

# Determination and distribution of Value Added

(€/m)

| Items |  | 2022          | 2021 <sup>A</sup> |
|-------|--|---------------|-------------------|
| 10    | Interest income and similar revenues   | 16,339        | 12,703            |
| 20    | Interest expense and similar charges   | -5,715        | -3,612            |
| 40    | Fees and commissions income  | 8,105         | 7,963             |
| 50    | Fees and commissions expense (excluded external networks' expense)                             | -1,375        | -1,206            |
| 70    | Dividend income and similar revenues   | 437           | 351               |
| 80    | Net gains (losses) on trading  | 859           | 1,472             |
| 90    | Net gains (losses) on hedge accounting   | 367           | 49                |
| 100   | Gains (Losses) on disposal and repurchase of:  | 457           | 244               |
|       | a) financial assets at amortised cost  | 133           | 53                |
|       | b) financial assets at fair value through other comprehensive income                           | 133           | 141               |
|       | c) financial liabilities   | 191           | 50                |
| 110   | Net gains (losses) on other financial assets/liabilities at fair value through profit or loss: | 563           | -469              |
|       | a) financial assets/liabilities designated at fair value                                       | 1,139         | -306              |
|       | b) other financial assets mandatorily at fair value  | -576          | -163              |
| 130   | Net losses/recoveries on credit impairment relating to:  | -2,061        | -1,648            |
|       | a) financial assets at amortised cost  | -2,031        | -1,630            |
|       | b) financial assets at fair value through other comprehensive income                           | -30           | -18               |
| 140   | Gains/Losses from contractual charges with no cancellations                                    | -3            | -5                |
| 160   | Net premiums   | 0             | 0                 |
| 170   | Other net insurance income/expences  | 0             | 0                 |
| 230   | Other operating expences/income  | 601           | 566               |
| 250   | Gains (Losses) of equity investments (gains or losses on disposal)                             | 202           | -1,597            |
| 280   | Gains (Losses) on disposal of investments  | 33            | 11                |
| 320   | Profit (Loss) after tax from discontinued operations   | 3             | 4                 |
|       | <b>A. TOTAL ECONOMIC VALUE GENERATED</b>   | <b>18,812</b> | <b>14,826</b>     |

<sup>A</sup> It should be noted that 2021 comparative figures have been recasted, when relevant, in order to reflect the impacts arising from the exit of UniCredit Leasing S.p.A. and its controlled company and of UniCredit Leasing GMBH and its controlled companies out of the non-current assets held for sale.

| Items |   | 2022           | 2021           |
|-------|---|----------------|----------------|
| 190   | b) other administrative expense (excluded indirect taxes and duties and donations)  | -2,492         | -2,627         |
|       | <b>ECONOMIC VALUE DISTRIBUTED TO SUPPLIERS</b>  | <b>-2,492</b>  | <b>-2,627</b>  |
| 190   | a) staff expense (included external networks' expense)  | -6,251         | -7,099         |
|       | <b>ECONOMIC VALUE DISTRIBUTED TO EMPLOYEES AND SUPERVISED WORKERS<sup>B</sup></b>   | <b>-6,251</b>  | <b>-7,099</b>  |
| 340   | Minority interests  | -15            | -30            |
|       | <b>ECONOMIC VALUE ATTRIBUTABLE TO MINORITY SHAREHOLDERS</b>   | <b>-15</b>     | <b>-30</b>     |
|       | Net profit attributable to shareholders <sup>C</sup>  | 0              | 0              |
|       | <b>ECONOMIC VALUE DISTRIBUTED TO SHAREHOLDERS</b>   | <b>0</b>       | <b>0</b>       |
| 190   | b) other administrative expense: indirect taxes and duties  | -596           | -568           |
| 190   | b) other administrative expense: contributions to resolution funds and deposit guarantee  | -1,005         | -1,014         |
| 300   | Tax expense (income) related to profit or loss from continuing operations: current tax, adjustment to current tax of prior years, reduction of current tax for the year | -1,079         | 367            |
|       | <b>ECONOMIC VALUE DISTRIBUTED TO PUBLIC BODIES &amp; INSTITUTIONS</b>   | <b>-2,680</b>  | <b>-1,215</b>  |
| 190   | b) other administrative expense: donations  | -1             | -3             |
|       | Net profit allocated to the charitable funds  | 0              | 0              |
|       | <b>ECONOMIC VALUE DISTRIBUTED TO COMMUNITY</b>  | <b>-1</b>      | <b>-3</b>      |
|       | <b>B. TOTAL ECONOMIC VALUE DISTRIBUTED</b>  | <b>-11,439</b> | <b>-10,974</b> |
|       | <b>C. TOTAL ECONOMIC VALUE RETAINED</b>   | <b>-7,373</b>  | <b>-3,852</b>  |

<sup>B</sup> The economic value distributed to employees and supervised workers excluded expenses for financial advisors.

