strategies);
- Calculation Engine, to identify the green loans;
- Sustainability data Repository, to collect information, manage reporting and data exploration activities.

Regarding the architecture, a phased roll-out plan is planned for all countries of the Group.

Part E - Information on risks and related hedging policies

Data strategy

A comprehensive data strategy, integrating internal data with data from external providers, has been defined and implemented by the Group. The strategy strikes a balance between the punctual recovery of KPIs and the impact on business, leveraging both external providers and internal customer surveys; the scores available have been used according to a prioritization strategy, which will naturally favor the use of punctual data, collected through customer surveys, over proxies.

The data strategy has been designed to take into consideration the regulatory framework and Group experience.

The consideration of C&E factors for the Corporate portfolio followed a clear road map.

The Group began in January 2021 with the submission of the C&E questionnaire to all files discussed in the Parent Company credit committees, with a coverage, in terms of EAD, of about 35% and with the extension, the following year, to the local credit committees, the Group reached a coverage of about 40%, and through the acquisition of data from the external provider covered more than 90% of the Corporate portfolio, for the different geographies of the Group.

The collection of data acquired from the external provider has enabled the Group also to broaden the spectrum of available indicators, KPIs functional to both regulatory disclosure and managerial activities (e.g., Transition and Physical counterparty risk, the ESG score, with its components, GHG emissions, Top 20 polluters information).

Transition risk at collateral level

With the aim to measure transition risk associated with assets accepted as collateral to fulfill regulatory obligations (Pillar 3, EU Taxonomy, Stress Tests) and meet managerial needs, a collection of Energy Performance Certification (EPC) data has been conducted in the various Group legal entities:

- for the stock, whereas the data couldn't be punctually retrieved, the Group leveraged on external specialised providers, which developed an estimation model.
- for the new flows, the following transition risk KPIs are collected and properly taken in consideration during origination phase:
  - Energy Performance Certification label (EPC LABEL) with flag indicating estimated/reported;
  - Primary Energy Demand (PED) measured as kWh/sqm;
  - CO2 emissions;
  - EPC LABEL issuance year.

Such information has been integrated into the ESG Global IT Infrastructure and is available on the local mortgage platforms at the origination stage.

Part E - Information on risks and related hedging policies

Physical risk in the credit portfolio
Physical risk is carefully monitored for both counterparties within Group's portfolio and individual collateral assets. This involves the assessment of a wide range of hazard events, with particular attention given to the following:
- material hazard events related to physical risk at counterparty level; and
- material hazard events related to physical risk at collateral level.

Material hazard events related to physical risk at counterparty level:

TYPE OF PHYSICAL RISK (ACUTE/ CHRONIC)	MATERIAL PHYSICAL RISK HAZARD EVENT	DESCRIPTION OF THE PHYSICAL RISK HAZARD EVENT	METRIC/APPROACH	SPATIAL RESOLUTION	SOURCE
Acute	Landslides	Risk of landslide events, long historical data	Annual probability of event with high severity	grid 200 metres/census cell	Third party data, Bundesanstalt für Geowissenschaften und Rohstoffe, Istituto di Ricerca per la Protezione Idrogeologica
Acute	Floods	Risk of flood events, related to waterways and heavy rain events, predictive model	Annual probability of event with high severity, return period 50y	grid 100 metres/census cell	Third party data, Istituto Superiore per la Protezione e la Ricerca Ambientale (ISPRA)
Acute	Wind (Extreme wind-related events)	Probability of extreme wind events based on storm footprint, measured on Beaufort scale, return period 50y	Annual probability of extreme events (11-12 Beaufort scale)	grid H3	Third party data
Acute	Wildfire	Risk classes depending on days with high fire risk subject to the type of environment in which the company is located, Representative Concentration Pathways (RCP) 4.5 scenario	Average days/year with high fire risk, subject to type of environment	grid 4 kilometres	Third party data, European Space Agency (ESA) Data, Copernicus Data
Acute	Extreme waves (extreme waves, storm surges)	Probability of having storm surges and high energy waves	Wave height in RCP 8.5 with a return period of 50y	grid 25 kilometres	Third party data
Acute	Frost occurrence	Probability of cold events (frost, even of short duration), predictive model	Average number of events by years	grid 10 kilometres	Third party data
Acute	Heat occurrence	Probability of hot events (even of short duration), predictive model	Average number of events by years	grid 10 kilometres	Third party data

Part E - Information on risks and related hedging policies

TYPE OF PHYSICAL RISK (ACUTE/ CHRONIC)	MATERIAL PHYSICAL RISK HAZARD EVENT	DESCRIPTION OF THE PHYSICAL RISK HAZARD EVENT	METRIC/APPROACH	SPATIAL RESOLUTION	SOURCE
Acute	Heat waves	Probability of heat waves (extreme hot event > 3 days), historical data	Number of events (> 3 days) observed in a 60y period	grid 10 kilometres	Third party data
Acute	Aridity	Probability of aridity phenomena (ratio precipitation/ evaporation), predictive model	Mean annual precipitation (P)/mean annual evapotranspiration (ETP)	grid 500 metres	Third party data
Chronic	Rainfall soil erosion	Severity of soil erosion due to rainfall, scenario RCP 4.5	R factor	grid H3	Third party data
Chronic	Shoreline erosion	Score representing the erosion compared to the present, RCP 4.5	Meter of erosion, scenario RCP4.5 in 2050	grid 200 metres	Third party data
Chronic	Sea level rise	Estimates the sea level with various meteorological models	Max wave height in 2050, return period in 50y	grid 25 kilometres	Third party data

Part E - Information on risks and related hedging policies

Material hazard events related to physical risk at collateral level:

TYPE OF PHYSICAL RISK (ACUTE/ CHRONIC)	MATERIAL PHYSICAL RISK HAZARD EVENT	DESCRIPTION OF THE PHYSICAL RISK HAZARD EVENT	METRIC/APPROACH	SPATIAL RESOLUTION	SOURCE
Chronic	Sea level rise	Estimates the sea level with various meteorological models	Sea level rise hazard zones defined on Elevation Index (driven by coastal topography) and sea level rise Index (driven by sea level rise). The sea level rise hazard information is available for different scenarios	30 metres resolution for flooding hazard by sea level rise globally	Third party data: Sea level rise zones were modelled based on high-resolution elevation data from elevation model and sea level rise projections from climate models
Acute	Flood: • River Floods • Flash Floods	• River floods: Risk of river flood events, related to waterways and heavy rain events • Flash floods are short-term events which can be produced by multiple thunderstorms with heavy rain over one area	• River floods: global climate model and global land surface models estimate changes in peak water runoff at hydrological basin resolution. These changes in peak runoff are then used to scale current river flood maps. The projections are available in different scenarios • Flash floods: the flash flood map is based on meteorological data, as well as soil, terrain and hydrographic data (slope and flow accumulation). The meteorological data includes the amount, variability, and extreme behaviour of rainfall	• River floods: 30 metres • Flash floods: approximately 250 metres	Third party data: • River floods: Geoweb natural hazard maps • Flash floods: soil-sealing maps (detected by looking at impervious surfaces), curvature (from global multi-resolution terrain elevation data), slope and flow accumulation (from conditioned terrain data) as modifiers to generate the final flash flood map

Part E - Information on risks and related hedging policies

TYPE OF PHYSICAL RISK (ACUTE/ CHRONIC)	MATERIAL PHYSICAL RISK HAZARD EVENT	DESCRIPTION OF THE PHYSICAL RISK HAZARD EVENT	METRIC/APPROACH	SPATIAL RESOLUTION	SOURCE
Acute	Storms	Storms (including blizzards, dust and sandstorms): extratropical storms and storm surges	• Extratropical storms: The main variables of the exposure analysis are forward wind, maximum wind speed, minimum central pressure, radius of maximum wind speeds, track of the centre (eye) in 3 to 6 hourly intervals • Storm surges: multiple wave heights are simulated for each coast and the maximum expansion calculated. Wind speeds and bathymetry data were also taken into account	• Extratropical storms: approximately 5 kilometres • Storm surges: approximately 30 metres	Third party data
Acute	WildFire	Risk classes depending on days with high fire risk subject to the type of environment in which the company is located, RCP 4.5 scenario	Fire Weather Index (FWI) combining the probability of ignition, the speed and likelihood of fire spread and the availability of fuel.	Approximately 1 kilometre	Third party data: modelled according to daily information on temperature, precipitation, humidity and wind

The Group guidelines to integrate physical risk and transition risk KPIs into collateral evaluation, issued in 2023, have been transposed and embedded in a Group operational regulation published in January 2024 and properly cascaded to all the legal entities.
According to the guidelines, the appraiser is delegated to evaluate, based on own independent assessment, the extent of transition risk (leveraging on EPC) and physical risk (through a homogeneous set of hazards to be assessed and evaluated, with a dedicated taxonomy provided by the guidelines) and to embed also these components in the overall assessment and final value assigned to the collateral.

Financial risk
With regards to financial risks (market risk, liquidity risk and counterparty credit risk), several concrete initiatives have been implemented to further integrate C&E risk into the financial risk management framework.
The key pillars of the approach followed include:
- an overall methodological approach for incorporating C&E drivers within the financial risk framework has been further refined, leveraging a combination of assessment methodologies already employed by the Group. The methodological framework measures transition and physical risks within the Financial Risk relevant perimeter. For this purpose, both internal (transition) risk scores as well as externally sourced scores are applied. For the purpose of transition risk, these scores are further complemented by industry scores to further increase the data coverage. For the relevant market risk perimeter (Corporates & Financials) in the trading book for transition risk a very high coverage can be accomplished (depending on the metric ca 85%-100%) and for physical risk about >60% coverage can be obtained. For the investment portfolio relevant perimeter (Corporates & Financials) for transition risk an almost full coverage and for physical risk about 50% coverage can be obtained, similarly also for the purpose of counterparty credit risk and liquidity risk (Counterbalancing Capacity - CBC);

Part E - Information on risks and related hedging policies

- C&E KPIs are included within market risk strategy in line with Group ESG strategy; dedicated limits and warning levels are applied. Specifically:
  - Granular Market Limits (GMLs) for equities and credit exposure vs high transition and physical risk score in the trading-book;
  - Granular Market Limits (GMLs) for non-sovereign debt securities exposure vs high transition and physical risk score in the investment portfolio, i.e., in the banking book;
  - Early Warning for sovereign debt securities exposure versus high transition and physical risk score in the investment portfolio, i.e., in the banking book;
  - Stress Test Warning Levels (STWL) on dedicated climate scenarios;
- the assessment of C&E drivers is incorporated into the process for evaluating new financial products within the Group. When assessing new products, LEs are responsible for verifying whether any C&E risk is embedded in the product's payoff/structure and for ensuring consistency with Group's ESG strategy by involving the local competent function, if needed;
- specific inclusion and exclusion criteria for investment process and transaction due diligence in coherence with Coal and Oil & Gas sector policies.

Concerning monitoring and reporting, the Financial Risk function monitors and reports monthly to competent corporate governing bodies the concentration towards climate risk with reference to equity risk and corporate and financial bonds in the trading book, corporate and financial bonds in the investment portfolio, counterparty credit risk exposures and counterbalancing capacity. The monitoring framework includes physical and transition risks within the financial risk relevant perimeter complemented also by an analysis with respect to physical risk hazards. Additionally, also a Carbon Foot printing analysis for the corporates and financial bonds in the investment portfolio is included.
In April 2022, the market risk stress testing program was enhanced with a dedicated climate risk scenario which extends the ECB short-term disorderly transition scenario. Moreover, since October 2022, the monthly reporting and monitoring framework has been enhanced by incorporating transition and physical risks and in December 2022 the climate risk stress test scenarios were further increased. In September 2023 scenarios were further updated, including scenarios mainly focusing on transition risk as well as on physical risk.

The materiality for financial risk is assessed via the standard ICAAP framework as described earlier and is complemented by further concentration analyses and stress scenarios. Based on these assessments, combined also with qualitative considerations on UniCredit's trading business model, appears to be no materiality of climate & environmental drivers on market risk exposures.
Similarly, the outcome of the liquidity impact of climate risks reveals a limited materiality of the exposures to these risks also in ILAAP.

