Creditreform Bank Rating

UniCredit S.p.A. (Group)

Creditreform Rating

Rating Object	Rating Information
UniCredit S.p.A. (Group) Creditreform ID: 400980975	Long Term Issuer Rating / Outlook: **BBB- / stable** Short Term: **L3** Type: Update / Unsolicited
Rating Date: **07 September 2023** Monitoring until: withdrawal of the rating Rating Methodology: CRA "Bank Ratings v.3.2" CRA "Rating of Bank Capital and Unsecured Debt Instruments v.2.1" CRA "Environmental, Social and Governance Score for Banks v.1.0" CRA "Rating Criteria and Definitions v.1.3" Rating History: www.creditreform-rating.de	Rating of Bank Capital and Unsecured Debt Instruments: Preferred Senior Unsecured (PSU): **BBB-** Non-Preferred Senior Unsecured (NPS): **BB+** Tier 2 (T2): **BB-** Additional Tier 1 (AT1): **B**

Rating Action

Creditreform Rating affirms UniCredit S.p.A.'s (Group) Long-Term Issuer Rating at BBB- (Outlook: stable)

Creditreform Rating (CRA) affirms UniCredit S.p.A.'s (Group) Long-Term Issuer Rating at BBB-. The rating outlook is stable.

CRA affirms UniCredit S.p.A.'s Preferred Senior Unsecured Debt at BBB-, Non-Preferred Senior Unsecured Debt at BB+, Tier 2 Capital at BB- and AT1 Capital at B.

CRA affirms the Long-Term Issuer Rating of the Group's subsidiary UniCredit Bank Austria AG at BBB-. The rating outlook is stable. This reflects UniCredit S.p.A.'s (Group) Long-Term Issuer Rating, in line with our methodology. CRA also affirms UniCredit Bank Austria AG's Preferred Senior Unsecured Debt at BBB-, Non-Preferred Senior Unsecured Debt at BB+ and Tier 2 Capital at BB-

CRA affirms the Long-Term Issuer Rating of the Group's subsidiary UniCredit Bank AG at BBB-. The rating outlook is stable. This reflects UniCredit S.p.A.'s (Group) Long-Term Issuer Rating, in line with our methodology. CRA also affirms UniCredit Bank AG's Preferred Senior Unsecured Debt at BBB-, Non-Preferred Senior Unsecured Debt at BB+, Tier 2 Capital at BB- and AT1 Capital at B.

Please find a complete list of rating actions regarding the bank and its affected subsidiaries at the end of this rating update.

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Key Rating Drivers

- Strengthening earnings power in 2022 boosted by the higher interest rate environment; half-year results and raised profit guidance point to further improvements in profitability in 2023
- Sustained improvements in asset quality helped by NPL portfolio disposals
- Regulatory capital metrics and buffers that compare favorably with most European G-SIBs and enable generous shareholder rewards
- Rating remains limited by high exposure to the Italian Republic (BBB-/stable)

Executive Summary

Quantitative:	Good
Earnings	Satisfactory
Assets	Good
Capital	Very Good
Liquidity	Good
Qualitative:	Good

The rating of UniCredit S.p.A. (Group) is prepared on the basis of group (UniCredit S.p.A.) consolidated accounts.

The rating result incorporates UniCredit's very strong capitalization, good liquidity and asset quality. Despite a rather strong 2022, we still assess UniCredit's earnings profile to be satisfactory at the moment. This is due to the fact that within our earnings assessment, we use 3-year weighted averages for all profitability metrics. Against this backdrop, modest earnings metrics in 2021 and 2020, still weigh somewhat on the bank's profitability assessment.

The bank's rating remains negatively influenced by the high exposure to the Italian Republic and the rating of of the Italian Republic (BBB-/stable), CRA Sovereign Rating as of 20 January, 2023). This confines the Long-Term Issuer Rating of UniCredit S.p.A. (Group) and its subsidiaries to BBB-.

Company Overview

UniCredit S.p.A. (hereafter UniCredit) is headquartered in Milan and is Italy's second largest bank in terms of total assets. In addition, UniCredit is on the list of global systemically important banks (G-SIBs) and must therefore comply with special regulatory requirements. With 73,108 employees (as of 30.06.2023) and 3,134 branches (63% located in Italy), the Group serves approximately 15mn customers in Europe and has total assets amounting to EUR 843.5bn as of June 2023.

As a commercial bank, UniCredit operates primarily in 18 countries in Europe as well as in the US, China and Singapore. UniCredit operates the following six business segments: Italy, Germany, Central Europe, Eastern Europe, Russia and Group Corporate Centre.

UniCredit's current strategic plan "UniCredit Unlocked" is based on four pillars: Grow and strengthen the client franchise, Transform and maximize productivity, Disciplined risk management & controls, and Capital and balance sheet management. As a result of its strategy, UniCredit expects among others to reach a better customer satisfaction and service quality, reduced costs and operating risk as well as an overall EUR 16bn in shareholder distributions over the strategic horizon.

Considering some major developments in 2022 affecting the Group structure, UniCredit sold off its remaining 18% share in Yapi Ve Kredi Bankasi A.S. to Koç Holding A.S. The group also sold its 32.5% interest in real-estate company La Villata S.p.A. Immobiliare di Investimento e Sviluppo for a price of EUR 435mn. By contrast, UniCredit purchased from Allianz SE its complete stake (11.72% of the share capital) in the Croatian lender Zagrebačka banka dioničko društvo.