<sup>C</sup> For the proposals to the Shareholders' Meeting on the distribution to shareholders please refer to the specific Board of Directors' reports in relation.

# EU Taxonomy regulation

In accordance with art. 10 of the Delegated Act 1 supplementing the EU Taxonomy Regulation (2020/852), from 1 January 2022 to 31 December 2023 the UniCredit Group, as a financial institution, will disclose the following KPIs:

- a. exposures to **Taxonomy non-eligible** and **Taxonomy-eligible** economic activities over total covered assets
- b. exposures to **Central Governments, Central Banks and Supranational** issuers over total assets
- c. exposures to **Derivatives** over total assets
- d. exposures to **Undertakings not obliged to publish non-financial information (NFRD)** over total assets
- e. exposures to **Trading portfolio** and **on demand inter-bank loans** over total assets.

This simplified disclosure, elaborated at Group level, leverages a centralised retrieval strategy.

KPIs are FINREP-driven and exposure is expressed in terms of gross carrying amount as at 31 December 2022.

## GROUP DATA - REFERENCE DATE 31 DECEMBER 2022 - MANDATORY DISCLOSURE

| Indicators  | %                |               |
|---|------------------|---------------|
| 1) TAXONOMY NON-ELIGIBLE ACTIVITIES/TOTAL COVERED ASSETS                            | 43.5             |               |
| 2) TAXONOMY-ELIGIBLE ACTIVITIES/TOTAL COVERED ASSETS                                | TURNOVER<br>34.3 | CAPEX<br>35.9 |
| 3) EXPOSURE TO CENTRAL GOVERNMENTS, CENTRAL BANKS, SUPRANATIONALS/TOTAL ASSETS      | 15.0             |               |
| 4) EXPOSURE TO DERIVATIVES/TOTAL ASSETS   | 0.3              |               |
| 5) EXPOSURE TO UNDERTAKINGS THAT ARE NOT SUBJECT TO THE NFRD/TOTAL ASSETS           | 40.6             |               |
| 6) EXPOSURE TO TRADING BOOK and EXPOSURE TO ON DEMAND INTER-BANK LOANS/TOTAL ASSETS | 8.4              |               |

## EXPOSURE TO TAXONOMY-ELIGIBLE/NON-ELIGIBLE ACTIVITIES OVER TOTAL COVERED ASSETS

### MANDATORY DISCLOSURE

The methodology underlying the disclosure also takes into account the Commission's Frequently Asked Questions (FAQs) published on 6 October 2022.

Exposure to taxonomy-eligible activities considers two perimeters:

1. The exposure (other than that held for trading) of all non-financial corporations (excluding SMEs and non-EU counterparts) for which taxonomy-eligible turnover and capex KPIs are available, in accordance with the NFRD, in the annual mandatory report
2. The exposure related to residential and commercial immovable property.

The exposure to non-eligible activities is computed considering exposure, other than that held for trading, of all non-financial corporations excluding SMEs and non-EU counterparts for which taxonomy eligible turnover and capex KPIs are not available.

The total covered assets have been considered at consolidated level.

## EXPOSURE TO CENTRAL GOVERNMENTS, CENTRAL BANKS, SUPRANATIONAL ISSUERS

The central government and central banks have been identified considering the exposures reported in the FINREP balance sheet statement; supranational issuers have been identified as multinational banks with risk weight equal to 0.

The disclosure methodology has been integrated according to the Commission's Frequently Asked Questions (FAQs) published on 6 October 2022. These FAQs provided clarity on the exposure to be considered: every type of exposure, excluding cash balances (both trading and banking book).

The overall total assets have been considered, as represented in the FINREP balance sheet statement, at consolidated level.

## EXPOSURE TO DERIVATIVES

The derivatives have been identified considering the exposures represented in the FINREP balance sheet statement (Hedge Accounting). As represented in the above statement, overall total assets, excluding Held for Trading Derivatives, have been considered at consolidated level.

## EXPOSURE TO UNDERTAKINGS THAT ARE NOT SUBJECT TO THE NFRD

The disclosure methodology has been integrated according to the Commission's Frequently Asked Questions (FAQs) published on 6 October 2022, providing clarity on the reporting perimeter. This perimeter has been identified considering all non-financial corporations as undertakings not subject to the NFRD, with the exception of those companies obliged to disclose information under the NFRD.

The overall total assets have been considered, as represented in the FINREP balance sheet statement, at consolidated level.

## EXPOSURE TO THE TRADING BOOK AND ON DEMAND INTER-BANK LOANS

The disclosure methodology has been integrated according to the Commission's Frequently Asked Questions (FAQs) published on 6 October 2022, providing clarity on the exposure to be considered and identified as the trading book and on demand inter-bank loans (only towards credit institutions) in accordance with FINREP requirements.

The overall total assets have been considered, as represented in the FINREP balance sheet statement, at consolidated level.