Climate risk could cause material net cash outflows or depletion of liquidity buffers, mainly stemming from the financial impact on the held assets of a changing climate (i.e., physical risk) or the institution's financial loss that can result, directly or indirectly, from the process of adjustment towards a lower-carbon and more environmentally sustainable economy (i.e., transition risk). According to the definition of physical and transitional risk, the transmission of climate risk to liquidity comes through the following channels:
- Counterbalancing Capacity (CBC): risk premia on securities of carbon-intensive issuers (transitional risk) or issuers particularly exposed to extreme climate events (physical risk) could increase, deteriorating the market value of the liquidity buffer;
- Deposits: withdrawals of deposits mainly due to high liquidity needs and credit losses that could stem from corporate clients with high CO2 emissions, which could have to adapt their technologies and production plants to more carbon-neutral economies (transitional risk) or from customers hit by severe weather events (physical risk), which reduce profitability and potentially increase credit risk and liquidity needs;
- Undrawn credit and liquidity facilities, whose usage might increase for the same reasons listed for deposits;
- Market valuation changes on derivatives transactions climate related price shocks and increased market volatility may result in increased derivative exposures and related margin-calls.

Additionally, the transition risk might appear if UniCredit itself fails in adapting its practices to the new climate regulations, thus leading to reputational impacts. Such a risk is regularly monitored through the name crisis scenario of the liquidity stress test.

In order to assess the materiality of the liquidity risk arising from climate factors related with deposits and committed lines, UniCredit's customers are classified according to a climate risk score defined through an internal questionnaire or acquired by external information providers. A stressed liquidity outflow ratio is applied on those customers labelled with high or medium high risk.
The potential deterioration or the value of the counterbalancing capacity or the change in the value of derivatives (generating margin calls) is estimated by applying specific climate scenarios to the most relevant market variables.

Part E - Information on risks and related hedging policies

The above-described effects are applied to the short-term and structural liquidity risk metrics. The resulting impact is compared with the internal inherent risk severity thresholds.
In general, longer-term effects (on the balance sheet structure) are minor both for transitional and physical risk, as the liquidity structure of the Group balance sheet is sound and ensures enough time to absorb potential climate related changes.
As far as the short-term effects (direct impacts on liquidity) is concerned, the exposure to physical risk is negligible.
On transition risk, the potential adverse liquidity impacts for the Group are classified as medium low according to the internal scale.

Non-financial risk

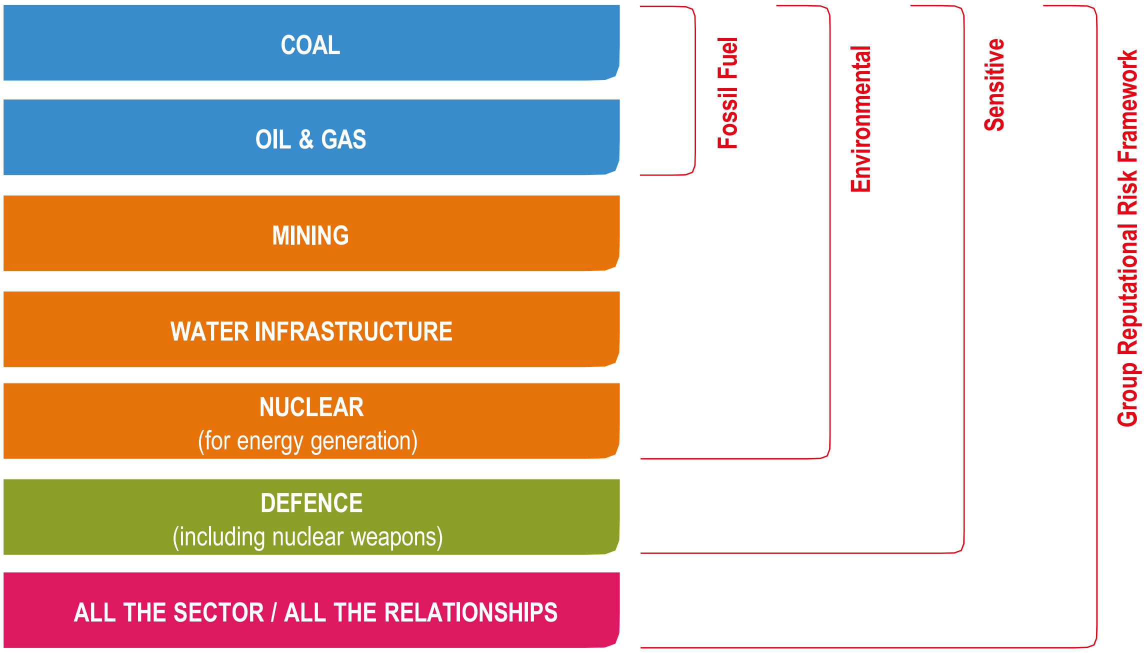
Non-financial risks can be influenced by environmental factors in general and by the climate change in two different ways:
- Reputational risk - risk for the Group of being perceived and criticized for supporting activities and projects through its financial products and services that harm the environment and contribute to worsening the climate change scenario;
- Operational risk - risk for the Group of facing temporary disruption or unavailability of key premises (e.g., data centres, operational centres, headquarters) or for the discontinuity of services suffered by some of its third-party service providers due to adverse extreme climate conditions.

The Group has implemented adequate processes to mitigate the above-mentioned risks.
With regards to **reputational risk**, the Group defines Reputational Risk as the current or prospective risk to earnings and capital resulting from the negative perception of the Financial Institution's image by various stakeholders including clients, shareholders/investors, regulators, employees, debtholders, market analysts, civil society, NGOs, media and other relevant parties.

The management of reputational risk relies on:
- setting clear general rules and guidelines for:
  - defining the profile of relationships (with clients as well as with other relevant counterparties such as suppliers) and operations (mainly financial support, but also investments and other financial products and services offered) that the Group is available to manage and develop;
  - defining the profile of what the Group does not consider to be in line with its foundation principles and reputational standards. These rules and guidelines are designed to ensure alignment with laws, internal and external regulations, best practices within the sector and reflect the risk appetite and the sensitivity of the Group;
- setting additional specific rules and guidelines for sectors considered sensitive (Coal, Oil & Gas, Defence, Nuclear, Mining, Water Infrastructures) and contributing to the Group commitments for specific topics (Rainforest, Tobacco, Human Rights, Natural Capital/Biodiversity);
- requiring for each relationship the evaluation of the conformity to the rules and guidelines mentioned above;
- ensuring respect of the rules mentioned above for each operation, performing a specific Reputational Risk Assessment involving the dedicated Reputational Risk function and other specialist/competent functions (e.g., ESG, Compliance, Legal) in cases of potential deviation and rejecting operations in breach of such rules;
- setting conditions, controls or limitations, where deemed necessary, in order to reduce the material residual reputational risk for Group, regardless of the sector connected to the case;
- independently from the sector, evaluation of the liability/litigation risk that can derive from supporting a deal which could produce a negative environmental or social impact, when the deal is under the Equator Principles (EP);
- taking the right decisions at the right level of authorisation in cases of potential reputational risk, involving the Group Non-Financial Risks Committee (GNFRC) for the highest risk cases.

Part E - Information on risks and related hedging policies

As of first half of 2024, the Group, in its continuous monitoring of the market and stakeholder's expectations, has identified six "sensitive sectors" for which it has adopted a dedicated additional set of provisions and rules described in specific internal regulations listed below:



In addition, UniCredit group has signed specific commitments regarding the exit from Tobacco industry and from activities that favor deforestation or forest degradation.
The inclusion of a sector among the sensitive ones and the provisions of the existing ones are renewed on a continuous basis, taking into account the evolution of the market and the sensitivity of the Group towards these sectors.

For each sensitive sector, the policy covers the following aspects:
- the scope of the sector (type of subjects and activities);
- the forbidden activities (activities that the Group is not available to support with its financial products and services, e.g., controversial weapons, nuclear weapons, coal-related activities, oil & gas activities in the Arctic region);
- the classification of clients:
  - Class A - clients completely in line with the provisions and for which the Group is available to provide full financial support;
  - Class B - clients partially in line with positive transitions and moving in the right direction. The Group is available to support these clients with its financial products and services, refraining from providing other types of financial products and services that do not align with the transition towards more sustainable practices;
  - Class C - clients not aligned with the provisions of the Group or moving in a different direction and for which the Group is not available to provide any kind of financial support. In these cases, a phase-out of the relationship may be considered.

UniCredit group has defined a process for assessing Reputational Risk, identifying cases where a dedicated assessment is necessary.

The decision-making bodies responsible for assessing cases of reputational risk can vary according to the relevance of the case and alignment with the policy provisions.
Cases that envisage a potential high relevance in terms of Reputational Risk are brought to the attention and decision of the Group Non-Financial Risks Committee (GNFRC) chaired by the Group CEO.
Similar structures have been established at local level within each Legal Entity of the Group. At local level, RRO[48] and GNFRC are collapsed in the LNFRC (Local Non-Financial Risk Committee), chaired by the local CEO.
Cases where reputational risks are deemed to be of significant relevance within a specific Legal Entity are submitted to the Holding company for further validation (Non Binding Opinion - NBO).

48 Reputational Risk Officer.

Part E - Information on risks and related hedging policies

A reputational risk decision taken at local level also requires an NBO by the Parent Company in two specific situations:
- when the case, authorised by the Local NFR Committee, presents a high reputational risk and has to be submitted to a Group Credit Committee (GCC or GTCC);
- when explicitly requested by the policy. e.g., Green Project Financing in the Oil & Gas or Coal sectors, granted to a B class client, requires an NBO to double check that the green project is currently aligned with the EU Taxonomy.

Whenever a further scrutiny of a case is deemed necessary, Group legal entities can ask the Parent Company for an NBO for cases other than the two mentioned above.
Any unplanned and unforeseen situations related to a specific relationship or deal and not aligned with the standard provisions of the policy are evaluated case by case. Expert judgement is required for evaluating the alignment of the case with UniCredit general principles on Reputational Risk. Any decisions must diligently consider the provisions of the applicable policy and the characteristics and context of the case under examination.
With regard to **Operational risk**, for all Legal Entities the Group carries out an annual assessment aimed at identifying critical locations where unavailability could harm business continuity (*e.g.,* data centres, headquarters, operational centres).
In 2023, 103 buildings were selected for the yearly assessment. Each location is classified according to current risks from extreme adverse climate conditions (river floods, flash floods and wildfire) that could affect the location itself.
Among those selected, 10 buildings resulted as potentially exposed to high or medium-high risk; during 2023 the related business continuity plan was assessed to check the effectiveness of protection in cases of adverse climate conditions.
Wherever the business continuity plan highlighted the inadequacy of the backup building (e.g., exposed to the same risk as the primary location), a new backup location was defined. For one building a formal taking risk has been taken by the Legal Entity Management Board, considering that an additional mitigants were not identified.
Moreover, in 2023, exposure to the perceived risk in a scenario of +4°C in 2030 has been considered. In this case, 8 additional buildings have been identified currently not exposed to such risks but potentially exposed to them considering this additional scenario. Devoted KPIs have been put in place in collaboration with Group Real Estate in order to monitor future climate event comparing them with the location history, with the aim to put in place immediate actions in case of climate risk exposure worsening. At the moment no deviations from the history of these buildings have been detected.
In order to assess the resilience of third-party service providers with regard to climate change, the Third-Party Assessment (performed during onboarding of new suppliers, then yearly) has been enhanced by also considering the business continuity plans adopted to manage potential adverse climate events.

Beyond climate - Natural capital and biodiversity
As a preliminary step, the Group is evaluating sources, methodologies, and frameworks to effectively address the key challenges related to biodiversity and nature.
The Group developed, with the support of an external provider, a sector-level heatmap of the loan portfolio, aiming at assessing which sectors are most exposed to nature-related risks looking at their impact on nature. The assessment is based on a synthetic score assigned to single counterparties, with the perspective of inside-out evidence, i.e., a summary of the impact that the single company can cause to the ecosystem in which it is located and carries out its activities.
The environmental factors, evaluated within the synthetic score attribution through granular KPIs both at industry level and company-specific, are listed below:
- biodiversity loss and ecosystem degradation: land use practices are a key driver of biodiversity loss as agricultural value chains have the most direct (and often largest) impact on ecosystems and biodiversity through land use and management. Granular KPIs that have been analysed covered four of five direct pressures on biodiversity loss identified by IPBES[49] 13;
- pollution: air, soil and water pollution and their effects are closely linked to biodiversity and ecosystem services, for example via acidification, ecotoxicity, photochemical oxidant formation, freshwater and marine water eutrophication, and ozone depleting emissions;
- water usage: mismanagement or underdevelopment may mean that accessible water is polluted or unsanitary for human consumption. Economic water scarcity can also result from unregulated water use for agriculture or industry, often at the expense of the general population;
- waste management: solid and hazardous waste and wastewater are all different categories of the total quantity of waste produced by a business;
- energy efficiency: the efficient use of energy to produce goods and services, reducing energy consumption and associated pollution.