Business Development

Profitability

Creditreform Rating AG follows a structural approach in the presentation of the income statement and balance sheet as well as in the calculation of key ratios. The presentation may therefore differ from that of the bank. Creditreform Rating pursues the goal of making financial statements of different banks as well as within the scope of consolidation as comparable as possible. Certain key ratios are also taken or calculated from the Bank's Pillar 3 Report for reasons of comparability.

UniCredit S.p.A. achieved a remarkable improvement in profitability in 2022, with net profit jumping to EUR 6.5bn (2021: EUR 2.1bn). The negative impact of higher risk costs associated with the Russian-Ukrainian war was more than compensated by dynamically growing revenues and simultaneously falling operating expenses. Significantly lower non-recurring expenses than in 2021 also contributed positively to last year's business result.

Operating income according to our measure (Creditreform Rating follows a structural approach in the presentation of the balance sheet and income statement, i.e. financial statements of different banks are standardized as far as possible), was up by 25% yoy. Net interest income, UniCredit's most important revenue item (49% of operating income), posted 16.9% yoy growth and came in at EUR 10.6bn. The improving net interest result was backed by both higher loan volumes and margin improvements. Interest rates charged to customers started to climb in Q2-

22 and continued on an upward trajectory in the back half of 2022, as the average Euribor increased by over 200bp over the year. In addition, TLTRO continued to make a positive contribution of around EUR 0.8bn last year, virtually flat compared to 2021.

Moreover, revenues were boosted by net trading and securities income that edged up from EUR 1.3bn to EUR 2.3bn. Trading income from the bank's German operations rose particularly strong, increasing by almost EUR 0.5bn. Also, UniCredit reports that foreign exchange activities with large corporate customers in the Russia segment explained a large part of last years increase in net trading income. Apart from that, growth was also supported by gains on hedge accounting derivatives attributable to the development of the market interest rate curve and higher revenues from treasury activities in the bank's core markets Italy and Germany.

By contrast, net fee and commission income stagnated in 2022. While fees derived from transactional services posted robust growth, mainly due to higher commissions on current accounts, credit cards and payment services, fees generated by investment services came in lower than in 2021. The latter was particularly a result of lower placemements of asset management products in the Italian home market. In addition, commissions generated by debt and equity transactions were also weaker than in the previous year, explained by a rather challenging capital markets environment in 2022.

Turning to the evolution of operating expenses (-4.6% yoy), we note that UniCredit made further progess in streamlining its cost structure. Despite the high inflation environment that led to an extra-payment to employees in order to cope with high energy prices, personnel expenses were broadly flat, helped by staff reductions of 3,531 FTEs. Additional savings were achieved in the area of advertising and marketing expenses, as well as with regard to consulting services.

In the wake of the Russia's invasion into Ukraine, UniCredit saw its cost of risk rise from EUR 1.3bn to EUR 2.1bn. Additional Russia related provisions amounted to EUR 882mn, including write-downs on cross border credit exposures following Russia's sovereign rating downgrade, rating migration of exposures held by the Russian AO UniCredit Bank and an updated IFRS9 macro scenario.

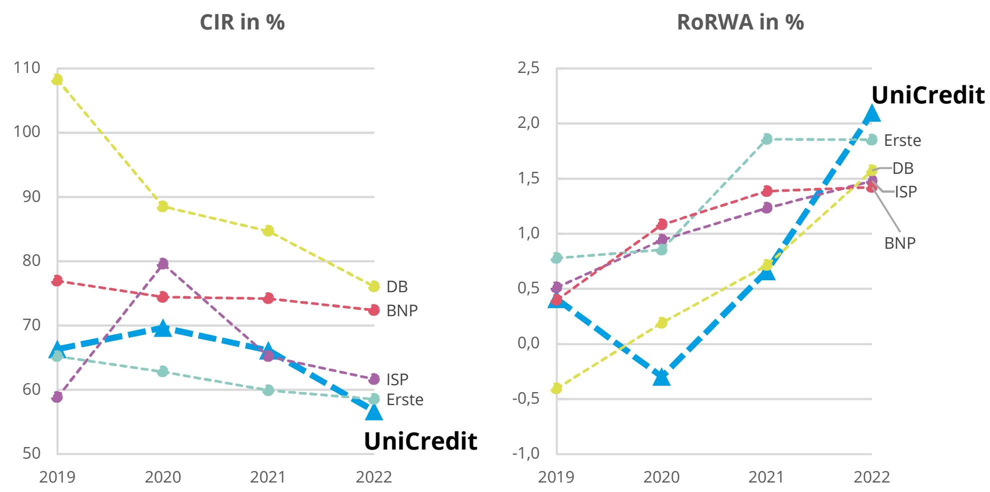
Furthermore, non-recurring expenses came in significantly lower than in 2021. In the previous year one time costs of EUR 3.5bn in connection with the sale of Yapi Ve Kredi Bankasi A.S. and its deconsolidation, other disposals as well as severance payments and integration costs had weighed on the bank's net profit.