## Data retrieval strategy

UniCredit is implementing a global framework for ESG information that will be a key enabler for compliance to regulatory disclosure requirements as well as for accelerating risk management and business steering.

Accordingly, in 2022 the Group began to provide grounding in data strategy.

With a view to finding a balance between the timely recovery of KPIs and the impact on business, a data strategy that mixes different solutions has been set up, leveraging both external providers and internal data collection/customer surveys.

The strategy to be applied was chosen according to the various characteristics and drivers of the portfolio, taking into account the different needs: regulatory disclosures, managerial and business requirements and net zero commitments.

The collection of information, through the support of the external provider, will be used in a complementary manner with respect to the data collected in a punctual way through customer surveys. We are already collecting information on counterparties with the C&E questionnaire. For both business purposes and disclosure to the regulator for the GAR calculation, it is also necessary to intercept single green loans regardless of the classification of the counterparty. In accordance with taxonomic criteria, in order to identify green transactions, starting with an analysis of the delegated acts of the EU commission, a survey was designed to be submitted at loan level.

With the aim of implementing a single data platform that can be used for the different purposes, a reporting stream has been developed which will collect all ESG data and integrate them with other risk information. A new ESG ecosystem integrated in the existing architecture is being created in order to have a complete view of the climatic and credit risks associated with a counterparty/transaction, ensuring data uniqueness. The new ESG data architecture will allow a further enhancement of monitoring, reporting and data exploration activities.

# Information on Tax Management

UniCredit Group's approach to taxation is described in the **Global Policies** adopted internally and made available to employees; chief among them are the **Code of Conduct** and the **Tax Strategy** document of the UniCredit Group (available also at the following link: <https://www.unicreditgroup.eu/en/governance/our-governance-system.html>) which defines the guidelines and principles of UniCredit Group for the management of tax matters and associated risks (both financial and reputational).

Specifically, this latter document was prepared in line with the Group's Values, stated in the Code of Conduct, which also reflect international best practices; it shall be read and applied in the context of the other policies and procedures issued by UniCredit and by the Group Companies.

UniCredit Group is guided by the following principles in relation to the tax management of its business activities:

- i. **compliance with form and substance of all relevant tax laws**, regulations and practices applicable in every jurisdiction where the Group carries out its business;
- ii. prohibition from using **aggressive tax planning** and from using tax avoidance schemes grounded on the so-called Base Erosion and Profits Shifting (provided for by OECD) as well as on all regulations aimed at countering such phenomena (e.g. regulations pertaining to so-called hybrid entities or structures and, more generally, all the regulations aimed at implementing EU Directives);
- iii. application of a tax strategy that is **consistent with the general rules of the Group** in its approach to risk and the Values on which it is based;
- iv. use of professional **risk management standards for all risks associated with tax** and ensuring that the procedures applied each time to that end are appropriate;
- v. establishment of relations of mutual **trust, co-operation and transparency with tax authorities** in the various jurisdictions where the Group operates, including through participation in projects of co-operative compliance;
- vi. foster a **Culture of tax compliance and awareness** of relevant tax laws throughout the Group, also including organisational units not directly working within the tax departments of the Group.

Since the Group is highly sensitive to tax issues and takes an approach intended to mitigate tax risk as much as possible, it has long been encouraging participation in enhanced co-operation initiatives with tax authorities where provided for by the legislation of the countries in which the Group operates. In accordance with such principles:

- in the United Kingdom, since 2010 the Group has adopted the Code of Practice on Taxation for Banks issued by UK Tax Authorities (HRMC) and is unconditionally committed to full compliance with it
- in Italy, since 2016 and 2017 respectively, UniCredit S.p.A and UniCredit Services S.C.p.A<sup>1</sup> have been voluntarily participating in the Italian Tax Co-operative Compliance Scheme, as per articles 3-7 of Italian Legislative Decree no. 128/2015, with the Italian Tax Agency. The above Group companies are therefore included in the list of entities admitted to the scheme which is published and freely available on the Italian Tax Agency's website (<https://www.agenziaentrate.gov.it/portale/web/guest/schede/agevolazioni/regime-di-adempimento-collaborativo/elenco-societa-ammesse-al-regime-imprese>)
- in Austria, the potential participation in the local "Horizontal Monitoring" regime is under analysis
- in Germany, UniCredit Bank AG obtained the certification of its Tax Compliance Management System, in accordance with the IDW PS 980 Standard. Said certification, issued by an independent auditor, is not related to a co-operative tax compliance legal regime.

<sup>1</sup> Merged by incorporation into UniCredit S.p.A on 1st October 2022 with retroactive accounting and tax effects on 1st January 2022.

## Tax Governance, Risk Control and Management

The Board of Directors of the parent entity defines UniCredit's tax strategy by vesting tax management powers in the Group Chief Financial Officer and the Head of Group Tax. Each Group company makes sure it has a specific internal tax function or, in the case of small-sized entities, an internal manager vested with tax management powers. During 2022, for various Italian subsidiaries, a process of centralisation of tax services was implemented in the parent company aimed at optimising and ensuring full governance of tax management processes (harmonising processes of best practice levels and improving synergies among resources).