The analysis leverages on several data sources, including multiple internationally recognised databases of environmental data, and was conducted to ascertain the environmental impact by leveraging 20 granular KPIs for the 5 principal environmental factors. The assessment considered both sector-specific metrics and those pertaining clients headquarters as well as local operating units.
Synthetic and factor-specific scores were produced for each counterpart and aggregated to produce the sector-level heatmap of the loan portfolio, allowing the assessment of impact and materiality. UniCredit will keep monitoring the evolution of materiality of the risks related to natural capital and ensure dedicated policies to mitigate potential impacts.

49 Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services.

Part F - Consolidated shareholders' equity

Section 1 - Consolidated shareholders' equity

A. Qualitative information

UniCredit group deems as priority the activities of capital management and capital allocation based on the risks taken, with the aim of expanding the Group's operations in a value creation perspective. These activities are structured in the different phases of the Group planning and monitoring process and, in particular, in:

- planning and budgeting processes:
  - proposals of risks appetite and capitalisation objectives;
  - analysis of risks associated with value drivers and allocation of capital to business areas and units;
  - assignment of risk-adjusted performance objectives;
  - analysis of the impact on the Group's value and the creation of value for shareholders;
  - preparation and proposal of the equity plan and dividend policy;
- monitoring processes:
  - analysis of performance achieved at Group and business unit level and preparation of managerial reports for internal and external use;
  - analysis and monitoring of limits;
  - analysis and performance monitoring of the capital ratios of the Group and single entities.

The Group has committed itself to generate income in excess to the one necessary to remunerate risk (cost of equity) and to create value for its shareholders by allocating capital to the various business areas and business units on the basis of specific risk profiles. In order to support the planning and monitoring processes, the Group adopts a methodology based on risk-adjusted performance measurement (RAPM) which provides a number of indicators that combine and summarise the operating, financial and risk-related variables to be considered.

Therefore, the Group capital and its allocation are of paramount importance in the definition of corporate strategies, as, on the one hand, the Group Capital represents the shareholders' investment in the Group, which needs to be adequately remunerated, and on the other hand, it is a scarce resource subject to the external constraints set by the regulators.

In the allocation process, the definitions of capital adopted are the following:

- risk or employed capital: this is the equity component provided by shareholders (employed capital) which must be remunerated through an income generation higher than or equal to expectations (cost of equity);
- capital at risk: this is the portion of capital and reserves that is used (at the beginning of the period: allocated capital) or was used to cover (at period-end: absorbed capital) the risks taken to pursue the objective of creating value.

If capital at risk is measured following the so-called "Pillar 2" approach that requires banks to implement internal processes and systems to determine the level of capital adequate to face any type of risk, not limited to those provided by the capital requirements ("Pillar 1") rules, then it is defined as internal capital; if it is measured through "Pillar 1" regulatory provisions covering Credit, Market and Operative risks' capital requirements, then it is defined as regulatory capital. Internal capital and regulatory capital differences are not limited to the categories of risk covered. In fact, the former directly quantifies the amount of capital to cover adverse events with a high level of probability, while regulatory capital is quantified applying to RWEA the CET1 ratio target defined within the Risk Appetite setting process. Set consistently with Group risk appetite, CET1 ratio target considers supervisory expectations, the foreseen evolution of the regulatory frameworks, how the Group compares to other main European Banking Groups and factorizes chosen business strategies. Capital allocated to Business Segment is quantified by regulatory capital.

UniCredit group has identified a Common Equity Tier 1 Ratio target between 12.5%-13%, as announced during the "UniCredit Unlocked" Strategy Day held in Milan, 9 December 2021 (https://www.unicreditgroup.eu/en/strategy.html).

In addition to target setting, capital management activities encompass the definition of the capital plan and the monitoring of Pillar 1 capital ratios (Common Equity Tier 1, Tier 1, Total Capital, MREL, RWEA) and available internal capital (Pillar 2 definition).
Capital management activities aim at identifying dynamically the most suitable investment and capital instruments (ordinary shares and other capital instruments) for achieving the defined targets. If there is a capital shortfall, the gaps to be filled and capital generation measures are indicated, and their cost and efficiency are measured through the RAPM methodology. In this context, value analysis is enhanced considering all relevant aspects as, among others, regulatory rules, accounting principles, financial and market situation, tax-related considerations, risk management assessments and with respect to the changing regulations affecting these aspects. In this way, all the necessary assessments are performed, and instructions provided to Group areas or companies asked to perform the required tasks.

Part H - Related-party transactions

Introduction

For the purposes of financial disclosure, in accordance with the Commission Regulation EU 632/2010 of 19 July 2010, the text of IAS24 applies, which defines the concept of related party and identifies the relations between that party and the entity producing the financial statements. IAS24 also explains that the disclosure should include, among others, transactions entered into with subsidiaries of associates and subsidiaries of joint ventures.

Pursuant to IAS24, UniCredit S.p.A.'s related parties include:

- companies belonging to UniCredit group and companies controlled by UniCredit S.p.A. but not consolidated[50];
- associates and joint ventures, as well as their subsidiaries;
- UniCredit's "Key management personnel";
- close family members of "Key management personnel" and companies controlled (or jointly controlled) by key management personnel or their close family members;
- UniCredit group employees post-employment benefit plans.

Also for the management of related-party transactions refer to the discipline established by Consob Regulation 17221/2010 as subsequently amended by Resolution 21624 of 10 December 2020 (deriving from the provisions of Art.2391-bis of the Italian Civil Code) and by Banca d'Italia Circular 285/2013 (Part 3, Chapter 11), as well as the provisions pursuant to Art.136 of Legislative Decree 385/1993, under which corporate officers may assume obligations towards the bank they manage, direct or control, only upon unanimous approval of the board of the bank and the favorable vote of the Audit Committee.

In this regard, UniCredit S.p.A., as a listed issuer and subject to Banca d'Italia regulations, has adopted the Global Policy "Transactions with related parties, associated persons and Corporate Officers ex Art.136 CBA (Consolidated Banking Act)", approved by UniCredit's Board of Directors with the positive opinion of the Related-Parties Committee and of the Audit Committee, which is published on UniCredit website (www.unicreditgroup.eu), designed to define preliminary and conclusive rules with respect to transactions executed by UniCredit S.p.A., including those conducted through subsidiaries, with related parties, considering the specificities of the provisions mentioned above and the manner in which information is disclosed to corporate bodies, the supervisory authorities and the market.
Specific guidelines contained in the Global Policy have been distributed to the UniCredit S.p.A.'s functions and Group legal entities in order to systematically abide to the abovementioned reporting requirements.
The Board of Directors set up the Related Parties Committee, in compliance with Consob regulatory provisions and the Banca d'Italia's supervisory regulations, consisting only of independent Directors pursuant to the Italian Corporate Governance Code.
In addition, UniCredit S.p.A. applies specific procedures regarding internal controls on risk activities with subjects in conflict of interests regulated in the Global Policy "Transactions with related parties, associated persons and Corporate Officers ex Art.136 CBA".

During the first half of 2024 transactions carried out with related parties reported in the data streams provided by the reference standards, were executed and carried out based on assessments of the economic convenience and interest of the Group.

50 For the purposes of this Consolidated first half financial report as at 30 June 2024 transactions and outstanding balances between consolidated companies were written off as described in Part A.

Part H - Related-party transactions

Related-party transactions

The following table sets out the assets, liabilities, guarantees and commitments, for each group of related parties, pursuant to IAS24.

Related-party transactions: balance sheet items

(€ million)

	AMOUNTS AS AT 30.06.2024								
	CONTROLLED NOT CONSOLIDATED ENTITIES	JOINT VENTURES	ASSOCIATED COMPANIES	KEY MANAGEMENT PERSONNEL	OTHER RELATED PARTIES	TOTAL	% ON ACCOUNTS ITEM	SHAREHOLDERS	% ON ACCOUNTS ITEM
Cash and cash balances	-	-	9	-	-	9	0.02%	28	0.06%
Financial assets at fair value through profit or loss	-	-	60	-	7	67	0.11%	949	1.49%
a) Financial assets held for trading	-	-	17	-	-	17	0.03%	558	1.00%
c) Other financial assets mandatorily at fair value	-	-	43	-	7	50	0.65%	391	5.11%
Financial assets at fair value through other comprehensive income	-	-	130	-	-	130	0.18%	-	-
Financial assets at amortised cost	10	14	837	-	-	861	0.15%	32	0.01%
a) Loans and advances to banks	-	-	169	-	-	169	0.24%	-	-
b) Loans and advances to customers	10	14	668	-	-	692	0.14%	32	0.01%
Non-current assets and disposal groups classified as held for sale	-	-	6	-	-	6	0.98%	-	-
Other assets	-	-	149	-	-	149	1.12%	2	0.02%
Total assets	**10**	**14**	**1,191**	**-**	**7**	**1,222**	**0.16%**	**1,011**	**0.13%**
Financial liabilities at amortised cost	29	-	6,463	10	12	6,514	0.96%	878	0.13%
a) Deposits from banks	-	-	5,579	-	-	5,579	6.73%	43	0.05%
b) Deposits from customers	29	-	884	10	12	935	0.19%	213	0.04%
c) Debt securities in issue	-	-	-	-	-	-	-	622	0.68%
Financial liabilities held for trading and designated at fair value	-	-	19	-	-	19	0.04%	12	0.02%
Hedging derivatives (liabilities)	-	-	-	-	-	-	-	5	0.67%
Other liabilities	14	-	21	-	-	35	0.24%	5	0.03%
Total liabilities	**43**	**-**	**6,503**	**10**	**12**	**6,568**	**0.89%**	**900**	**0.12%**
Guarantees given and commitments	1	-	1,348	-	88	1,437	-	241	

Notes:
Shareholders and related companies holding more than 3% of voting shares in UniCredit.
The "Total assets" and "Total liabilities" values refer only to the items shown in this table.
It should be noted that the item "Guarantees given and commitments" includes revocable commitments.

Part H - Related-party transactions

The following table sets out the impact of transactions, for each group of related parties, on income statements, pursuant to IAS24.

Related-party transactions: profit and loss items

(€ million)

	AMOUNTS AS AT 30.06.2024								
	CONTROLLED NOT CONSOLIDATED ENTITIES	JOINT VENTURES	ASSOCIATED COMPANIES	KEY MANAGEMENT PERSONNEL	OTHER RELATED PARTIES	TOTAL	% ON ACCOUNTS ITEM	SHAREHOLDERS	% ON ACCOUNTS ITEM
10. Interest income and similar revenues	-	1	18	-	-	19	0.11%	-	-
20. Interest expenses and similar charges	-	-	(93)	-	-	(93)	0.87%	(15)	0.14%
30. Net interest margin	**-**	**1**	**(75)**	**-**	**-**	**(74)**	**1.01%**	**(15)**	**0.21%**
40. Fees and commissions income	1	-	416	-	-	417	9.21%	10	0.22%
50. Fees and commissions expenses	(1)	-	(3)	-	-	(4)	0.48%	(2)	0.24%
60. Net fees and commissions	**-**	**-**	**413**	**-**	**-**	**413**	**11.19%**	**8**	**0.22%**
70. Dividend income and similar revenues	3	-	-	-	-	3	0.88%	32	9.38%
190. Administrative expenses	(4)	-	(182)	(1)	(1)	(188)	3.83%	-	-
a) Staff costs	(1)	-	2	(1)	-	-	-	-	-
b) Other administrative expenses	(3)	-	(184)	-	(1)	(188)	9.61%	-	-
230. Other operating expenses/income	1	-	(14)	-	-	(13)	3.36%	(3)	0.78%

Note:
Shareholders and related companies holding more than 3% of voting shares in UniCredit.
With reference to item "Administrative expenses a) Staff costs" any positive amount indicates the prevalence of costs' recoveries.

The "Other related-parties" category includes:
- close family members of key management personnel (i.e., those family members who, as is expected, may influence, or be influenced by, the person in question);
- companies controlled (or jointly controlled) by "Key management personnel" or their close family members;
- Group employee post-employment benefit plans.

It should be noted that as at 30 June 2024 IAS24 Related Parties based in Russia, or controlled by Russian entities, are not subject to international sanctions.