Thanks to the steep increase in operating and net income, UniCredit's key profitability metrics improved considerably in 2022. The bank's cost to income ratio dropped to 56.7% (2021: 66.1%), the return on assets rose to 0.8% (2021: 0.2%) while risk adjusted profitability as measured by RoRWA improved from 0.7 to 2.1%.

Despite a rather strong 2022, we still assess UniCredit's earnings profile to be satisfactory at the moment. This is due to the fact that within our earnings assessment, we use 3-year weighted averages for all profitability metrics. Against this backdrop, modest earnings metrics in 2021 and 2020, still weigh somewhat on the bank's profitability assessment.

Compared with Italy based Intesa Sanpalo, but also with a broader set of European competitors including Erste Group, BNP Paribas and Deutsche Bank, UniCredit scores relatively well in terms of profitability.

Chart 1: CIR & RoRWA in comparison to the peer Group | Source: eValueRate / CRA



UniCredit's H1-23 results underpin our view, that the higher interest rate environment is strongly beneficial to the bank's performance. Driven by a net interest result, that came in EUR 2bn ahead H1-22 levels, total revenues expanded by 21.5% yoy. Moreover, UniCredit managed to keep its operating costs contained at H1-22 levels (EUR 4.7bn). Loan loss provisions, that were heavily affected by the Russian-Ukrainian war of 2022 (H1-22: EUR 1.3bn) normalized to EUR 0.1bn, providing a further boost to the banks bottom line. As a result, UniCredit reported a net profit EUR 4.2bn after the first half of the year. For the full year 2023, the bank raised its net profit guidance from previously EUR 6.5bn to EUR 7.25bn.

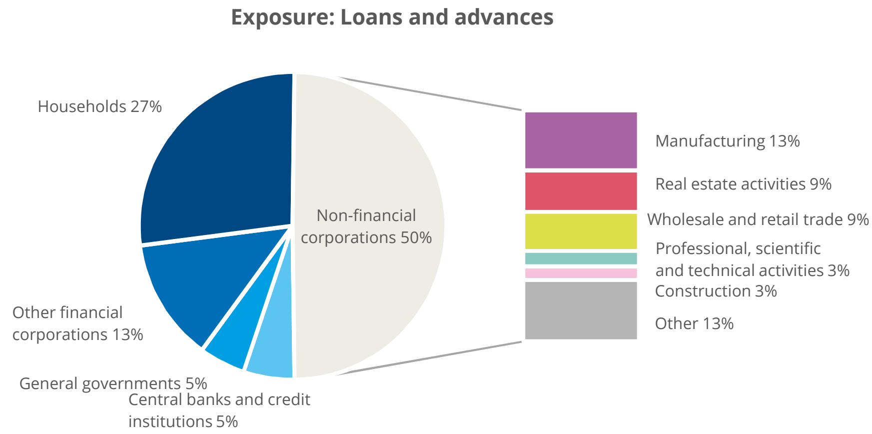
Asset Situation and Asset Quality

UniCredit's total assets continued to contract in the financial year 2022, particularly driven by the balance sheet item "cash and balances with central bank" which includes loans to central banks, as well as lower volumes of bank loans and securities as compared to 2021. Net loans to customers remained broadly stable.

The composition of UniCredit's total loans and advances reflects the bank's commercial banking focus. Households contribute 27% to total loans but non-financial corporations account for the bulk (50%) of total credit. Manufacturing, real estate and wholesale/retail trade are the most important industries UniCredit is lending to.

While still elevated compared with the figures of other major European banks, UniCredit continued to make progress with regard to asset quality last year. Helped by several NPL transactions throughout the year, the NPL ratio fell from 3.7% to 2.7% in 2022. As illustrated by the bank's pillar 3 disclosures, NPL outflows due to sales totalled EUR 3.4bn. The reserve/NPL ratio dropped by 5 percentage points in 2022, however, with the ratio sitting at 80.1% at year-end we still consider UniCredit to be adequately reserved.

Chart 2: Breakdown of Exposure: Loans and advances | Source: eValueRate / CRA / Pillar 3



Turning to UniCredit's debt securities portfolio, credit quality has been sound in recent years with de-minimis non-performing exposures. The portfolio is dominated by sovereign debt securities, which had a total book value of EUR 99.1bn at year-end 2022. On top of the bank's Italian sovereign bond exposures, that totalled at EUR 34.8bn or 68% of CET1 at year-end 2022, bondholdings in Portuguese, Romanian, Bulgarian, Croatian, Hungarian, Serbian and Russian sovereign securities added up to another EUR 10bn.

The fallout from the Russian-Ukrainian war drove up the bank's cost of risk/RWA from 40 to 67bp last year. At the onset of the war, UniCredit had loans outstanding of EUR 7.8bn in Russia through its local subsidiary AO UniCreditBank. In addition, the bank had reported cross-border exposures, mostly EUR und USD denominated loans to Russian multinationals and derivatives of around EUR 4.5bn. Following Russia's invasion into Ukraine, UniCredit took decisive actions to de-risk its Russian operations. As of Q2-23, the bank reported that it had significantly scaled back its on its Russian exposures. As a result, potential risks to the bank's capital base emanating from an extreme loss scenario have been greatly reduced. Under an extreme loss assessment for UniCredit's remaining Russian exposures, the group's CET1 ratio would decline by 41bp – an impact we consider manageable.