The tax function is responsible for defining domestic, international and supranational tax scenarios and implementing appropriate and effective procedures to properly fulfil tax obligations and ensure the Group is taxed correctly.

Specifically, the Group exercises its tax governance by issuing Global Policies that are directly applicable to UniCredit S.p.A and issued to all Group companies who transpose and implement them in accordance with applicable local legal and regulatory requirements.

Governance is also exercised through intense reporting by the various legal entities to the parent company on the most relevant aspects of tax compliance.

The tax function in the various Group companies undertakes to ensure that its employees receive continuous training (basic, advanced and specialist).

With a view to spreading knowledge and Culture for the correct management and mitigation of any tax risks, the tax function of the parent company provides or organises tax training courses for the benefit of the other functions of the bank or Group. In 2022, it is worth mentioning a course provided internally on DAC6 Directive - Regulatory Aspects to correctly guide the internal functions of UniCredit S.p.A affected by regulatory changes. This initiative forms a part of other activities, discussed below, and was put in place to ensure compliance of bank and Group operations with various regulations introduced recently and which are constantly evolving.

Committees involving the tax functions of the main Italian and foreign subsidiaries of the Group are also periodically convened to discuss and share information and issues relevant to the Group and establish guidelines.

Considering the complexity of tax legislation, to ensure the achievement of the objectives described above, various Group companies, primarily UniCredit S.p.A, have adopted an **effective internal tax risk control system** (Tax Control Framework - TCF), included in the context of the corporate governance system, which guarantees constant monitoring of any tax risks that could potentially concern them.

Specifically, the TCF of the parent entity, UniCredit S.p.A, provides for:

- i. a clear division of roles and responsibilities between corporate bodies and functions, with appropriate skills and experience
- ii. adequate processes to detect, measure, manage, and control tax risk, ensuring compliance with the relevant procedures at all levels of the company
- iii. specific procedures to correct any shortcomings detected and activate the necessary corrective actions.

An integral part of the TCF is firstly the mapping of tax risks inherent to all company processes and which is necessarily updated on a continuous basis by virtue of the changes both in the bank organisation and tax legislation. During the update carried out in 2022, corporate risk mapping was also integrated with an indication of the various and main presidia implemented by the bank to mitigate risks. In total transparency, this document was also shared with the Revenue Agency to which, as usual, it was formally sent most recently in September 2022.

In addition to this, transparency towards the Revenue Agency is reflected in formal discussions, numerous also in 2022, sharing positions in which the bank has intercepted risks of a tax nature in its operations.

The system for assessing the effectiveness of tax compliance, as well as the analysis of the outcomes of such assessment and further to the analysis performed by the Revenue Agency, is also implemented through a system of internal controls and assessments by bodies such as:

- **Internal Audit**
- the **BoD**, as well as the **Internal Controls and Risks Committee (IC&RC)**, the **Board of Statutory Auditors and the Supervisory Auditors for Legislative Decree n.231/2001**, are informed of and receive a report on the status of the control system, the tax controls carried out and relevant findings, the measures taken to correct any shortcomings and the scheduled activities. The findings and assessments made by the governing body are then shared with the Italian Tax Agency
- **Compliance** establishes the method of conducting and monitors the second level controls performed by Tax Compliance, in

its capacity as specialist of the compliance function as per CL no. 285/2013 of the Bank of Italy; Tax Compliance, set up in 2014 to monitor the risk of non-compliance with tax laws applicable to the bank, performs second level controls which are formalised and planned as part of a specific framework outlining the risks, operations to be audited, outcomes of controls, level of risk etc.

- the structure of the controls set out in the above framework, approved by the Italian Tax Agency at the time of the admission to the Co-operative Compliance Scheme, is constantly reviewed and shared with the Italian Tax Agency. Every year, the latter presents the outcomes of the audits of the control system and the rulings held in a final report and compliance letter, both of which contain the Agency's report on the in-depth investigations conducted either at the bank's request or of the Agency's own initiative.

With respect to **whistleblowing** on tax matters, please note that:

- as some tax crimes have been included in UniCredit S.p.A.'s Organisation and Management Model as per Italian Legislative Decree no. 231/2001, any conduct that constitutes such crimes is to be reported to the supervisory body
- the whistleblowing system guarantees a specific and confidential channel, as well as the whistle-blower's anonymity, for reporting violations of internal regulations, mainly those outlined in the Code of Conduct, including any conduct that could constitute tax fraud or attempted tax fraud or is intended to facilitate tax fraud by third parties
- the Group companies participating in the Co-operative Compliance Scheme are obliged to report any crimes that could result in tax non-compliance to the Italian Tax Agency as soon as they are formally informed about them.