With reference to the main related-party transactions, it is worth to note the following considerations:
- starting from 2012 the subsidiary UniCredit Services S.C.p.A. (UCS) formerly UniCredit Business Integrated Solutions S.C.p.A. (UBIS), assumed the role of operating sub-holding to provide the Group's support services both in Italy and abroad.
  On 19 April 2013, the Board of Directors of UCS approved the executive plan of the project aimed at establishing a joint venture with another major player in the industry, IBM Italia S.p.A. (IBM), for the provision of technological infrastructure services (hardware, data center, etc.) to Commercial Banking. The transaction was completed when UCS transferred, with effect from 1 September 2013, of "Information Technology" business unit to the company Value Transformation Services S.p.A. (V-TS), formed and controlled by IBM Italia S.p.A. Following the transaction, UCS holds 49% of V-TS's share capital; the remaining 51% is held by IBM (which is therefore the controlling shareholder).
  On 23 December 2016, the "Restatement and Amendment Agreement" was signed between UniCredit Services and V-TS with the aim of increasing value creation and ability to catch new opportunities from technological evolution, with the extention of the term until 2026.
  The "Second Restatement and Amendment Agreement" between UniCredit Services and V-TS was signed on 22 December 2019, with effectiveness from 1 January 2020, with the extension of the term of the 3-year contract until 2029. It should be noted that starting from 1 October 2022 with effectiveness starting from 1 January 2022, UCS has been merged in UniCredit S.p.A. and the latter has become entitled to the contracts mentioned above;
  The services provided to UniCredit group by the abovementioned companies result in an exchange of fees (administrative costs).
- in 2018, through a competitive auction process, UniCredit S.p.A. has signed a long-term partnership with Allianz for the exclusive distribution of Life and Non-Life bancassurance products (excluding Credit Protection products) in Bulgaria, Croatia, Hungary, Romania, Slovenia, Czech Republic and Slovakia. The partnership was implemented in these countries, through local distribution agreements, in compliance with the all the local regulations, in the second half of 2018;
- in 2022, UniCredit and Allianz signed a multi-country framework agreement setting the basis for enhanced collaboration. With specific focus on Italy, the agreement mainly involves: (i) the renewal of the current arrangements both in the life and non-life businesses to 2027, (ii) full access to Allianz's products, (iii) support in developing an integrated platform and service model and (iv) enhancement of training and increased marketing support. In Germany, the agreement includes further initiatives to strengthen digital bancassurance and marketing;
- it should be noted that distribution agreements concerning insurance products are in place with the following associates:
  - CNP UniCredit Vita S.p.A.;
  - UniCredit Allianz Assicurazioni S.p.A.;
  - UniCredit Allianz Vita S.p.A.;
  - Incontra Assicurazioni S.p.A.

Part L - Segment reporting

Organisational structure

The organisational structure of the Group is divided into geographical areas as follows:

- Italy;
- Germany;
- Central Europe (including Austria, Czech Republic and Slovakia, Hungary, Slovenia);
- Eastern Europe (including Bosnia and Herzegovina, Bulgaria, Croatia, Romania, Serbia).
- Russia.

Starting from the first quarter of 2022, the Group's organisational structure has been updated by isolating activities in Russia and cross-border exposure booked in UniCredit S.p.A. towards this country in a specific segment of Segment Reporting.
In addition to Russia, also Central Europe and Eastern Europe includes cross-border exposure booked in UniCredit S.p.A.
This organisation ensures Countries and local Banks autonomy on specific activities granting proximity to the customers (for all client segment, Retail and Corporate) and efficient decisional processes.
All standalone geographies of the Group have dedicated support and control functions such as: People and Culture, Finance, Digital & Information Office, Operations, Compliance, Legal and Risk.
Alongside the five geographical areas there is:

- Group Corporate Centre with the objective to lead, control and support the management of the assets and related risks of the Group as a whole and of the single Group companies in their respective areas of competence; it also includes the Group's legal entities that are going to be dismissed.

The Segment Reporting is shaped according to the Group organisation.

Part L - Segment reporting

A - Primary segment

Segment reporting 2024

A.1 - Breakdown by business segment: income statement

	ITALY	GERMANY	CENTRAL EUROPE	EASTERN EUROPE	RUSSIA	GROUP CORPORATE CENTRE	CONSOLIDATED GROUP TOTAL 30.06.2024
Net interest	3,316	1,246	1,378	990	401	(187)	7,143
Dividends	69	1	131	5	(0)	21	226
Fees	2,293	847	638	364	102	(23)	4,220
Trading income	95	733	17	34	78	72	1,028
Other expenses/income	43	39	17	15	1	(33)	82
Revenue	**5,817**	**2,866**	**2,180**	**1,407**	**580**	**(150)**	**12,700**
HR costs	(1,177)	(612)	(428)	(219)	(57)	(360)	(2,853)
Non HR costs	(684)	(476)	(310)	(155)	(36)	380	(1,281)
Recovery of expenses	20	1	0	0	-	37	59
Amortisations and depreciations	(128)	(36)	(58)	(53)	(20)	(234)	(529)
Operating Costs	**(1,969)**	**(1,123)**	**(796)**	**(426)**	**(113)**	**(177)**	**(4,604)**
GROSS OPERATING PROFIT (LOSS)	**3,848**	**1,743**	**1,384**	**981**	**468**	**(327)**	**8,096**
Loan loss provisions (LLPs)	(246)	(135)	25	101	136	0	(118)
OPERATING NET PROFIT	**3,601**	**1,608**	**1,409**	**1,082**	**604**	**(327)**	**7,977**
Other charges and provisions	(191)	(6)	(121)	(49)	(202)	(4)	(574)
Integration costs	(22)	(12)	(7)	(5)	-	(7)	(54)
Net income from investments	(24)	(22)	(1)	1	21	1	(23)
PROFIT (LOSS) BEFORE TAX	**3,365**	**1,568**	**1,280**	**1,029**	**423**	**(338)**	**7,327**

A.2 - Breakdown by business segment: balance sheet amounts and RWEA

BALANCE SHEET AMOUNTS	ITALY	GERMANY	CENTRAL EUROPE	EASTERN EUROPE	RUSSIA	GROUP CORPORATE CENTRE	CONSOLIDATED GROUP TOTAL 30.06.2024
CUSTOMERS LOANS (NET REPOS AND IC)	147,849	127,025	93,380	35,578	2,547	209	**406,588**
CUSTOMERS DEPOS (NET REPOS AND IC)	186,270	130,228	94,542	47,101	6,255	(5)	**464,391**
TOTAL RISK WEIGHTED EXPOSURE AMOUNTS (BASEL 3)	102,925	67,571	58,838	30,737	14,396	2,422	**276,889**

A.3 - Staff

	ITALY	GERMANY	CENTRAL EUROPE	EASTERN EUROPE	RUSSIA	GROUP CORPORATE CENTRE	CONSOLIDATED GROUP TOTAL 30.06.2024
STAFF							
Employees (FTE)	27,151	9,617	9,892	12,804	3,064	6,928	**69,454**

Part L - Segment reporting

Segment reporting 2023

A.1 - Breakdown by business segment: income statement

	ITALY	GERMANY	CENTRAL EUROPE	EASTERN EUROPE	RUSSIA	GROUP CORPORATE CENTRE	CONSOLIDATED GROUP TOTAL 30.06.2023
Net interest	3,071	1,385	1,322	847	407	(237)	6,795
Dividends	82	1	149	4	1	16	253
Fees	2,146	852	581	322	102	(42)	3,961
Trading income	233	638	(11)	44	24	(2)	926
Other expenses/income	(25)	16	22	0	1	(51)	(37)
Revenue	**5,506**	**2,892**	**2,062**	**1,217**	**536**	**(316)**	**11,897**
HR costs	(1,165)	(669)	(420)	(210)	(62)	(323)	(2,849)
Non HR costs	(649)	(485)	(311)	(149)	(36)	358	(1,272)
Recovery of expenses	7	1	0	0	-	23	32
Amortisations and depreciations	(150)	(49)	(62)	(54)	(23)	(232)	(570)
Operating Costs	**(1,956)**	**(1,201)**	**(793)**	**(413)**	**(121)**	**(174)**	**(4,658)**
GROSS OPERATING PROFIT (LOSS)	**3,550**	**1,691**	**1,269**	**804**	**416**	**(491)**	**7,239**
Loan loss provisions (LLPs)	(225)	(58)	61	31	79	2	(110)
OPERATING NET PROFIT	**3,325**	**1,633**	**1,329**	**835**	**495**	**(489)**	**7,129**
Other charges and provisions	(236)	(216)	(213)	(48)	(119)	(5)	(837)
Integration costs	(110)	(59)	(5)	(12)	(0)	(45)	(231)
Net income from investments	(73)	(24)	(4)	4	(28)	(1)	(126)
PROFIT (LOSS) BEFORE TAX	**2,906**	**1,334**	**1,107**	**779**	**348**	**(540)**	**5,934**

A.2 - Breakdown by business segment: balance sheet amounts and RWEA

(€ million)

BALANCE SHEET AMOUNTS	ITALY	GERMANY	CENTRAL EUROPE	EASTERN EUROPE	RUSSIA	GROUP CORPORATE CENTRE	CONSOLIDATED GROUP TOTAL 31.12.2023
CUSTOMERS LOANS (NET REPOS AND IC)	152,120	125,107	95,367	33,570	3,152	162	**409,478**
CUSTOMERS DEPOS (NET REPOS AND IC)	188,434	138,192	93,450	47,104	7,208	(5)	**474,383**
TOTAL RISK WEIGHTED EXPOSURE AMOUNTS (BASEL 3)	108,073	69,473	60,492	28,743	14,283	3,484	**284,548**

A.3 - Staff

	ITALY	GERMANY	CENTRAL EUROPE	EASTERN EUROPE	RUSSIA	GROUP CORPORATE CENTRE	CONSOLIDATED GROUP TOTAL 31.12.2023
STAFF							
Employees (FTE)	27,528	9,819	10,191	13,019	3,153	7,041	**70,752**

Condensed Interim consolidated financial statements certification pursuant to Art.81-ter of Consob Regulation No.11971/99, as amended

1. The undersigned Andrea Orcel (as Chief Executive Officer) and Bonifacio Di Francescantonio (as the Manager charged with preparing the financial reports) of UniCredit S.p.A., also in compliance with Art.154-bis (paragraphs 3 and 4) of Italian Legislative Decree No.58 of 24 February 1998, hereby **certify**:

- the adequacy in relation to the Legal Entity's features, and
- the actual application of the administrative and accounting procedures employed to draw up the Condensed interim consolidated financial statements in the first half of 2024.

2. The adequacy of administrative and accounting procedures employed to draw up the 2024 Condensed interim consolidated financial statements has been evaluated by applying a model devised by UniCredit S.p.A. in accordance with "*Internal Control - Integrated Framework (CoSO)*" and "*Control Objective for IT and Related Technologies (Cobit)*", which represent generally accepted international standards for internal control system and, specifically, for financial reporting.

3. The undersigned also **certify** that:
   3.1 the 2024 Condensed interim consolidated financial statements:
      a) were prepared in compliance with applicable international accounting standards recognised by the European Community pursuant to European Parliament and Council Regulation No.1606/2002 of 19 July 2002;
      b) are consistent with accounting books and records;
      c) are suitable to provide a fair and correct representation of the economic and financial situation of the issuer and the group of companies included in the scope of consolidation;
   3.2 the Interim report on operations includes a reliable analysis of the most significant events in the first six months of the financial year and their impact on the Condensed interim consolidated financial statements, together with a description of the main risks and uncertainties concerning the remaining six months of the year. The Consolidated first half financial report also contains a reliable analysis of information on significant related party transactions.

Milan, 23 July 2024

Andrea ORCEL

Bonifacio DI FRANCESCANTONIO

KPMG S.p.A.
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(This report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Report on review of condensed interim consolidated financial statements

To the shareholders of
UniCredit S.p.A.

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the UniCredit Group, comprising the statement of financial position as at 30 June 2024, the income statement and the statements of comprehensive income, changes in equity and cash flows for the six months then ended and notes thereto. The parent's directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of the review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the UniCredit Group as at and for the six months ended 30 June 2024 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Milan, 1 August 2024

KPMG S.p.A.

(signed on the original)

Bruno Verona
Director of Audit

Reconciliation between reclassified balance sheet and income statement accounts and mandatory reporting schedules

A reconciliation of the reclassified balance sheet and profit and loss account to the mandatory reporting schedules, is provided below.
As an explanation of the criteria adopted for the main reclassification followed for the Reclassified consolidated accounts refer to Consolidated interim report on operations included in this document.