Going forward, macro headwinds, namely slowing growth and high inflation will likely result in modest asset quality pressures. Nevertheless, we expect that UniCredit will continue to follow its active approach to NPL reduction that builds on the regular sale of larger non-performing portfolios to third parties. Our assumption is underpinned by an announcement made at the end of last year, according to which UniCredit and Credit Factor S.p.A. have reached an agreement for the disposal of up to EUR 460mn of Italian unsecured consumer loans, classified as bad loans from Q1-23 to the end of 2024.

Refinancing, Capital Quality and Liquidity

UniCredit's funding mix is well diversified and primarily consists of stable customer deposits (2022: 65% of financial liabilities) supplemented by interbank and market funds.

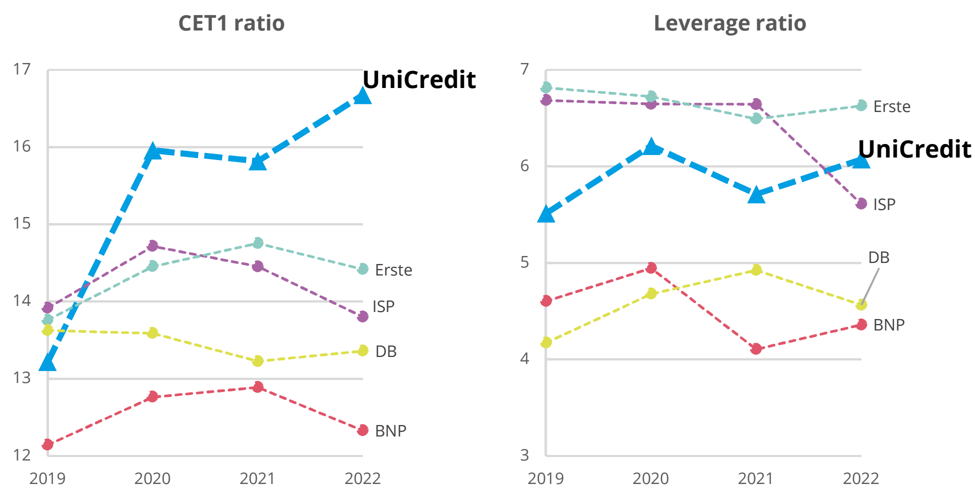
While customer deposits increased modestly (+2% yoy), driven by higher volumes of time deposits, the bank reduced its leverage notably in 2022. The largest part (41%) of the bank's medium- to long-term liabilities consists of Covered Bonds. UniCredit is leading mortgage and public sector covered bond issuer, with active programs in Italy, Germany, Austria and the Czech Republic. At the end of Q2-23, the group had already issued MREL/TLAC instruments worth EUR 4bn and over 75% of the budgeted issuance volumes had already been raised. More generally, we consider the maturity profile as well balanced, with annual refinancing needs not exceeding EUR 12.8bn in any year up to 2025.

The group's interbank deposits, which accounted for 15% of total financial liabilities in 2022, are still inflated by TLTRO participation. At the end of last year, UniCredit's TLTRO drawings of EUR 78bn made up 2/3 of total bank deposits. That being said, bank deposits declined sharply in 2022, partly reflecting a EUR 29bn TLTRO prepayment in December as the terms of these central bank facilities got less favorable. We note that UniCredit continued with TLTRO repayments during the first half of 2023, bringing the outstanding amount down to EUR 12.6bn by end of Q2-23.

On the group level, UniCredit's transitional CET1 ratio increased from 15.8% to 16.7% in 2022. Shareholder distributions including share buybacks worth EUR 2.58bn and cash dividends of EUR 1.17bn from the allocation of the bank's 2021 net profit were more than offset by strong organic capital generation. Furthermore, balance sheet de-risking as indicated by a 4.2% yoy drop in RWAs, driven by lower credit and counterparty risk, boosted the CET1 ratio.

We note that UniCredit not only remains among the best capitalized European G-SIBs, it also displays one of the largest CET1 buffers. At the end of Q2-23, the banks transitional CET1 ratio stood at 16.94% and the associated CET1 buffer at 750bp. Looking ahead, however, we expect this buffer to come down substantially. Under the bank's 2022-2024 strategic plan "UniCredit Unlocked" management plans to materially increase and grow its shareholder distributions. Subject to supervisory and regulatory approvals, UniCredit envisages total shareholder distributions of at least EUR 6.5bn this year and a total of at least EUR 16bn for the 2021-2024 period. Against this backdrop, the CET1 ratio should decline to 12.5% to 13% by the end of 2024. Assuming no material increase in capital requirements, UniCredit would still keep a healthy management buffer of around 300bp at this level.

Chart 3: CET1 and Leverage ratios of UniCredit S.p.A. in comparison to the peer Group | Source: eValueRate / CRA



Due to UniCredit's bank capital and debt structure, as well as its status as a G-SIB, the Group's Preferred Senior Unsecured Debt instruments are (not) notched down in comparison to the Long-Term Issuer Rating. Due to the seniority structure, UniCredit's Non-Preferred Senior Unsecured debt is rated BB+. UniCredit's Tier 2 Capital is rated BB- based on the UniCredit's capital structure and seniority in accordance with our rating methodology. Additional Tier 1 Capital is rated B, reflecting the capital structure, seniority and a high bail-in risk in the event of resolution.

