PILLAR III DISCLOSURE REPORT

Report reference date: 30 September, 2023

CONTENT

Abbreviations

ALCO	Asset and Liability Management Committee
ALMM	Additional Liquidity Monitoring Metrics
AMA	Advanced Measurement Approach
AT1	Additional Tier 1 capital
AVA	Additional Value Adjustment
BB	Banking Book
BCBS	Basel Committee on Banking Supervision
BPV	Limits Basis Point Value
CCP	Central Counterparty
CCR	Counterparty Credit Risk
CCS	Cross Currency Swaps
CET1	Common Equity Tier 1
CPV	limits Credit Point Value
CRM	Credit Risk Mitigation
CRO	Credit Operations Division
CRR	Capital Requirement Regulation
CVA	Credit Valuation Adjustment
EAD	Exposure At Default
EBA	European Banking Authority
ECAI	External Credit Assessment Institution
EU	European Union
FS	Financial Statements
FV	Fair Value
FuVA	Funding Value Adjustment
FVA	Fair Value Adjustment
FX	Foreign Exchange
GL	Guideline
G-SII	Global Systemically Important Institution
HLA	High Liquidity Assets
ICAAP	Internal Capital Adequacy Assessment Process
IFRS	International Financial Reporting Standards
IRB	Internal Rating based Approach
IRRBB	Interest rate risk in the banking book
IRS	Interest Rate Swap
KRI	Key Risk Indicators
LCR	Liquidity Coverage Ratio
LGD	Loss Given Default
LR	Leverage Ratio
LWL	Limits Loss Warning Level
MB	Management Board
MDB	Multilateral Development Banks
MR	Market Risk
MtM	Mark to Market
NBR	National Bank of Romania
NII	Net Interest Income
NPL	Non-performing Loans
NSFR	Net Stable Funding Ratio
O-SII	Other Systemically Important Institutions
PD	Probability of Default
PSE	Public Sector Entities

REPO	Reverse Repo
RWA	Risk Weighted Assets
STA	Standardized Approach
SB	Supervisory Board
SFT	Securities Financing Transactions
SME	Small and medium sized enterprises
SREP	Supervisory Review and Evaluation Process
SVaR	Stressed VaR
T2	Tier 2 capital
TB	Trading Book
VaR	Value at Risk

1. OVERVIEW ON DISCLOSURES

The Report is prepared in accordance with National Bank of Romania Regulation no. 5/2013 regarding prudential requirements for credit institutions, Regulation no. 575/2013 of European Parliament and Council dated 26.06.2013 regarding prudential requirements for credit institutions and investment companies and amending Regulation (UE) no.648/2012 and with subsequent amendments, and connected regulatory requirements as National Bank of Romania Regulation no. 11/2020, National Bank of Romania Regulation no. 2/2022, Regulation no. 876/2019 of European Parliament and Council.

The information disclosed is compliant with the COMMISSION IMPLEMENTING REGULATION (EU) 2021/637 of 15 March 2021, laying down implementing technical standards with regard to public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 of the European Parliament and of the Council and repealing Commission Implementing Regulation (EU) No 1423/2013, Commission Delegated Regulation (EU) 2015/1555, Commission Implementing Regulation (EU) 2016/200 and Commission Delegated Regulation (EU) 2017/2295 and with the dedicated Guidelines issued by European Banking Authority and Basel Committee:

- EBA /GL/2014/14 Guideline on materiality, proprietary and confidentiality and on disclosure frequency under Articles 432(1), 432(2), 433 and 433(a) of Regulation (EU) No 575/2013;
- EBA/ITS/2020/04 Technical Standards on Pillar III that implements changes introduced in the CRR2;
- EBA Guidelines EBA/GL/2020/07 on reporting and disclosure of exposures subject to measures applied in response to the COVID-19 crisis;

The document is available in electronic format at www.unicredit.ro, area Financial Reports, Basel II-Pillar III Disclosure, in the following location:

https://www.unicredit.ro/en/institutional/the-bank/financial-reports.html#baseliipillariiidisclosure

The quantitative data are presented on consolidated basis, except those flagged at individual level, in RON equivalent, except those flagged in other currencies.