Consolidated balance sheet

(€ million)

	AMOUNTS AS AT	
ASSETS	**30.06.2024**	**31.12.2023**
Cash and cash balances	50,029	61,000
Item 10. Cash and cash balances	*50,029*	*61,000*
Financial assets held for trading	55,674	57,274
Item 20. Financial assets at fair value through profit or loss: a) Financial assets held for trading	*55,674*	*57,274*
Loans to banks	54,447	39,434
Item 40. Financial assets at amortised cost: a) Loans and advances to banks	*70,069*	*53,389*
less: Debt securities	*(15,671)*	*(14,004)*
less: Leasing assets IFRS16	*(1)*	*(1)*
+ Loans (from Item 20 c)	*50*	*50*
Loans to customers	433,997	429,452
Item 40. Financial assets at amortised cost: b) Loans and advances to customers	*507,428*	*503,589*
less: Debt securities	*(76,209)*	*(75,746)*
less: Leasing assets IFRS16	*(113)*	*(85)*
+ Loans (from Item 20 c)	*2,891*	*1,696*
Other financial assets	171,620	162,953
Item 20. Financial assets at fair value through profit or loss: b) Financial assets designated at fair value	*244*	*220*
Item 20. Financial assets at fair value through profit or loss: c) Other financial assets mandatorily at fair value	*7,658*	*7,520*
less: Loans (to Loans to banks)	*(50)*	*(50)*
less: Loans (to Loans to customers)	*(2,891)*	*(1,696)*
Item 30. Financial assets at fair value through other comprehensive income	*70,580*	*63,097*
Item 70. Equity investments	*4,086*	*4,025*
+ Debt securities (from Item 40 a)	*15,671*	*14,004*
+ Debt securities (from Item 40 b)	*76,209*	*75,746*
+ Leasing assets IFRS16 (from Item 40 a)	*1*	*1*
+ Leasing assets IFRS16 (from Item 40 b)	*113*	*85*
Hedging instruments	(2,387)	(1,340)
Item 50. Hedging derivatives	*1,320*	*1,925*
Item 60. Changes in fair value of portfolio hedged items (+/-)	*(3,707)*	*(3,264)*
Property, plant and equipment	8,958	8,628
Item 90. Property, plant and equipment	*8,958*	*8,628*
Goodwill	-	-
Item 100. Intangible assets of which: goodwill	*-*	*-*
Other intangible assets	2,194	2,272
Item 100. Intangible assets net of goodwill	*2,194*	*2,272*
Tax assets	10,470	11,818
Item 110. Tax assets	*10,471*	*11,818*
Non-current assets and disposal groups classified as held for sale	610	370
Item 120. Non-current assets and disposal groups classified as held for sale	*610*	*370*
Other assets	13,313	13,112
Item 130. Other assets	*13,311*	*13,111*
Total assets	**798,925**	**784,974**

Reconciliation between reclassified balance sheet and income statement accounts and mandatory reporting schedules

continued: Consolidated balance sheet

(€ million)

LIABILITIES AND SHAREHOLDERS' EQUITY	AMOUNTS AS AT 30.06.2024	31.12.2023
Deposits from banks	82,916	71,042
Item 10. Financial liabilities at amortised cost: a) Deposits from banks	*82,941*	*71,069*
less: Leasing liabilities IFRS16	*(25)*	*(27)*
Deposits from customers	499,492	495,716
Item 10. Financial liabilities at amortised cost: b) Deposits from customers	*501,037*	*497,394*
less: Leasing liabilities IFRS16	*(1,545)*	*(1,677)*
Debt securities issued	91,656	89,845
Item 10. Financial liabilities at amortised cost: c) Debt securities in issue	*91,656*	*89,845*
Financial liabilities held for trading	36,858	38,022
Item 20. Financial liabilities held for trading	*36,858*	*38,022*
Other financial liabilities	15,039	13,751
Item 30. Financial liabilities designated at fair value	*13,469*	*12,047*
+ Leasing liabilities IFRS16 (from Item 10 a)	*25*	*27*
+ Leasing liabilities IFRS16 (from Item 10 b)	*1,545*	*1,677*
Hedging instruments	(13,114)	(10,573)
Item 40. Hedging derivatives	*750*	*2,359*
Item 50. Value adjustment of hedged financial liabilities (+/-)	*(13,863)*	*(12,932)*
Tax liabilities	1,778	1,483
Item 60. Tax liabilities	*1,778*	*1,483*
Liabilities included in disposal groups classified as held for sale	-	-
Item 70. Liabilities associated with assets classified as held for sale	-	-
Other liabilities	22,128	21,445
Item 80. Other liabilities	*14,722*	*13,566*
Item 90. Provision for employee severance pay	*306*	*335*
Item 100. Provisions for risks and charges	*7,100*	*7,543*
Minorities	158	164
Item 190. Minority shareholders' equity (+/-)	*158*	*164*
Group shareholders' equity:	62,013	64,079
- Capital and reserves	56,777	54,572
Item 120. Valuation reserves	*(4,896)*	*(4,928)*
Item 140. Equity instruments	*3,965*	*4,863*
Item 150. Reserves	*36,546*	*35,063*
Item 160. Share premium	*23*	*23*
Item 170. Share capital	*21,368*	*21,278*
Item 180. Treasury shares (-)	*(229)*	*(1,727)*
- Group stated net profit (loss)	5,236	9,507
Item 200. Profit (Loss) for the period (+/-)	*5,236*	*9,507*
Total liabilities and shareholders' equity	**798,925**	**784,974**

Reconciliation between reclassified balance sheet and income statement accounts and mandatory reporting schedules

Consolidated income statement

(€ million)

	H1 2024	H1 2023
Net interest	7,143	6,795
Item 30. Net interest margin	*7,314*	*6,938*
less: Reclassification net Interest contribution deriving from Trading Book instruments	*(78)*	*(87)*
+ Interest on DBO/TFR/Jubilee (from Item 190)	*(57)*	*(59)*
+ Derivatives instruments - Economic Hedges - Others - Interest component	*(36)*	*3*
Dividends	226	253
Item 70. Dividend income and similar revenues	*341*	*217*
less: Dividends from held for trading equity instruments included in Item 70	*(255)*	*(158)*
less: Dividends on equity investments, shares and equity instruments mandatorily at fair value	*(51)*	*(30)*
less: Recovery of expenses	*(1)*	*-*
Item 250. Gains (Losses) of equity investments - of which: Profit (Loss) of equity investments valued at equity	*192*	*224*
Fees	4,220	3,961
Item 60. Net fees and commissions	*3,690*	*3,439*
less: Amounts related to credit card distribution agreements	*3*	*-*
+ Non-recoverable expenses incurred for customers financial transactions taxes (from Item 190 b)	*(8)*	*(8)*
+ Structuring and mandate fees on issued or placed certificates by the Group (from Item 110)	*63*	*27*
+ Structuring and mandate fees on issued or placed certificates by the Group and connected derivatives (from Item 80)	*53*	*55*
+ Mark-up fees on client hedging activities (from Item 80)	*418*	*448*
Trading income	1,028	926
Item 80. Net gains (losses) on trading	*1,347*	*1,215*
less: Derivatives instruments - Economic Hedges - Others - Interest component	*36*	*(3)*
less: Structuring and mandate fees on issued or placed certificates by the Group and connected derivatives	*(53)*	*(55)*
less: Mark-up fees on client hedging activities	*(418)*	*(448)*
Item 90. Net gains (losses) on hedge accounting	*(146)*	*38*
Item 100. Gains (Losses) on disposal and repurchase of: c) financial liabilities	*(2)*	*22*
Item 100. Gains (Losses) on disposal and repurchase of: b) financial assets at fair value through other comprehensive income	*64*	*123*
Item 110. Net gains (losses) on other financial assets/liabilities at fair value through profit or loss	*(115)*	*(251)*
less: Structuring and mandate fees on issued or placed certificates by the Group	*(63)*	*(27)*
+ Gains (Losses) on disposal and repurchase of financial assets at amortised cost - debt securities (from Item 100 a)	*14*	*49*
+ Dividends from held for trading equity instruments (from Item 70)	*255*	*158*
+ Dividends on equity investments, shares and equity instruments mandatorily at fair value (from Item 70)	*51*	*30*
+ Gain/losses on commodities held with a trading intent (from Item 230)	*(21)*	*(11)*
+ Reclassification net Interest contribution deriving from Trading Book instruments	*78*	*87*
Other expenses/income	82	(37)
Item 230. Other operating expenses/income	*387*	*239*
less: Integration costs	*1*	*-*
less: Recovery of expenses excluded amounts related to credit card distribution agreements	*(305)*	*(259)*
less: Net value adjustments/write-backs on leasehold improvements (on non-separable assets)	*22*	*24*
less: Gain (losses) on commodities held with a trading intent and on precious stones	*22*	*11*
less: Other operating income other - reversal of invoices to be received related to tangible asset	*-*	*(2)*
+ Gains (Losses) on disposal and repurchase of financial assets at amortised cost - performing loans (from Item 100 a)	*(4)*	*(4)*
+ Net value adjustments/write-backs of tangible in operating lease assets (from Item 210)	*(54)*	*(51)*
+ Gains (Losses) on disposals of investments in operating lease assets (from Item 280)	*1*	*2*
+ Amounts related to credit card distribution agreements (from item 60)	*(3)*	*-*
+ Amounts related to credit card distribution agreements (from item 190)	*(9)*	*-*
+ Amounts related to asset management distribution agreements (from Item 200 b)	*26*	*-*
Revenue	**12,700**	**11,897**

Reconciliation between reclassified balance sheet and income statement accounts and mandatory reporting schedules

continued: Consolidated income statement

(€ million)

	H1	
	2024	2023
Revenue	**12,700**	**11,897**
HR costs	(2,853)	(2,849)
Item 190. Administrative expenses: a) staff costs	*(2,949)*	*(3,126)*
less: Integration costs	*40*	*218*
less: Interest on DBO/TFR/Jubilee	*57*	*59*
Non HR costs	(1,281)	(1,272)
Item 190. Administrative expenses: b) other administrative expenses	*(1,956)*	*(2,176)*
less: Contributions to the Resolution Funds (SRF), Deposit Guarantee Schemes (DGS), Bank Levy and Guarantee fees for DTA	*405*	*688*
less: Integration costs	*8*	*8*
less: Non-recoverable expenses incurred for customers financial transactions taxes	*8*	*8*
less: Variable portion of the outsourced NPE recovery costs not recovered from the clients	*19*	*(4)*
less: Amounts related to credit card distribution agreements	*9*	*-*
+ Tax recovery (from Item 230)	*247*	*227*
+ Net value adjustments/write-backs on leasehold improvements on non-separable assets (from Item 230)	*(22)*	*(24)*
Recovery of expenses	59	32
+ Recovery of expenses excluded amounts related to credit card distribution agreements and Tax recovery (from Item 230)	*59*	*32*
Amortisations and depreciations	(529)	(570)
Item 210. Net value adjustments/write-backs on property, plant and equipment	*(332)*	*(382)*
less: Impairment/writebacks of inventories assets (IAS2) obtained from recovery procedures of NPE	*12*	*10*
less: Net value adjustments/write-backs of tangible in operating lease assets	*54*	*51*
less: Impairment/write backs of right of use of land and buildings used in the business	*4*	*13*
Item 220. Net value adjustments/write-backs on intangible assets	*(272)*	*(269)*
less: Integration costs	*5*	*6*
+ Other operating income other - reversal of invoices to be received related to tangible asset (from Item 230)	*-*	*2*
Operating costs	**(4,604)**	**(4,658)**
GROSS OPERATING PROFIT (LOSS)	**8,096**	**7,239**
Loan Loss Provisions (LLPs)	(118)	(110)
Item 100. Gains (Losses) on disposal and repurchase of: a) financial assets at amortised cost	*7*	*47*
less: Gains (Losses) on disposal and repurchase of financial assets at amortised cost - performing loans	*4*	*4*
less: Gains (Losses) on disposal and repurchase of financial assets at amortised cost - debt securities	*(14)*	*(49)*
Item 130. Net losses/recoveries on credit impairment relating to: a) financial assets at amortised cost	*(269)*	*(180)*
less: Net losses/recoveries on impairment relating to: a) financial assets at amortised cost - debt securities	*(23)*	*(3)*
Item 130. Net losses/recoveries on credit impairment relating to: b) Financial assets at fair value through other comprehensive income	*(8)*	*4*
less: Net losses/recoveries on impairment relating to: b) Financial assets at fair value through other comprehensive income - debt securities	*8*	*(4)*
Item 140. Gains/Losses from contractual changes with no cancellations	*(2)*	*(6)*
Item 200. Net provisions for risks and charges: a) commitments and financial guarantees given	*197*	*(34)*
less: Provisions for risks and charges reserves - other commitments not yet paid	*-*	*108*
+ Variable portion of the outsourced NPE recovery costs not recovered from the clients (from item 190)	*(19)*	*4*
NET OPERATING PROFIT (LOSS)	**7,977**	**7,129**