Environmental, Social and Governance (ESG) Score Card

Environmental, Social and Governance (ESG) Bank Score
UniCredit SpA (Piazza Gae Aulenti 3 - Tower A, 20154 Milan)

Rating

UniCredit S.p.A has one significant and two moderate ESG rating drivers

• Corporate Governance is identified as a highly significant rating driver. The relevance for the credit rating results from the impact of the Corporate Governance factor on all other ESG factors and the overall well-being of the bank. This sub-factor is rated positive given a high level of gender equality on the bank's board and the execution of UniCredit's 2021-24 strategy, that is well on track to achieve the 2024 financial targets.

• Corporate Behaviour and Green Financing / Promoting are identified as moderate rating driver. While Green Financing / Promoting is rated positive due to ambitious ESG lending targets, Corporate Behaviour is rated neutral.

ESG Bank Score

3,9 / 5

Score Guidance	
> 4,25	Outstanding
>3,5 - 4,25	Above-average
>2,5 - 3,5	Average
>1,75 - 2,5	Substandard
< = 1,75	Poor

Factor	Sub-Factor	Consideration	Relevance Scale 2022	Eval.
Environmental	1.1 Green Financing / Promoting	The sub-factor "Green Financing/Promoting" has a moderate relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	3	(+)
	1.2 Exposure to Environ-mental Factors	The sub-factor "Exposure to Environmental Factors" has a low relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	2	(+)
	1.3 Resource Efficiency	The sub-factor "Resource Efficiency" has no significant relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	1	(+)
Social	2.1 Human Capital	The sub-factor "Human Capital" has low relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	2	(+)
	2.2 Social Responsibility	The sub-factor "Social Responsibility" has no significant relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	1	(+)
Governance	3.1 Corporate Governance	The sub-factor "Corporate Governance" is highly relevant for the credit rating, and is rated positive in terms of the CRA ESG criteria.	4	(+)
	3.2 Corporate Behaviour	The sub-factor "Corporate Behaviour" has a moderate relevance for the credit rating, and is rated neutral in terms of the CRA ESG criteria.	3	( )
	3.3 Corporate Transparency	The sub-factor "Corporate Transparency" has no significant relevance for the credit rating, and is rated very positive in terms of the CRA ESG criteria.	1	(+ +)

ESG Relevance Scale	
5	Highest Relevance
4	High Relevance
3	Moderate Relevance
2	Low Relevance
1	No significant Relevance

ESG Evaluation Guidance	
(+ +)	Strong positive
(+)	Positive
( )	Neutral
(-)	Negative
(- -)	Strong negativ

The ESG Score is based on the Methodology "Environmental, Social and Governance Score of Banken (Version 1.0)" of Creditreform Rating AG, which is available on our homepage https://creditreform-rating.de/en/about-us/regulatory-requirements.html. In addition, we refer to CRA's position paper "Consodering the Impact of ESG Factors".

Outlook

The outlook of the Long-Term Issuer Rating of UniCredit is stable. In the medium term, CRA expects further improvements in the bank's intrinsic earnings power, predominantly driven by higher interest rates. At the same time, we anticipate modest asset quality pressures stemming from a challenging macroeconomic environment. Slowing growth and still elevated inflation in Italy and other core markets should somewhat weigh on borrowers' real disposable income and in turn on their debt service capacity in 2023. We also expect UniCredit to maintain sound capital buffers above its regulatory requirements, notwithstanding the fact that the lenders capital ratios will decline notably over the next few years. Due to a combination of organic business growth, stock buybacks and dividend payments, the banks CET1 ratio should decline to the 12.5% to 13% range by 2025.

Best-case scenario: BBB

Worst-case scenario: BB+

Please note:

The scenarios are based on information available at the time of the rating. Within the forecast horizon, circumstances may occur that could lead to a change of the rating out of the indicated range.

Scenario Analysis

In a scenario analysis, the bank is able to reach a Long-Term Issuer Rating of BBB in the "Best-Case-Scenario" and a Long-Term Issuer Rating of BB+ in the "Worst-Case-Scenario". The ratings of Bank Capital and Senior Unsecured Debt would respond similarly based on our rating methodology. These ratings are especially sensitive to changes in total equity and to the bank capital and debt structure in general.

We might upgrade UniCredit's Long-Term Issuer Rating and the ratings of Bank Capital and Senior Unsecured Debt if we see an upgrade of the rating of the Italian Republic (currently BBB-, stable). Given UniCredit's high Italian exposure, the ratings are confined at the level of the Italian sovereign.

By contrast, a downgrade of UniCredit's Long-Term Issuer Rating and the ratings of Bank Capital and Senior Unsecured Debt is likely, if the rating of the Italian Republic is downgraded.

Appendix

Bank ratings UniCredit S.p.A. (Group)

The bank ratings are dependent on a host of quantitative and qualitative factors. An improvement in either sub-category may result in a higher rating score.