Through its tax function, the bank actively participates in meetings hosted by **trade and other associations** of which it is a member and that promote initiatives intended to develop best practices for tax management. In 2022, the parent company took part in a forum set up - together with the Revenue Agency - by all the Italian companies in the Co-operative compliance regime and which meet periodically to address issues of common interest and find operational solutions aimed at improving the regime.

During the year, the Group further strengthened its compliance with various **international regulations**, including DAC 6, ATAD II, CFC, aiming at a timely application of regulatory provisions and risk governance, supported by continuous regulatory monitoring of future developments (e.g. Pillar 2). The Bank defines an analytical and methodological approach aimed at intercepting the relevant cases, according to the organisational complexity of the Group. These methodological guidelines are generally transposed into the Global Policies and Local Process Regulations to give a common direction within the Group and, in some cases, they are also accompanied by training courses for employees to increase awareness of these issues.

## Regulations related to the automatic exchange of information

The Group has implemented the Foreign Account Tax Compliance Act (**FATCA**) and the Common Reporting Standard (**CRS**) in a consolidated manner.

With specific reference to the DAC 6 regulation (European Directive 2018/822) in place from 25 June 2018, from 1 January 2021 reporting obligations to the Revenue Agency of cross-border mechanisms entered into force, integrating certain potential tax avoidance indices.

For this purpose, the bank has put specific analysis activities in place and set up processes and control systems aimed at detecting the mechanisms subject to reporting.

These procedures have been formalised in the internal regulatory document issued on the subject, in addition to the Global Policy containing the guidelines also applicable to the other Group companies. Specific information sessions, including the afore-mentioned mandatory course on the MyLearning platform, were organised for the benefit of the company departments most affected in order to raise awareness on the topic.

Moreover a couple of news have been published on UniCredit S.p.A. portal to provide information for the benefit of the company departments.

## Hybrid mismatch - ATAD II

With reference to the ATAD II regulation (European Directive 2017/952), the bank is required to intercept specific transnational transactions that have determined, starting from 1 January 2020, an undue double tax advantage linked to the so-called hybrid mismatches, to cancel any identified tax advantages, even unintentionally obtained, in the context of the tax return.

For this purpose, the bank defined an operating methodology suitable for identifying and analysing the transactions potentially capable of generating the so-called hybrid mismatches. The results of this analysis were reported in the UniCredit S.p.A income tax return.

## Transfer Pricing - TP

According to transfer pricing legislation, flows deriving from intercompany transactions must be carried out at market value in compliance with the arm's length principle.

In this regard, the UniCredit Group adopted a policy framework on transfer pricing aimed at regulating intragroup cross-border transactions in line with both national legislation and with the OECD guidelines.

The purpose of these policies is to ensure that UniCredit Group Entities comply with the arm's length principle and are able to properly recognise income attributable to cross-border transactions between associated enterprises. In this respect, the TP policies are based on the separate entity approach principle according to which, in defining the contractual terms, the Group legal entities must be considered as independent entities operating on the market without any restrictions deriving from belonging to the same Group. Such is also applied to foreign branches, and therefore the term intercompany is applicable also to transactions involving foreign branches. In light of the above, a specific TP policy is in place in the UniCredit Group, regulating the intercompany transactions to be carried out according to the same conditions and terms as if the same transactions had been carried out between unrelated parties under comparable circumstances.

In relation to transfer pricing matters, in 2022 UniCredit S.p.A signed an **Advance Pricing Agreement** with the Italian tax authorities regarding the pricing methodologies for intercompany financial transactions (i.e. senior loans and financial guarantees).

## Non-co-operative and low-tax jurisdictions

UniCredit group attributes a major importance to the international measures adopted to fight the illegal tax practices deriving from the utilisation of low taxed jurisdiction. In this context, UniCredit is committed to monitoring and mitigating the risks deriving from the activities/transactions that are carried out with the involvement of entities/individuals resident in certain non-co-operative jurisdictions.

In order to manage the tax risk associated with operations with the afore-mentioned jurisdictions, UniCredit Group has adopted a policy that defines rules and principles aimed at maintaining a high assessment and knowledge of the tax risk in the management of critical cases highlighted in the policy itself, that is:

- the acquisition of assets in tax haven jurisdictions
- the offer to the client of business solutions with the involvement of tax haven jurisdictions (so-called active role).

When the afore-mentioned conditions materialise, the transaction at risk is submitted to the scrutiny of the competent tax structures for their appropriate assessment through a non-binding opinion process.

Finally, UniCredit S.p.A monitors the evolution of international tax legislation with the aim of countering the erosion of the tax base and the shifting of profits from high-tax countries to low-tax countries (with an effective tax rate below 15%) with the continuous commitment to adhere to those principles.



## Controlled Foreign Companies - CFC

Legislative Decree 142/2018 implemented in Italy the content of Directive 2016/1164/EU (known as ATAD Directive) and the related amendments regarding Controlled Foreign Companies (CFC).