Reconciliation between reclassified balance sheet and income statement accounts and mandatory reporting schedules

continued: Consolidated income statement

(€ million)

	H1 2024	H1 2023
NET OPERATING PROFIT (LOSS)	**7,977**	**7,129**
Other charges and provisions	(574)	(837)
Item 200. Net provisions for risks and charges: b) other net provisions	*(143)*	*(41)*
less: Amounts related to asset management distribution agreements	*(26)*	*-*
+ Contributions to Resolution Funds (SRF), Deposit Guarantee Schemes (DGS), Bank Levy and Guarantee fees for DTA (from Item 190 b)	*(405)*	*(688)*
+ Provisions for risks and charges reserves - other commitments not yet paid (from Item 200 a)	*-*	*(108)*
Integration costs	(54)	(231)
+ Payroll costs - Administrative expenses - of which a) staff costs - integration costs (from Item 190)	*(40)*	*(218)*
+ Other administrative expenses - Administrative expenses - of which b) other administrative expenses - integration costs (from Item 190)	*(8)*	*(8)*
+ Amortisation, depreciation and impairment losses on intangible and tangible assets - Net value adjustments/write-backs on intangible assets - integration costs (from Item 220)	*(5)*	*(6)*
+ Net other expenses/income - Other operating expenses/income - integration costs (from Item 230)	*(1)*	*-*
Net income from investments	(23)	(126)
Item 250. Gains (Losses) of equity investments - of which: write-backs/impairment losses and gains/losses on disposal of associates valued at equity	*(8)*	*(80)*
Item 260. Net gains (losses) on property, plant and equipment and intangible assets measured at fair value	*(13)*	*(33)*
Item 280. Gains (Losses) on disposals on investments	*2*	*-*
less: Gains (Losses) on disposals on investments in operating lease assets	*(1)*	*(2)*
+ Net losses/recoveries on impairment relating to: of which: a) financial assets at amortised cost - debt securities (from Item 130)	*23*	*3*
+ Net losses/recoveries on impairment relating to: of which: b) financial assets at fair value through other comprehensive income - debt securities (from Item 130)	*(8)*	*4*
+ Impairment/writebacks of inventories assets (IAS2) obtained from recovery procedures of NPE	*(12)*	*(10)*
+ Gain/losses on precious stones (from Item 230)	*(2)*	*-*
+ Impairment/write backs of right of use of land and buildings used in the business (from Item 210)	*(4)*	*(13)*
less: Purchase Price Allocation effect	*-*	*5*
PROFIT (LOSS) BEFORE TAX	**7,327**	**5,934**
Income taxes	(2,075)	(1,544)
Item 300. Tax expenses (income) for the period from continuing operations	*(2,075)*	*(1,542)*
less: Purchase Price Allocation effect	*-*	*(2)*
Profit (Loss) of discontinued operations	-	-
Item 320. Profit (Loss) after tax from discontinued operations	*-*	*-*
NET PROFIT (LOSS) FOR THE PERIOD	**5,251**	**4,390**
Minorities	(15)	(12)
Item 340. Minority profit (loss) for the period	*(15)*	*(12)*
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA	**5,236**	**4,378**
Purchase Price Allocation (PPA)	-	(4)
Goodwill impairment	-	-
Item 270. Goodwill Impairment	*-*	*-*
GROUP STATED NET PROFIT (LOSS)	**5,236**	**4,374**

Glossary

ITEM	DESCRIPTION
ABCP Conduits - Asset Backed Commercial Paper Conduits	Asset Backed Commercial Paper Conduits are a type of "SPV - Special Purpose Vehicle" (refer to item) set up to securitise various types of assets and financed by Commercial Paper. Commercial Paper generally matures in 270 days, with payment of principal and interest depending on the cash flow generated by the underlying assets. ABCP Conduits may be single-sellers or multi-sellers according to the number of issues they make. Conduits generally require several SPVs. The first-level vehicles issue the Commercial Paper and finance one or more second-level vehicles or Purchase Companies (see item) which purchase the assets to be securitised. An ABCP Conduit will have the following: • issues of short-term paper creating a maturity mismatch between the assets held and the paper issued; • liquidity lines covering the maturity mismatch; and • security covering default risk in respect of both specific assets and the entire programme.
ABS - Asset Backed Securities	Debt securities, generally issued by an "SPV - Special Purpose Vehicle" (refer to item) guaranteed by assets of various types such as mortgage loans, consumer credits, credit card receivables, etc. Principal and interest payments are subject to the performance of the securitised assets and the existence of any further security guaranteeing the bond. ABSs are divided into tranches (senior, mezzanine and junior) according to the priority with which principal and interest will be paid.
AC	Financial asset amortised at cost.
Acquisition finance	Finance for business acquisition operations. The most common form of Acquisition finance is the leveraged buy-out (refer to item "Leveraged finance").
Allocated capital	It represents the amount of capital absorbed by the Group and the Divisions to perform their business activities and to cover all the types of related risks. It is measured by Regulatory Capital obtained by multiplying (i) risk-weighted assets by (ii) target Common Equity tier 1 ratio, plus certain regulatory deductions (e.g. shortfall and securitisations).
ALM - Asset & Liability Management	Integrated management of assets and liabilities, designed to allocate resources in such a manner as to optimise the risk/return ratio.
AMA - Advanced Measurement Approach	Applying this methodology the operational risk requirement is obtained with calculation models based on operational loss data and other evaluation elements collected and processed by the bank. Admittance threshold and specific suitability requirements have been provided for the use of the standardised and advanced approaches. For the AMA approach the requirements concern, beside the management system, also the measurement system.
Asset management	Activities of management of the financial investments of third parties.
Audit	Process of controlling a company's activities and accounting, carried out either by an internal body (internal audit) or by an external firm of auditors (external audit).
Back-testing	Statistical technique which entails the comparison of model estimates of risk parameters with the ex-post empirical evidences.
Bad Loans	Exposures to borrowers in a state of insolvency (even when not recognised in a court of law) or in an essentially similar situation, regardless of any loss forecasts made by the bank (e.g. irrespective of the presence of any protection covering the exposures).
Bank Levy	Charges applied at national level specifically to financial institutions, mainly based on balance sheet figures, or parts of it.
Banking Book	Portfolio that identifies the technical forms of lending and funding typical of the core business of the bank, including consumer and residential loans, investments in securities, deposits, etc.
Basel 2	New international capital agreement redefining the guidelines for determining the minimum capital requirements for banks. Such prudential regulation, which came into force in Italy in 2008, is based on three pillars. Pillar 1 While the objective of a level of capitalisation equivalent to 8% of the risk-weighted exposures remains unchanged, a new set of rules has been defined for measuring the typical risks associated with banking and financial activities (credit risk, counterparty risk, market risk and operational risk) which provides for alternative calculation methods characterised by different levels of complexity, with the ability to use internally developed models subject to prior authorisation by the Regulatory Authority; Pillar 2 This requires the banks to have processes and tools for determining the adequate level of total internal capital (Internal Capital Adequacy Assessment Process - ICAAP) for covering all types of risk, including risks other than those covered by the overall capital requirement (Pillar 1), within the framework of an evaluation of current and future exposure that takes account of strategies and of changes in the reference context. It is the Regulatory Authority's task to examine the ICAAP process, formulate an overall judgment and, where necessary, apply the appropriate corrective measures; Pillar 3 It refers to the obligations to publish information concerning capital adequacy, exposure to risks, and the general characteristics of the systems used for identifying, measuring and managing those risks.
Basel 3	As a consequence of the crisis that, since 2008 has hit the financial markets, the Basel Committee on Banking Supervision has approved the substantial enhancement of the minimum capital requirements and the changes to the rules on the liquidity of banks (Basel 3) by providing for the gradual introduction of the new prudential requirements as at 1 January 2014. These rules have been implemented at the European level through the CRD IV "Package".

Glossary

ITEM	DESCRIPTION
Best practice	Behaviour commensurated with the most significant experience and/or the best level of knowledge achieved in relation to a given technical or professional field.
BRRD -Bank Recovery and Resolution Directive	European Directive that introduced harmonised rules on the recovery and resolution of credit institutions and investment firms.
CDS - Credit Default Swap	A derivative in which a seller of protection engages, for a fee, to pay the buyer of protection a fixed amount should a certain event indicating a deterioration of the creditworthiness of a reference entity occur.
CGU - Cash Generating Unit	A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are clearly independent of the cash inflows from other assets or groups of assets.
CIU - Collective Investment Undertakings	Collective Investment Undertaking means an "UCITS - Undertakings for Collective Investment in Transferable Securities" (refer to item) that may be constituted in accordance with contract law as common funds (managed by management companies), trust law (as unit trusts), or statute as investment companies, AIF (Alternative Investments Fund) or non-EU AIF.
Commodity risk	The risk that the value of the instrument decreases due to commodity prices (e.g. gold, crude oil) changes.
Common Equity Tier 1 Capital	Refer to the content reported in the UniCredit Group Disclosure (Pillar III) in the Own Funds chapter.
Common Equity Tier 1 Capital Ratio	Refer to the content reported in the UniCredit Group Disclosure (Pillar III) in the Own Funds chapter.
Corporate	Customer segment consisting of medium to large businesses.
Cost of risk	Based on reclassified P&L and Balance sheet, it is calculated as the annualised ratio between loan loss provisions and average net volumes of loans and receivables with customers (including active repos, excluding debt securities and IFRS5 reclassified assets). It is one of the indicators of the bank assets' level of risk: the lower the ratio, the less risky the bank assets.
Cost/Income Ratio	The ratio between operating expenses and operating income. It is one of the main key performance indicators of the bank's efficiency: the lower the ratio, the more efficient the bank.
Counterparty Credit Risk	The risk that the counterparty to a transaction involving financial instruments might default prior to completing all agreed cash-flows exchanges.
Covered bond	A bond which, as well as being guaranteed by the issuing bank, is also covered by a portfolio of mortgages or other high-quality loans transferred, to this end, to a suitable SPV (refer to item).
CRD - Capital Requirement Directive	Directives (EU) 2006/48 and 2006/49, incorporated into Banca d'Italia Circular No.263/2006 of 27 December 2006 as amended. The CRD IV "Package" has replaced the two aforementioned Directives and consists of the Directive (EU) 2013/36 on the taking up of the business of credit institutions and prudential supervision and the Regulation (EU) 575/2013 on prudential requirements, incorporated into Banca d'Italia Circular No.285 of 17 December 2013 as amended.
CRD V	Directive (EU) 2019/878 of 20 May 2019 amending Directive 2013/36/EU (CRD IV).
Credit Quality Step (or creditworthiness)	Classification of counterparties used to assign risk weights under external rating based approaches for credit risk.
Credit risk	The risk that a change in the creditworthiness of a counterparty, the value of the guarantees provided by it or the margins used by it in the event of insolvency might produce an unexpected change in the value of the bank's credit position.
Creditworthiness (or Credit quality step)	Refer to item "Credit quality step".
CRM	Credit Risk Mitigation is a set of techniques, contracts accessories to the loan or other instruments (e.g. securities, guarantees), which allows a reduction of the credit risk capital requirements.
CRR - Capital Requirements Regulation	Regulation (EU) 575/2013 of the European Parliament and of the Council of 26 June 2013, and subsequently amendment in Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 (CRR2), on prudential requirements for credit institutions and investment firms and that amending Regulation (EU) 648/2012.
CRR2	Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 (CRR2) amending Regulation (EU) 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) 648/2012 (refer also to CRR definition).
Currency risk	The risk that the value of the instrument decreases due to foreign exchange rates changes.
CVA - Credit Valuation Adjustment	Adjustment to the valuation of a portfolio of transactions reflecting the market value of the counterparties' credit risk.
Cyber security risk	Cyber security risk is the probability of exposure or loss resulting from a cyber-attack or data breach on the organisation.
Daily VaR	It reflects the Value at Risk risk measures calibrated to a 1-day holding period to compare with the 99% confidence level with its trading outcomes.
Default	A party's declared inability to honor its debts and/or the payment of the associated interest.
Duration	This is generally calculated as the weighted average of the maturities for payment of the interest and capital associated with a bond, and represents an indicator of the interest rate risk to which a security or a bond portfolio is subject.