Long-Term Issuer / Outlook / Short-Term **BBB- / L3 / stable**

Bank Capital and Debt Instruments Ratings UniCredit S.p.A. (Group)

The ratings for bank capital and debt instruments are inter alia dependent on subordination and relative size of the instrument class, based on the long-term issuer rating of the bank.

Preferred Senior Unsecured (PSU):	**BBB-**
Non-Preferred Senior Unsecured (NPS):	**BB+**
Tier 2 (T2):	**BB-**
Additional Tier 1 (AT1):	**B**

Rating History

Please consult our website www.creditreform-rating.de for additional information regarding the dates of publication.

Figure 1: Rating History

Bank Issuer Rating	Rating Date	Result
Initialrating	12.01.2018	BB+ / stable / NEL
Rating Update	03.08.2018	BBB- / stable / L3
Rating Update	16.10.2019	BBB- / stable / L3
Monitoring	24.03.2020	BBB- / NEW / L3
Rating Update	01.10.2020	BBB- / stable / L3
Rating Update	03.12.2021	BBB- / stable / L3
Monitoring	10.03.2022	BBB- / UNW / L3
Rating Update	30.08.2022	BBB- / stable / L3
Rating Update	07.09.2023	BBB- / stable / L3
Bank Capital and Debt Instruments	**Rating Date**	**Result**
Senior Unsecured / T2 / AT1 (Initial)	12.01.2018	BB+ / B / B-
Senior Unsecured / T2 / AT1	03.08.2018	BBB- / BB- / B
PSU / NPS / T2 / AT1	16.10.2019	BBB- / BB+ / BB- / B
PSU / NPS / T2 / AT1	24.03.2020	BBB- / BB+ / BB- /B (NEW)
PSU / NPS / T2 / AT1	01.10.2020	BBB- / BB+ / BB- / B
PSU / NPS / T2 / AT1	03.12.2021	BBB- / BB+ / BB- / B
PSU / NPS / T2 / AT1	10.03.2022	BBB- / BB+ / BB- / B (UNW)

PSU / NPS / T2 / AT1	30.08.2022	BBB- / BB+ / BB- / B
PSU / NPS / T2 / AT1	07.09.2023	BBB- / BB+ / BB- / B
Subsidiaries of the Bank	**Rating Date**	**Result**
UniCredit Bank Austria AG		
LT / Outlook / Short-Term (Initial)	03.08.2018	BBB- / stable / L3
Rating Update	16.10.2019	BBB- / stable / L3
Monitoring	24.03.2020	BBB- / NEW / L3
Rating Update	01.10.2020	BBB- / stable / L3
Rating Update	03.12..2021	BBB- / stable / L3
Monitoring	10.03.2022	BBB- / UNW / L3
Rating Update	30.08.2022	BBB- / stable / L3
Rating Update	07.09.2023	BBB- / stable / L3
Bank Capital and Debt Instruments of UniCredit Bank Austria AG		
Senior Unsecured / T2 / AT1 (Initial)	03.08.2018	BBB- / BB- / B
PSU / NPS / T2 / AT1	16.10.2019	BBB- / BB+ / BB- / B
PSU / NPS / T2 / AT1	24.03.2020	BBB- / BB+ / BB- / B (NEW)
PSU / NPS / T2 / AT1	01.10.2020	BBB- / BB+ / BB- / B
PSU / NPS / T2 / AT1	03.12.2021	BBB- / BB+ / BB- / n.r.
PSU / NPS / T2 / AT1	10.03.2022	BBB- / BB+ / BB- / - (UNW)
PSU / NPS / T2 / AT1	30.08.2022	BBB- / BB+ / BB- / -
PSU / NPS / T2 / AT1	07.09.2023	BBB- / BB+ / BB- / -
UniCredit Bank AG		
LT / Outlook / Short-Term (Initial)	03.08.2018	BBB- / stable / L3
Rating Update	16.10.2019	BBB- / stable / L3
Monitoring	24.03.2020	BBB- / NEW / L3
Rating Update	01.10.2020	BBB- / stable / L3
Rating Update	03.12.2021	BBB- / stable / L3
Monitoring	10.03.2022	BBB- / UNW / L3
Rating Update	30.08.2022	BBB- / stable / L3
Rating Update	07.09.2023	BBB- / stable / L3
Bank Capital and Debt Instruments of UniCredit Bank AG		
Senior Unsecured / T2 / AT1 (Initial)	03.08.2018	BBB- / BB- / B
PSU / NPS / T2 / AT1	16.10.2019	BBB- / BB+ / BB- / B
PSU / NPS / T2 / AT1	24.03.2020	BBB- / BB+ / BB- / B (NEW)
PSU / NPS / T2 / AT1	01.10.2020	BBB- / BB+ / BB- / B
PSU / NPS / T2 / AT1	03.12.2021	BBB- / BB+ / BB- / B
PSU / NPS / T2 / AT1	10.03.2022	BBB- / BB+ / BB- / B (UNW)
PSU / NPS / T2 / AT1	30.08.2022	BBB- / BB+ / BB- / B
PSU / NPS / T2 / AT1	07.09.2023	BBB- / BB+ / BB- / B

Tables Group (if applicable)