As the UniCredit Bank Romania has been identified as "Other Systemically Important Credit Institution (O-SII)" from Romania, the Bank provides its users with quarterly frequency the relevant information (Regulation no. 876/2019 of European Parliament and Council, Article 447).

The Pillar III Report is approved by the Supervisory Board of UniCredit Bank Romania.

When assessing the disclosure requirements in accordance with Regulation (UE) No 575/2013 and with Regulation (EU) 637/2021, the Bank considers the disclosure requirements as under the 8th Part of Regulation (UE) No. 575/2013.

2. SCOPE OF APPLICATION

2.1 Relevant scope of consolidation

The institution subject to disclosure is **UniCredit Bank SA.** ("the Bank" or "UCB"); the report includes Bank's information and also information regarding the entities integrated in the consolidated prudential perimeter of UniCredit Bank (further described as "the Group").

Starting August 2015, UniCredit Bank S.A. (the "Bank") is the new brand name of formerly UniCredit Tiriac Bank SA that was established as a Romanian commercial bank on 1 June 2007 upon the merger by acquisition of the former UniCredit Romania S.A. (the absorbed bank) by Banca Comerciala HVB Tiriac S.A. (the absorbing bank) and is licensed by the National Bank of Romania ("NBR") to conduct banking activities.

The Bank's current registered office is 1F, Expozitiei Boulevard, District 1, Bucharest, Romania.

UniCredit Bank S.A. is controlled by UniCredit SpA (Italy), with registered office in Milano (Mi), Italia, Piazza Gae Aulenti 3 Cap 20154 Tower A.

The Bank provides retail and commercial banking services in Romanian Lei ("RON") and foreign currency for individuals and legal entities. These include: accounts opening, domestic and international payments, foreign exchange transactions, working capital finance, medium and long term facilities, retail loans, bank guarantees, letter of credits and documentary collections, derivative financial instruments.

UniCredit Bank Group is exercising direct and indirect control over the following subsidiaries:

- UniCredit Consumer Financing IFN S.A., having its current registered office at 1F, Expozitiei Boulevard, 6th floor, District 1, Bucharest, Romania, provides consumer finance loans to individual clients. The Bank has a shareholding of 50.10% in UCFIN since January 2013.

- UniCredit Leasing Corporation IFN ("UCLC"), having its headquarters in 1F, Expozitiei Boulevard, 1st, 7th and 8th floor, District 1, Bucharest, Romania, provides financial leasing services to corporate clients and individuals. UCLC, the former associate, has become the Bank's subsidiary since April 2014 when the Bank gained indirect control of 99.95% (direct control: 99.90%). The Bank's indirect controlling interest as of 31 December 2022 is 99.98% (direct control: 99.96%) as a result of the merger by absorption of UniCredit Leasing Romania SA ("UCLRO") by UCLC finalized in June 2015, the date at which UCLRO was absorbed by UCLC.

- UniCredit Insurance Broker S.R.L. ("UCIB"), having its current registered office in 23-25 Ghetarilor Street, 2nd floor, 1st district, Bucharest, Romania, intermediates insurance policies related to leasing activities to legal entities and individuals, and became a subsidiary of the Bank beginning with 31 December 2020. The Bank has an indirect controlling interest of 99.98% through UCLC which owns 100% UCIB.

2.2 Entities deducted from Own Funds or added to RWA

According to Regulation no. 575/2013 of European Parliament and Council dated 26.06.2013 regarding prudential requirements for credit institutions and investment companies, the holdings in Common Equity Tier 1 (CET1) that are classified as significant investments should be deducted from own funds if the CET1-threshold for deduction is exceeded.