Glossary

ITEM	DESCRIPTION
EAD - Exposure At Default	With reference to the on-balance and off-balance sheet positions, EAD is defined as the estimation of the future value of an exposure at the time of the debtor's default. Only banks that meet the requirements for adopting the "IRB - Internal Rating Based" (refer to item) advanced approach are allowed to estimate EAD. Other banks are required to refer to regulatory estimations.
Earnings at risk	The change in interest rates affects earnings by changing the net interest income and, depending on the accounting treatment of the individual balance sheet items, it can be reflected directly in equity, following the change in their market value.
EBA - European Banking Authority	The European Banking Authority is an independent EU Authority which works to ensure effective and consistent prudential regulation and supervision across the European banking sector. Its overall objectives are to maintain financial stability in the EU and to safeguard the integrity, efficiency and orderly functioning of the banking sector.
ECB - European Central Bank	Central bank for Europe's single currency, the euro. The ECB's main task is to preserve the purchasing power of the single currency thus ensuring the maintenance of price stability in the Euro area.
Economic capital	Measure of risk representing the estimate of the capital necessary to cover the unexpected losses (i.e., losses in excess of the expected ones) that could occur with a certain confidence level and time horizon.
Economic value (interest rate risk)	In the interest rate risk the economic value can be viewed as the present value of expected cash flows stemming from interests bearing assets and liabilities. Changes in the interest rates can impact their present value and, in turn, can cause changes of the economic value.
EL - Expected Losses	Amount of credit risk exposures expected to be lost for a default event of the obligor in a time horizon of one year.
Eligible Collateral	Refers to collateral which allows a reduction of the credit risk capital requirements.
ELOR - Expected Losses on Revenues	ELOR is a ratio estimated, for the Group and for the main legal entities, with a statistical model, based on the historical losses time series, forward looking factors and the budget revenues.
EPS - Earnings Per Share	An indicator of a company's profitability calculated as: Net Profit divided by Average total outstanding shares (excluding treasury shares and shares held under a contract of usufruct).
Equity risk	The risk that the value of the instrument decreases due to stock or index prices changes.
ESG - Environmental, Social and Governance	Refers to criteria used to measure the environmental, social and governance impact of the company and highlight the sustainability of its initiatives.
EU Taxonomy	The EU Taxonomy is a classification system, establishing a list of environmentally sustainable economic activities. The Taxonomy Regulation was published in the Official Journal of the European Union on 22 June 2020 and entered into force on 12 July 2020.
EVA - Economic Value Added	EVA indicates the value created by a company. It expresses the ability to create value in monetary terms and it is equal to the difference between the Net Profit after AT1/Cashes (refer to item) and the cost of the Allocated Capital. A corrective factor is applied to divisional Net Profit after AT1/Cashes where capitalisation is higher than Group's target.
Expected Shortfall	Risk measure representing the expected loss of a portfolio or a counterparty calculated in the scenarios of loss exceeding the VaR.
Factoring	Contract for the sale without recourse (with credit risk borne by the buyer) or with recourse (with credit risk borne by the seller) of commercial credits to banks or specialist companies, for the purposes of management and collection. It may be associated with financing in favor of the seller.
Fair value	The sum for which, in a freely competitive market, an item can be exchanged or a liability extinguished between aware and independent parties.
FINREP	Reporting framework with statistical and financial data defined from the European Banking Authority, an independent EU Authority which works to ensure a consistent level of prudential regulation and supervision across the European banking sector.The aim of FINREP is to gather data used from Supervisory Authorities and the European Central Banks for their supervisory activities.
FL - Forward looking	IFRS9 adjustment that allows to reflect in the credit parameters the expectations about the future evolution of the economic cycle.
Forbearance/Forborne exposures	According to EBA Implementing Technical Standards, forborne exposures consist of exposures to which forbearance measures have been extended, i.e. concessions towards a debtor who is facing or about to face difficulties in meeting its financial commitments ("financial difficulties").
Forwards	Forward contracts on interest rates, exchange rates or share indices, generally traded on "OTC - Over-the-Counter" (refer to item) markets, in which the conditions are fixed when the contract is agreed but execution will take place at a predetermined future date, by means of the collection or payment of differentials calculated with reference to various market parameters according to the subject of the contract.
FTE - Full Time Equivalent	The number of a company's full-time employees. Employees not full-time (e.g. Part-time, maternity leave, etc.) are considered on a pro-rata temporis basis.
Full Revaluation Approach	A methodology behind the historical simulation approach for VaR calculation, when the value of a portfolio is estimated by the complete revaluation of its value according to the simulation results.
Funding	Provision, in various forms, of the funds necessary to finance business activities or particular financial transactions.

Glossary

ITEM	DESCRIPTION
Futures	Standardised contracts whereby the parties undertake to exchange money, transferable securities or goods at a present price at a future date. These contracts are traded on regulated markets, where their execution is guaranteed.
FVtOCI	Financial asset at Fair Value through Other Comprehensive Income.
FVtPL	Financial Assets at Fair Value through Profit and Loss.
GAR - Green Asset Ratio	Green asset ratio (GAR), which shows the proportion of exposures related to Taxonomy-aligned activities (Reg. (EU) 2020/852 supplemented by Reg. (EU) 2021/2178) compared to the total assets of those credit institutions.
GDP - Gross Domestic Product	Total market value of the products and services produced by Country residents in a given time frame.
GERMAS - Group Ermas	Group platform used to compute Interest Rate Risk (IRR) positions.
GHOS - Governors and Heads of Supervision	This is the oversight body of the Basel Committee on Banking Supervision.
Goodwill	The additional sum paid for the acquisition of an equity interest, equal to the difference between the cost and the corresponding share of net assets, for the portion not attributable to the identifiable assets of the acquired company.
GW BANKS	IRB calculation model - Group Wide model Financial Institution & Banks.
GW MNC	IRB calculation model - Group Wide Multinational Corporate.
Hedge Fund	Speculative mutual investment fund adopting hedging techniques which generally are not used by ordinary mutual funds, in order to deliver a constant performance, which is only hardly linked to reference markets. Hedge Funds are distinguished by a limited number of partners and require a high minimum level of investment.
HQLA - High Quality Liquid Assets	Assets that must: (i) be a property, right, entitlement or interest, held by a credit institution, that may provide cash within 30 days; (ii) not be issued by the credit institution itself or by other bodies such as investment firms, insurance undertakings or financial holding companies; (iii) be able to have their value determined on the basis of easily available market prices; (iv) be listed on a recognised exchange, or tradable by a direct sale or simple repurchase agreement.
IAS/IFRS	International accounting standards issued by the International Accounting Standard Board (IASB), a private international body established in April 2001, involving representatives of the accounting professions of the principal countries and, as observers, the European Union, IOSCO (International Organisation of Securities Commissions) and the Basel Committee. This body is the successor of the International Accounting Standards Committee (IASC), set up in 1973 to promote harmonisation of the rules for the preparation of company accounts. When the IASC became the IASB, it was decided, among other things, to name the new accounting principles "International Financial Reporting Standards" (IFRS). At international level, work is currently underway to harmonise the IAS/IFRS with the US GAAP - United States Generally Accepted Accounting Principles (Accounting principles issued by the Financial Accounting Statement Board-FASB, generally accepted in the USA).
ICAAP - Internal Capital Adequacy Assessment Process	The discipline of the so called “Pillar 2” requires banks to implement processes and systems to determine the level of internal capital adequate to face any type of risk, also different from those provided by the capital requirements (Pillar 1) rules; in the scope of an assessment of the exposure, actual and future, that has to consider also the strategies and the evolution of the reference environment.
ILAAP - Internal Liquidity Adequacy Assessment Process	It requires the banks to have processes and tools for determining the adequate level of total internal liquidity (Internal Liquidity Adequacy Assessment Process - ILAAP) for covering liquidity risk, within the framework of an evaluation of current and future exposure that takes account of strategies and of changes in the reference context. It is the Regulatory Authority's task to examine the ILAAP process, formulate an overall judgment and, where necessary, apply the appropriate corrective measures.
ILC - Italian Large Corporate	IRB calculation model - Italian Large Corporate.
Impaired loans	Loans are subjected to periodic examination in order to identify those which, following events occurring after their entry in the accounts (at the market value, normally equal to the disbursed amount including the transaction costs and revenues directly attributable to the disbursement of the loan), show objective signs of a possible loss of value. This category includes loans that have been classed as bad, doubtful, restructured or overdue, in accordance with Banca d’Italia rules consistent with IAS/IFRS (refer to item).
Impairment	Within the framework of the IAS/IFRS (refer to item), this refers to the loss of value of a balance sheet asset, recorded when the book value is greater than the recoverable value, i.e. the sum that can be obtained by selling or using the asset.
Interest rate risk - (IRR)	Interest rate risk expresses the exposure to unfavorable changes in interest rates on the economic value of the equity and on the net interest income.
Investor	Any entity other than the "Sponsor" (refer to item) or Originator (refer to item) with exposure to a securitisation.
IRB - Internal Rating Based	Method for determining the capital needed to cover credit risk within the framework of Pillar 1 of "Basel 2" (refer to item). The rules are applied to the exposures of the banking portfolio. Furthermore, in the IRB methods the risk weightings of the assets are determined on the basis of the bank's own internal evaluations of the debtors (or, in some cases, of the transactions). Using systems based on internal ratings, the banks determine the weighted risk exposure. The IRB methods consist of a basic method and an advanced method, which differ in terms of the risk parameters that the bank must estimate: in the basic method, the banks use their own estimates for "PD - Probability of Default” and the regulatory values for the other risk parameters; in the advanced method, the banks use their own estimates for "PD - Probability of Default", "LGD - Loss Given Default", "CCF - Credit Conversion Factor" and, where provided for, "M - Maturity" (refer to item). The use of IRB methods for the calculation of capital requirements is subject to authorisation from Banca d’Italia.

Glossary

ITEM	DESCRIPTION
IRC - Incremental Risk Charge	Incremental Risk Charge is a measure of potential losses arising from default and migration risks of unsecuritised credit products over a 1-year capital horizon at a 99.9% confidence level, taking into account the liquidity horizons of individual positions.
IRS - Interest Rate Swap	Refer to item "Swap".
Joint venture	Agreement between two or more companies for the conduct of a given economic activity, usually through the constitution of a joint stock company.
Junior, Mezzanine and Senior exposures	In a securitisation transaction, the exposures may be classified as follows: • junior exposures are the last to be repaid, and consequently absorb the first loss produced by the securitisation transaction; • mezzanine exposures are those with medium repayment priority, between senior and junior; • senior exposures are the first to be repaid.
Ke	The cost of equity is the minimum return on investment required by the shareholder. It is the sum of a risk-free rate and an additional spread remunerating the shareholder for the market risk and the volatility of the share price. The cost of capital is based on medium/long term averages of market parameters.
KPI - Key Performance Indicators	Set of indicators used to evaluate the performance of a business activity or process.
LCR - Liquidity Coverage Ratio	Ratio of a credit institution’s liquidity buffer to its net liquidity outflows over a 30 calendar day stress period.
Leasing	Contract whereby one party (the lessor) grants to another party (the lessee) for a given period of time the enjoyment of an asset purchased or built by the lessor at the choice and on the instructions of the lessee, with the latter having the option of acquiring ownership of the asset under predetermined conditions at the end of the leasing contract.
Leverage ratio	Is a measure which allows for the assessment of institutions’ exposure to the risk of excessive leverage.
Leveraged finance/Leveraged buy-out	Loans provided mainly to Private Equity funds in order to finance the acquisition of a company through a financial transaction based on the cash flow generation capacity of such target company. This can result in a higher level of debt and therefore a higher level of risk. Leveraged finance may be syndicated.
LGD - Loss Given Default	Expected value (which may be conditional upon adverse scenarios) of the ratio, expressed as a percentage, between the loss giving rise to the default and the amount of exposure at the time of the default “EAD - Exposure At Default”, (refer to item).
Liquidity risk	The risk of the company being unable to meet its payment commitments due to the inability to mobilise assets or obtain adequate funding from the market (funding liquidity risk) or due to the difficulty/impossibility of easily liquidating positions in financial assets without significantly and unfavourably affecting the price because of insufficient depth or temporary malfunction of the financial market (market liquidity risk).
M - Maturity	The average, for a given exposure, of the residual contractual maturities, each weighted for the relevant amount.
Market risk	The effect that changes in market variables might have on the economic value of the Group's portfolio, where this includes both the assets held in the Trading Book and those entered in the Banking Book, or the operations connected with the characteristic management of the commercial bank and its strategic investment choices.
MDA - Maximum Distributable Amount	Maximum Distributable Amount, i.e. a limit to the distributable profits in order to preserve the Combined Buffer Requirement.
MREL - Minimum requirement for eligible liabilities	Minimum requirements for own funds and eligible liabilities, is designed to ensure that there are sufficient resources to write down or convert into equity relevant financial instruments if a bank or other financial institution is in crisis. This allows the competent Authorities to intervene quickly in order to maintain the critical operations of that institution, without using tax money.
Net Profit	Stated Net Profit adjusted for the impacts of the sustainability test on Deferred Tax Assets from tax loss carry forward.
Net Profit after AT1/Cashes	"Net Profit" (refer to item) adjusted for Additional Tier 1 (AT1) and Cashes charges. The result is used for cash dividend accrual/total distribution, as well as RoTE and RoAC calculation (refer to items).
NPE - Non-performing exposures	According to EBA Implementing Technical Standards, non-performing exposures are debt instruments and off-balance sheet exposures which satisfy either or both of the following criteria: (i) material exposures which are more than 90 days past-due; (ii) the debtor is assessed as unlikely to pay its credit obligations in full without realisation of collateral, regardless of the existence of any past-due amount or of the number of days past due.
Operational risk	The risk of losses due to errors, infringements, interruptions, damages caused by internal processes or personnel, systems, or caused by external events. This definition includes legal and compliance risks but excludes strategic and reputational risk. For example, losses arising from the following can be defined as operational: internal or external fraud, employment practices and workplace safety, client claims, products distribution, fines and penalties due to regulation breaches, damages to the company’s physical assets, business disruption and system failures, process management.
Option	The right, but not the commitment, acquired by the payment of a premium, to buy (call option) or sell (put option) a financial instrument at a given price (strike price) by or at a determined future date (American option/European option).