Figure 2: Income statement[1] | Source: eValueRate / CRA

Income Statement (EUR m)	2022	%	2021	2020	2019
Income					
Net Interest Income	10.624	+16,9	9.091	9.497	10.272
Net Fee & Commission Income	6.687	-0,2	6.703	5.957	6.318
Net Insurance Income	-	-	-	-	-
Net Trading & Fair Value Income	2.246	+73,3	1.296	1.079	1.257
Equity Accounted Results	297	-59,6	736	276	316
Dividends from Equity Instruments	437	+24,5	351	208	295
Other Income	1.227	+0,8	1.217	1.267	1.814
Operating Income	**21.518**	**+11,0**	**19.394**	**18.284**	**20.272**
Expense					
Depreciation and Amortisation	1.314	-10,7	1.471	1.431	2.171
Personnel Expense	6.208	-1,6	6.310	5.962	6.145
Tech & Communications Expense	1.208	+3,3	1.169	1.093	1.043
Marketing and Promotion Expense	116	-24,2	153	155	155
Other Provisions	-33	< -100	377	488	103
Other Expense	3.388	+1,3	3.344	3.607	3.831
Operating Expense	**12.201**	**-4,9**	**12.824**	**12.736**	**13.448**
Operating Profit & Impairment					
Operating Profit	**9.317**	**+41,8**	**6.570**	**5.548**	**6.824**
Cost of Risk / Impairment	2.061	+61,3	1.278	4.656	3.489
Net Income					
Non-Recurring Income	48	-96,1	1.226	516	177
Non-Recurring Expense	15	-99,6	3.575	3.913	491
Pre-tax Profit	**7.289**	**> +100**	**2.943**	**-2.505**	**3.021**
Income Tax Expense	819	-0,2	821	322	862
Discontinued Operations	3	-25,0	4	49	1.332
Net Profit	**6.473**	**> +100**	**2.126**	**-2.778**	**3.491**
Attributable to minority interest (non-controlling interest)	15	-50,0	30	7	118
Attributable to owners of the parent	6.458	> +100	2.096	-2.785	3.373

Figure 3: Key earnings figures| Source: eValueRate / CRA and Pillar III

Income Ratios (%)	2022	%	2021	2020	2019
Cost Income Ratio (CIR)	56,70	-9,42	66,12	69,66	66,34
Cost Income Ratio ex. Trading (CIRex)	63,31	-7,55	70,86	74,02	70,72
Return on Assets (ROA)	0,75	+0,52	0,23	-0,30	0,41
Return on Equity (ROE)	10,19	+6,80	3,39	-4,63	5,65
Return on Assets before Taxes (ROAbT)	0,85	+0,53	0,32	-0,27	0,35
Return on Equity before Taxes (ROEbT)	11,48	+6,78	4,70	-4,18	4,89
Return on Risk-Weighted Assets (RORWA)	2,10	+1,44	0,66	-0,85	0,92
Return on Risk-Weighted Assets before Taxes (RORWAbT)	2,36	+1,45	0,91	-0,77	0,80
Net Financial Margin (NFM)	1,57	+0,39	1,18	1,18	1,42
Pre-Impairment Operating Profit / Assets	1,09	+0,37	0,72	0,60	0,80

Change in %-Points

[1] Data by our data provider eValueRate, which is standardized for analytical reasons. Thus, the used data and the resulting figures do not have necessary to match the presentation of the bank, which refers to this and all subsequent tables and figures.

Figure 4: Development of assets| Source: eValueRate / CRA

Assets (EUR m)	2022	%	2021	2020	2019
Cash and Balances with Central Banks	133.700	-17,5	162.026	176.891	56.467
Net Loans to Banks	8.692	-31,7	12.719	12.028	28.661
Net Loans to Customers	437.170	-1,4	443.441	420.400	428.862
Total Securities	158.609	-8,7	173.757	165.004	163.133
Total Derivative Assets	35.918	-21,0	45.489	52.850	43.581
Other Financial Assets	44.469	+9,7	40.536	66.285	93.876
Financial Assets	**818.558**	**-6,8**	**877.968**	**893.458**	**814.580**
Equity Accounted Investments	3.540	-13,1	4.073	4.354	4.787
Other Investments	-	-	-	-	-
Insurance Assets	-	-	-	-	-
Non-current Assets & Discontinued Ops	1.229	-48,8	2.400	2.017	2.512
Tangible and Intangible Assets	11.514	-2,0	11.744	12.056	13.897
Tax Assets	13.120	-4,2	13.702	13.098	12.922
Total Other Assets	9.812	+33,7	7.340	6.473	6.949
Total Assets	**857.773**	**-6,5**	**917.227**	**931.456**	**855.647**

Figure 5: Development of asset quality| Source: eValueRate / CRA and Pillar III

Asset Ratios (%)	2022	%	2021	2020	2019
Net Loans to Customers / Assets	50,97	+2,62	48,35	45,13	50,12
Risk-weighted Assets[1] / Assets	35,96	+0,86	35,10	34,96	0,00
NPL[2]/ Loans to Customers[3]	2,71	-1,04	3,74	4,71	5,46
NPL[2]/ Risk-weighted Assets[1]	3,90	-1,06	4,95	6,42	7,15
Potential Problem Loans[4]/ Loans to Customers[3]	19,07	-4,24	23,31	18,35	9,02
Reserves[5]/ NPL[2]	80,08	-5,21	85,29	85,86	87,70
Cost of Risk / Loans to Customers[3]	0,46	+0,16	0,30	1,05	0,70
Cost of Risk / Risk-weighted Assets[1]	0,67	+0,27	0,40	1,43	0,92
Cost of Risk / Total Assets	0,24	+0,10	0,14	0,50	0,41