The Controlled foreign companies regime restated the current domestic law with article 167 of the Italian Income Tax Consolidated Act (known as TUIR) with the aim of taxing the profits made by controlled foreign companies with a privileged tax regime in the state of residence and, at the same time, holders of certain categories of income, without carrying out an actual effective economic activity.

Consequently, an Italian company that controls, directly or indirectly, these companies is required to consolidate the resulting taxable income, in proportion to the percentage of shareholding held, regardless of whether the profits have been distributed or not. In particular, the CFC rules apply to subsidiaries that jointly meet the following conditions:

- a. effective taxation lower than 50% of the effective tax rate that such companies would apply if they were resident in Italy (Effective tax rate)
- b. more than a third of the revenues derive from "passive income" (e.g. dividends, royalties, interest and provision of services and the sale and purchase of goods with low added value).

Exception from CFC rules can be obtained in advance by submitting a specific ruling to the Italian tax authorities, in which it is demonstrated that the subsidiary (or permanent establishment) carries out in its state of residence an effective economic activity through the use of personnel, equipment, assets and premises.<sup>2</sup>

For the year 2021 (last corporate tax return submitted), UniCredit S.p.A has taxed 17 subsidiaries for transparency. The tax due was equal to €246,628.

In the current economic and social environment, tax transparency towards stakeholders regarding the company's contribution to economic growth at national and global level is becoming increasingly more important.

In this context, the UniCredit Group has decided to publish the data of the Country by Country Report (CbCR) prepared pursuant to OECD Action 13 and Italian Revenue Agency guidelines as well as details of the Total Tax Contribution (TTC) in the main countries in which the Group operates. The aim is to provide a comprehensive overview of its overall economic and social impact through the taxes paid in the tax jurisdictions in which it is present.

The CbCR includes a set of accounting (e.g. revenues, profit/loss before tax) and tax information (e.g. income tax paid on a cash basis) aggregated on a jurisdictional basis, while the TTC provides an overview of the taxes (not only corporate income taxes) paid by the Group both as taxes borne and collected as tax agent. Furthermore, it is worth noting that the last available CbCR data relates to all Group entities/branches for Fiscal Year (FY) 2021 as the official deadline to submit the report is 31 December of the following FY (31 December 2022 for FY 2021). Instead, TTC information relates to a limited perimeter of legal entities and to FY 2022.

This model is aligned with GRI 207 1-4 standard.

## Country by Country Report (CbCR)

Starting from FY 2016, the UniCredit Group submits the CbCR to the Italian Revenue Agency (Agenzia delle Entrate) pursuant to Law 208/2015. The Italian Revenue Agency, in turn, exchanges the data with other jurisdictions with which an agreement for exchange of information is in force. The CbCR is based on Action 13 of the BEPS project and is aimed at reacting to aggressive tax planning and profit shifting to low tax jurisdictions.

It is worth noting that, due to the different methodologies, the information reported in the OECD Action 13 CbCR (tax CbCR) is different from the CRD IV CbCR.

<sup>2</sup> Pursuant to article 167, paragraph 5 of the TUIR. This is in line with the ATAD Directive which, in its article 7(2), allows for the exclusion of transparency taxation if the controlled foreign company carries out a substantial economic activity supported by personnel, equipment, assets and premises, as evidenced by the surrounding and pertinent facts.

Below are the main rules according to which the tax CbCR is prepared:

- the figures do not consider the consolidation adjustments for the intercompany transactions
- the foreign branches data are reported in the jurisdiction in which the branch is located and not in the jurisdiction of the head office
- stateless entities are treated separately. In particular, they are legal entities that are not considered resident in any tax jurisdiction (e.g. partnerships) and are taxed at the level of the shareholder and not as a separate entity. Therefore, the amount included in the related line is also distributed in the country in which shareholders have tax residence.

## COUNTRY-BY-COUNTRY REPORTING 2021

(Values in € thousands)