Glossary

ITEM	DESCRIPTION
Originator	The entity that originated or acquired from third parties the assets to be securitised.
OTC - Over The Counter	Over the counter (OTC) trading consists of the exchange of financial instruments such as shares, bonds, derivatives or goods directly between two counterparties. The OTC markets do not have standardised contracts or buying/selling procedures and are not associated with a set of rules (admissions, controls, obligations of information, etc.) like those that govern the official markets.
Past Due	Problematic exposures that, at the reporting date, are more than 90 days past due on any material obligation, as required by the relevant prudential regulation. Past due can be determined either at individual debtor or at single transaction level according to the relevant local prudential regulation.
Payout ratio	It indicates the percentage of “Net Profit” (refer to iem) distributed or to be distributed to shareholders and is determined on the basis of the company’s self-financing needs and of the return expected by shareholders. Within the “UniCredit Unlocked” Strategic Plan, the Shareholders remuneration is defined as a combination of dividends and Share Buy-Backs and the pay-out is computed also as share of the Organic Capital generation
PD - Probability of Default	Probability of a counterparty entering into a situation of "default" (refer to item) within a time horizon of one year.
PEPP - Pandemic Emergency Purchase Programme	Massive stimulus package from the ECB to support the eurozone economy as a response to the Covid-19 (coronavirus) crisis.
PIT - Point in time	Calibration type of the credit parameters on a horizon that considers the current economic situation.
POCI - Purchased Originated Credit Impaired	Credit exposures that are already impaired on initial recognition.
Preference shares	Capital instruments that associate forms of remuneration tied to market rates with particularly pronounced subordination conditions, such as non-recovery in subsequent years of the interest not paid by the bank and bearing a share of its losses in the event that these produce a significant reduction in the capital requirements. The regulatory authorities set the conditions under which preference shares may be counted among the core capital of banks and banking groups.
Private equity	Investments in the risk capital of companies, generally unlisted but with high growth potential and the ability to generate constant cash flows. Investments in private equity include a wide range of operations that vary according to both the development phase of the company concerned and the investment techniques used. These techniques include closed-end private equity funds.
Purchase companies	"SPV - Special Purpose Vehicle" (refer to item) used by “ABCP Conduits - Asset Backed Commercial Paper Conduits” (refer to item) to purchase the assets to be securitised and which are in turn financed by the Conduit vehicle issuing the commercial papers.
RAF - Risk Appetite Framework	Within the ICAAP processes, RAF represents a managerial tool for ensuring the business evolution towards a sustainable healthy growth and steering the long- and short-term strategy.
Rating	Evaluation of the quality of a company or its issues of debt securities on the basis of the company's financial soundness and prospects. This evaluation is made either by specialist agencies or by the bank on the basis of internal models.
Reputational risk	Reputational risk is defined as the current or prospective risk to earnings and capital arising from the adverse perception of the image of the financial institution on the part of customers, counterparties (including also debt-holders, market analysts, other relevant parties), shareholders/investors, regulators or employees (stakeholders). Reputational risk is a secondary risk generated as a "knock-on effect" from risk categories, such as credit, market, operational and liquidity risks and all others risks types (e.g., business risk, strategy risk, ESG risk which considers the environmental, social and governance aspects of responsible investments). Reputational risk could also be generated from material events.
Retail	Customer segment consisting principally of private individuals, self-employed professionals, traders and artisans.
RIC	IRB calculation model - Integrated Corporate Rating.
RIP	IRB calculation model - Integrated Private Rating.
RISB	IRB calculation model - Rating Integrated Small Business (Small Business Integrate Rating).
RMBS	RMBS (Residential Mortgage-Backed Securities): Financial instruments created by bundling together residential mortgage loans and selling interests in the pool to investors. RMBS provide investors with exposure to the cash flows generated by mortgage payments made by homeowners.
RNIME - Risk Not in the Model Engines	Framework that provides an estimate on the completeness of the risk factors included in VaR, SVaR and IRC.
ROA - Return On Assets	Return on assets calculated as ratio between Stated net profit and Total assets. In the interim situations, Stated net profit is annualised, while period/year-end Total assets are used.

Glossary

ITEM	DESCRIPTION
ROAC - Return On Allocated Capital	Annualised ratio between the "Net Profit after AT1/Cashes" (refer to item) and the "average allocated capital" (refer to item). It shows in percentage terms the earning capacity for allocated capital units. A corrective factor is applied to divisional net profit where capitalisation is higher than Group's target.
RoTE - Return on Tangible Equity	Annualised ratio between the "Net Profit after AT1/Cashes" (refer to item) and the average "Tangible Equity" (refer to item) net of Cashes components and deferred tax assets from tax loss carry forward
RWEA - Risk Weighted Exposure Amounts	Risk Weighted Exposure Amounts of on-balance sheet assets and off-balance sheet items (credit derivatives and guarantees) is calculated applying to all exposures, unless deducted from own funds, the risk weights in accordance with the CRR and based on the exposure class to which the exposure is assigned and its credit quality in order to define the capital requirements.
Scope 1 - Greenhouse Gases (GHG) emissions	Emissions are direct emissions from owned or controlled sources.
Scope 2 - Greenhouse Gases (GHG) emissions	Emissions are indirect emissions from the generation of purchased energy.
Scope 3 - Greenhouse Gases (GHG) emissions	Emissions are all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company.
Securitisation	Transfer of a portfolio of assets to an “SPV - Special Purpose Vehicle” (refer to item) and the issue of securities with various levels of seniority to meet any default by the underlying assets. Securitisations can be: • traditional: method of securitisation whereby transfer of the assets is by means of sale of the portfolio to the “SPV - Special Purpose Vehicle” (refer to item); • synthetic: method of securitisation whereby the transfer of assets is by means of credit derivatives or similar security enabling the risk of the portfolio to be transferred.
Sensitivity	The greater or lesser degree of sensitivity with which certain assets or liabilities react to changes in rates or other reference parameters.
Sponsor	An entity other than the "Originator" (refer to item) and the "Investor" (refet to item) which sets up and manages an "ABCP Conduits - Asset Backed Commercial Paper Conduits" (refer to item) programme or other securitisation scheme where assets to be securitized are acquired from third parties.
SPV - Special Purpose Vehicle	An entity, partnership, limited company or trust, set up to carry out a set object, such as isolating financial risk or obtaining special regulatory or tax treatment for specific portfolios of financial assets. SPV’s operations are accordingly limited by a set of rules designed for this purpose. In general SPVs’ sponsors do not hold equity in them. The equity is held by other entities in order to ensure that there is no shareholder relationship with the "Sponsor" (refer to item). SPVs are usually bankruptcy-remote, in that their assets cannot be claimed by the creditors of the sponsor, even if the latter becomes insolvent.
Stated Net Profit	Net Profit as per Accounting statement
Stress Test	Assessment of bank’ vulnerabilities either in terms of capital or liquidity position in case of possible adverse events, both of an idiosyncratic nature and related to macroeconomic scenarios.
Subprime (Residential Mortgages)	Although Subprime has no univocal definition, this category includes mortgages granted to borrowers who have had repayment difficulties in the past, e.g. delayed installments, insolvency or bankruptcy, or who are more likely to default than the average due to high loan-to-value and installment-to-income ratios.
SVaR - Stressed VaR	Stressed VaR is a quantification of exposures to particular extreme losses that can be inflicted to a Bank during market tensions, by modeling the portfolio response conditional on historical data from a (continuous 12-month) period of significant financial stress.
Swap	A transaction that generally consists of the exchange of financial streams between operators according to different contractual arrangements. In the case of an interest rate swap (IRS), the counterparties exchange payment streams that may or may not be linked to interest rates, calculated on a notional principal amount (for example, one counterparty pays a stream on the basis of a fixed rate, while the other does so on the basis of a variable rate). In the case of a currency swap, the counterparties exchange specific amounts in two different currencies, with these amounts being exchanged back in due course according to predefined arrangements that may concern both the capital (notional) and the streams of interest payments.
Tangible Equity	Shareholders’ equity (including consolidated profit of the period) less intangible assets (goodwill and other intangibles, including the ones in Discontinued operations), less AT1.
Tier 1 Capital	Refer to the content reported in the UniCredit Group Disclosure (Pillar III) in the Own Funds chapter.
Tier 1 Capital Ratio	Refer to the content reported in the UniCredit Group Disclosure (Pillar III) in the Own Funds chapter.
TLAC -Total Loss Absorbing Capacity	TLAC represents the indicator of the Total Loss Absorbing Capacity, a new Pillar I requirement established by the Regulation (EU) 2019/876 (CRR2), entered into force on 27 June 2019, for Global Systemically Important Banks (G-SIBs). The TLAC standard requires G-SIBs, to hold a sufficient amount of highly loss absorbing liabilities.

Glossary

ITEM	DESCRIPTION
TLTRO - Target Long Term Refinancing operations	Target Long Term Refinancing operations. Non-regular open market operations conducted by the ECB. Operations that provide financing to credit institutions for periods of up to four years. They offer long-term funding at attractive conditions to credit institutions in order to further ease private sector credit conditions and stimulate bank lending to the real economy.
Total Capital Ratio	Refer to the content reported in the UniCredit Group Disclosure (Pillar III) in the Own Funds chapter.
Total own funds	Refer to the content reported in the UniCredit Group Disclosure (Pillar III) in the Own Funds chapter.
TSR - Total Shareholder Return	It is the full reward, in terms of capital gain and dividends, that a shareholder gets from holding one share.
TTC - Through the cycle	Calibration type of the credit parameters on a horizon that considers the entire economic cycle.
UCITS - Undertakings for Collective Investment in Transferable Securities	This term covers open-end real estate investment funds, both Italian and foreign, and investment companies with variable capital. The latter are joint stock companies that have the sole purpose of collective investment of the assets gathered through a public offer of their own shares.
UGRM - UniCredit global Risk Monitor	The pool of software applications, IT structure and database used by the Group for the financial risk analysis.
Unlikely to Pay	The classification in this category is the result of the judgment of the bank about the unlikeliness, without recourse to actions such as realising collaterals, that the obligor will pay in full (principal and/or interest) its credit obligations. This assessment should be carried out independently of the presence of any amount (or rate) past due and unpaid.
VaR - Value at Risk	A measure of the risk of potential loss, under a given level of confidence and time horizon, which could occur on a position or a portfolio.
Warehousing	A preparatory phase of a securitisation transaction during which a “SPV - Special Purpose Vehicle” (refer to item) acquires assets within a certain period of time until it reaches a sufficient amount to be able to issue an "ABS - Asset Backed Securities" (refer to item).

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