Change in %-Points

1 RWA: Pillar 3, EU CR1
2 NPL: Gross; Non-Performing Loans of the categories Households, Non-Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1
3 Loans to Customers: Gross; Households, Non-Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1
4 Potential Problem Loans: Stage 2; Households, Non-Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1
5 Reserves: Impairment & Provisions and Collateral & Guarantees; Households, Non-Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1

Figure 6: Development of refinancing and capital adequacy| Source: eValueRate / CRA

Liabilities (EUR m)	2022	%	2021	2020	2019
Total Deposits from Banks	118.081	-21,3	150.005	143.088	104.067
Total Deposits from Customers	500.671	+2,2	489.933	471.128	432.451
Total Debt	97.685	-9,6	108.081	115.471	108.380
Derivative Liabilities	22.240	-47,5	42.376	47.608	40.842
Securities Sold, not yet Purchased	-	-	-	-	-
Other Financial Liabilities	32.121	-15,9	38.187	68.572	82.411
Total Financial Liabilities	**770.798**	**-7,0**	**828.582**	**845.867**	**768.151**
Insurance Liabilities	-	-	-	-	-
Non-current Liabilities & Discontinued Ops	579	-6,5	619	761	725
Tax Liabilities	1.680	+37,4	1.223	1.358	1.378
Provisions	8.182	-22,4	10.548	10.780	11.059
Total Other Liabilities	13.037	-4,2	13.605	12.748	12.549
Total Liabilities	**794.276**	**-7,1**	**854.577**	**871.514**	**793.862**
Total Equity	**63.497**	**+1,4**	**62.650**	**59.942**	**61.785**
Total Liabilities and Equity	**857.773**	**-6,5**	**917.227**	**931.456**	**855.647**

Figure 7: Development of capital and liquidity ratios | Source: eValueRate / CRA and Pillar III

Capital Ratios and Liquidity (%)	2022	%	2021	2020	2019
Total Equity / Total Assets	7,40	+0,57	6,83	6,44	7,22
Leverage Ratio[1]	6,07	+0,36	5,71	6,21	5,51
Common Equity Tier 1 Ratio (CET1)[2]	16,68	+0,86	15,82	15,96	13,22
Tier 1 Ratio (CET1 + AT1)[2]	18,65	+0,70	17,94	18,22	14,90
Total Capital Ratio (CET1 + AT1 + T2)[2]	21,42	+1,28	20,14	20,72	17,69
CET1 Minimum Capital Requirements[1]	9,11	+0,08	9,03	9,02	10,09
Net Stable Funding Ratio (NSFR)[1]	129,85	-4,63	134,49	n/a	n/a
Liquidity Coverage Ratio (LCR)[1]	160,66	-21,43	182,08	171,64	142,91

Change in %-Points

1 Pillar 3 EU KM1
2 Regulatory Capital Ratios: Pillar 3 EU KM1

Regulatory

Creditreform Rating AG was neither commissioned by the rating object nor by any other third party for the rating. The analysis took place on a voluntary basis by Creditreform Rating AG and is to be described in the regulatory sense as an unsolicited rating. The following table clarifies the level of participation of the rated entity (rating object):

Unsolicited Credit Rating	
With Rated Entity or Related Third Party Participation	Yes
With Access to Internal Documents	No
With Access to Management	No

The rating is based on publicly available information and internal evaluation methods for the rated bank. The quantitative analysis is based mainly on the latest annual accounts, interim reports, other investor relations information of the bank, and calculated key figures by eValueRate / CRA.

The information and documents processed met the requirements of the rating system of Creditreform Rating AG as published on the website www.creditreform-rating.de. The rating was carried out on the basis of the following methodologies and Rating Criteria and Definitions (v1.3):

- Bank ratings (v3.2)
- Rating of bank capital and unsecured debt instruments (v2.1)
- Environmental, Social and Governance Score for Banks (v1.0)

The complete presentation of the rating methodologies used by Creditreform Rating AG and the basic document Rating Criteria and Definitions are published on our homepage:

https://www.creditreform-rating.de/en/about-us/regulatory-requirements.html

On 07 September 2023, the rating was presented by the analysts to the rating committee and adopted in a resolution.

The rating result was communicated to UniCredit S.p.A. and its subsidiaries, and the preliminary rating report was made available to the bank. There was no change in the rating.

The rating is valid until withdrawal and is subject to monitoring from the rating date (see cover page). The rating will be comprehensively reviewed at least once every year. Within this period, the rating can be updated.

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1. Aggregated data base by eValueRate

2. Annual Report and interim reports

3. Investors relations information and other publications

4. Website of the rated bank

5. Public and internal market analyses

6. Internet research

There are no other attributes and limitations of the credit rating or rating outlook other than displayed on the CRA website. Furthermore CRA considers satisfactory the quality and extent of information available on the rated entity. In regard to the rated entity Creditreform Rating AG regarded available historical data as sufficient.

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