| Tax jurisdiction         | Revenues        |               |            | Profit (loss) before income tax | Income tax paid (on cash basis) | Income tax accrued - current year | Stated capital | Accumulated earnings | Number of employees | Tangible assets other than cash and cash equivalents |
|--------------------------|-----------------|---------------|------------|---------------------------------|---------------------------------|-----------------------------------|----------------|----------------------|---------------------|--|
|                          | Unrelated Party | Related party | Total      |                                 |                                 |                                   |                |                      |                     |  |
| AUSTRIA                  | 2,113,463       | 358,706       | 2,472,170  | 3,499,714                       | -38,246                         | -2,463                            | 1,812,597      | 2,930,193            | 4,702               | 645,956  |
| BERMUDA                  | 0               | -244          | -244       | -368                            | 0                               | 0                                 | 11             | 66,248               | 0                   | 0  |
| BOSNIA AND HERZEGOVINA   | 170,919         | 486           | 171,405    | 63,697                          | -4,665                          | -6,328                            | 110,568        | 345,162              | 1,641               | 51,608   |
| BRITISH VIRGIN ISLANDS   | 0               | 0             | 0          | 0                               | 0                               | 0                                 | 0              | 0                    | 0                   | 0  |
| BULGARIA                 | 490,112         | 19,341        | 509,454    | 244,606                         | -14,524                         | -18,588                           | 149,456        | 1,337,251            | 4,759               | 175,473  |
| CANADA                   | 0               | 210           | 210        | -19                             | -5                              | 10                                | 50             | 56                   | 1                   | 4  |
| CAYMAN ISLANDS           | -2              | 237           | 234        | 827                             | 0                               | 0                                 | 40             | -713                 | 0                   | 0  |
| CHINA                    | 36,609          | 5,302         | 41,910     | 11,542                          | -204                            | 0                                 | 173,739        | 0                    | 64                  | 1,299  |
| CROATIA                  | 451,768         | 104,248       | 556,016    | 324,028                         | -30,780                         | -44,731                           | 863,784        | 898,289              | 3,677               | 286,194  |
| CZECH REPUBLIC           | 690,406         | -146,513      | 543,893    | 319,695                         | 37,468                          | -59,780                           | 404,679        | 2,889,722            | 2,521               | 176,963  |
| ESTONIA                  | 0               | 0             | 0          | 0                               | 0                               | 0                                 | 0              | 0                    | 0                   | 0  |
| FRANCE                   | 3               | 44,138        | 44,142     | 21,197                          | -6,101                          | -5,790                            | 40             | 27                   | 36                  | 93   |
| GERMANY                  | 6,807,709       | -2,500,095    | 4,307,614  | 226,456                         | -104,330                        | -149,500                          | 3,573,501      | 3,298,249            | 10,323              | 2,595,678  |
| GREECE                   | 17,695          | 16            | 17,711     | 13,496                          | -4,350                          | -2,604                            | 0              | 0                    | 10                  | 317  |
| HONG KONG                | 2,285           | 5,169         | 7,454      | 574                             | 0                               | 0                                 | 0              | 7                    | 75                  | 49   |
| HUNGARY                  | 458,108         | -5,461        | 452,647    | 148,890                         | -4,516                          | -22,732                           | 74,147         | 900,674              | 1,991               | 115,829  |
| IRELAND                  | -13,108         | 96,773        | 83,665     | -4                              | -3,686                          | -7,860                            | 1,032          | 36,730               | 0                   | 0  |
| ITALY                    | 9,269,044       | 2,301,939     | 11,570,983 | 6,305,678                       | -40,834                         | 925,273                           | 23,478,191     | 15,265,963           | 30,340              | 4,271,671  |
| JAPAN                    | 0               | 0             | 0          | 0                               | 0                               | 0                                 | 0              | 0                    | 0                   | 0  |
| JERSEY                   | 456             | 1,022         | 1,478      | 0                               | 0                               | 0                                 | 0              | 0                    | 0                   | 0  |
| LATVIA                   | 0               | 0             | 0          | -413                            | 0                               | 0                                 | 4,266          | -2,544               | 0                   | 0  |
| LITHUANIA                | 0               | 0             | 0          | 0                               | 0                               | 0                                 | 0              | 0                    | 0                   | 0  |
| LUXEMBOURG               | 141,297         | 105,203       | 246,500    | 38,145                          | -2,178                          | 1,915                             | 119,077        | 160,276              | 85                  | 171,622  |
| NETHERLANDS              | 0               | 0             | 0          | 0                               | 0                               | 0                                 | 0              | 0                    | 0                   | 0  |
| POLAND                   | 1,698           | 1             | 1,699      | -1,044                          | 6                               | 0                                 | 0              | 1,023                | 0                   | 0  |
| ROMANIA                  | 545,772         | 11,021        | 556,794    | 208,249                         | -10,050                         | -35,198                           | 277,397        | 775,775              | 3,657               | 140,841  |
| RUSSIAN FEDERATION       | 747,283         | 323,501       | 1,070,784  | 210,958                         | -14,180                         | -29,367                           | 492,950        | 1,759,090            | 4,383               | 150,537  |
| SERBIA                   | 256,795         | 8,190         | 264,985    | 97,338                          | 8,121                           | -12,374                           | 245,192        | 756,342              | 1,371               | 36,164   |
| SINGAPORE                | 0               | -11,449       | -11,449    | -290                            | 0                               | 0                                 | 0              | 0                    | 50                  | 2,643  |
| SLOVAKIA                 | 298,755         | -396          | 298,360    | 68,964                          | -12,162                         | -13,937                           | 26,578         | 25,135               | 1,203               | 44,068   |
| SLOVENIA                 | 78,362          | 15,669        | 94,032     | 19,807                          | 2,909                           | -2,773                            | 45,432         | 130,081              | 564                 | 13,900   |
| SPAIN                    | 0               | 7,808         | 7,808      | 709                             | -258                            | 213                               | 0              | -13                  | 17                  | 138  |
| SWITZERLAND              | 118             | 4,412         | 4,530      | 442                             | -66                             | -1                                | 0              | 0                    | 9                   | 35   |
| UNITED ARAB EMIRATES     | 1,370           | -575          | 796        | -2,061                          | 0                               | 0                                 | 0              | 0                    | 12                  | 259  |
| UNITED KINGDOM           | 147,904         | 204,426       | 352,329    | 140,027                         | -73,374                         | -44,435                           | 194            | -112                 | 296                 | 5,294  |
| UNITED STATES OF AMERICA | 117,268         | 116,749       | 234,017    | 52,352                          | -4,803                          | 8,192                             | 419            | 61,265               | 164                 | 2,441  |
| STATELESS                | -10,521         | 68,294        | 57,773     | 1,625                           | -4,107                          | -3,412                            | 1,076,558      | -628,740             | 3                   | 2,245,794  |

## Total Tax Contribution (TTC)

In this section, for the first time we provide an overview of our TTC related to FY 2022. UniCredit believes that the information concerning its contribution to public finances is a step in the right direction towards conveying the company's tangible transparency.

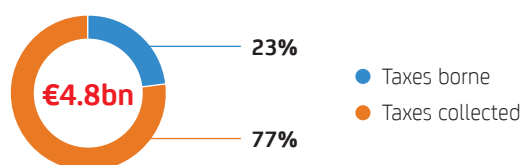
We use the cash basis criterion, that is the sum of actual payments made in the year, as opposed to the accrual principle usually followed in ordinary financial statements, net of refunds obtained. In the case of compensation with tax credits due to an overpayment in previous years, the net amount of taxes actually paid has been considered, while tax credits granted by specific tax rules<sup>3</sup> do not offset the amount of taxes paid. Social contributions are out of scope for the time being.

In this first year, the information covers a limited perimeter of 29 legal entities/branches including main Italian and foreign controlled legal entities of UniCredit S.p.A. (representing over 97% of total revenues based on CbCR). It is our aim to expand information in future years by extending the perimeter of the entities analysed. FY 2022 is the first year of data collection therefore previous years' data are not available for comparison.

Below is a chart representing overall TTC equal to €4.8 bn and split into the following two categories:

- **taxes borne** that constitute a cost for the Group and are paid to the tax authorities among the various jurisdictions on its income or property
- **taxes collected** that the Group collects from other parties on behalf of governments.

### TOTAL TAX CONTRIBUTION



The **taxes borne** by UniCredit Group in 2022 are equal to €1.1 bn. As can be seen in the charts below, Corporate Income Taxes and the direct regime of contribution accounts for 50% of the taxes paid by UniCredit Group, withholding included (e.g. on dividends, interests). It should be pointed out that, for example, income tax of the Italian Tax Group regime is mainly reduced by tax losses of previous years.

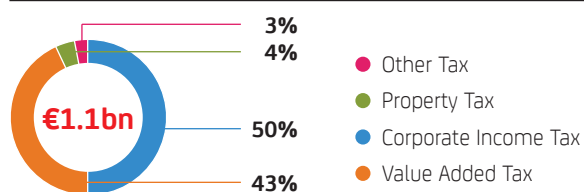
The **taxes collected** by the UniCredit Group during 2022 are equal to €3.7 bn. Withholding taxes on financial income have been the most significant category of taxes collected (59%) which is consistent with the core business of the Group (provider of financial services).

On behalf of national governments, UniCredit has the important role of acting as tax agent in different jurisdictions in the collection of personal income tax on the earnings of employees (32% of the total amount of taxes collected), an amount that also encompasses the withholding on professional income paid to our professional providers.

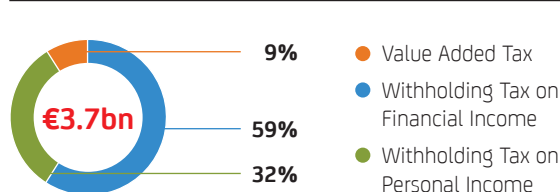
The indirect tax contribution includes VAT and property taxes that are characterised by varying tax rates in the different jurisdictions and are considered either in taxes borne or in taxes collected according to their nature. In particular, VAT may be:

- a tax borne in the case of non-recoverable/partially recoverable input VAT on purchases, a cost for companies in the financial industry;
- a tax collected as net VAT position of output VAT charged on the sale to customers minus the recoverable input VAT suffered on purchases.

### TAXES BORNE



### TAXES COLLECTED<sup>4</sup>



<sup>3</sup> For example, tax credits deriving from conversion of tax loss generated from reversal of convertible DTAs according to Law n. 214/2011.

<sup>4</sup> The chart does not include the percentage of taxes collected related to property taxes and other taxes due to immateriality (0.07% of the total taxes collected).