As at 30 September 2023, UniCredit Bank does not hold at individual level significant investments in financial entities to be deducted from own funds according to the Article 48 from CRR.

As at 30 September 2023, the significant investments in financial entities are shown at the individual level with a risk weight of 370% as they are not deducted from own funds, but are included in the consolidated perimeter.

2.3 Substantial or legal impediments that hinder the rapid transfer of capital resources within the Group

At UniCredit Group level, an integrated analysis is done to identify the significant risks. The processes for management, monitoring and reporting of risks are formalized in the Group regulations, aligned and integrated at the local group at UniCredit Bank SA level. In accordance with the rules regarding the analysis process, calibration, approval, adoption, implementation, monitoring and reporting of the Group regulations, UniCredit Bank SA has the responsibility of sending the applicable regulation to its subsidiaries, in order to be analyzed, approved/adopted and implemented. Subsequently, UniCredit Bank SA assesses and decides the applicability at the subsidiaries level taking into account the nature, dimension and complexity of their activities.

In order to ensure the control over implementation of the Group requirements at the level of direct controlled entities, there is a frequent reporting process regarding the status of local implementation under the Internal Control Committee of UniCredit Bank SA.

3. OWN FUNDS AND KEY METRICS

3.1 Regulatory capital - summary and changes over time

Starting with January 2014, the Romanian Banking System is applying the Basel III norms, in accordance with Regulation no. 575/2013 of European Parliament and Council dated 26.06.2013 regarding prudential requirements for credit institutions and investment companies, amended by Regulation (UE) no.648 / 2012 and by Regulation no. 5/2013 regarding prudential requirements for credit institutions issued by National Bank of Romania and with Regulation (EU) 2021/637 of 15 March 2021 laying down implementing technical standards with regard to the disclosure of own funds requirements for institutions according to Regulation (EU) No 575/2013 of the European Parliament and of the Council.

The structure of the Own Funds (individual and consolidated) as at 30 September 2023 is presented below:

Reference	Item	Group	Bank	Reference for balance sheet
	Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	1,799,428,752	1,799,428,752	c+d
	of which: Instrument type 1	1,177,748,253	1,177,748,253	c
2	Retained earnings	4,947,846,225	4,341,330,278	i-j
3	Accumulated other comprehensive income (and other reserves)	304,116,768	304,116,768	k+e+f+g+h-l
EU-3a	Funds for general banking risk	111,064,174	111,064,174	l
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)	-	-	
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	-	319,207,710	
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**7,162,455,919**	**6,875,147,681**	
	Total regulatory adjustments to Common Equity Tier 1 (CET1)			
7	Additional value adjustments (negative amount)	(1,400,416)	(1,400,416)	
8	Intangible assets (net of related tax liability) (negative amount)	(286,042,991)	(279,802,353)	
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)	-	-	
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	1,291,492	1,291,492	
12	Negative amounts resulting from the calculation of expected loss amounts	(805,842)	(4,240,619)	
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	-	-	
15	Defined-benefit pension fund assets (negative amount)	-	-	
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	-	-	
17	Direct, indirect and synthetic holdings of the CET 1 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)	-	-	
EU-25 a	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	(10,654,179)	(10,654,179)	

Reference	Item	Group	Bank	Reference for balance sheet
	charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)			
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-	-	
27a	Other regulatory adjustments	(4,999,614)	(2,839,444)	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**(302,611,550)**	**(297,645,519)**	
29	**Common Equity Tier 1 (CET1) capital**	**6,859,844,369**	**6,577,502,162**	
	Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	-	-	
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1	-	-	
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	-	-	
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	-	-	
	Additional Tier 1 (AT1) capital: regulatory adjustments			
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**-**	**-**	
44	**Additional Tier 1 (AT1) capital**	**-**	**-**	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**6,859,844,369**	**6,577,502,162**	
	Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	933,149,097	933,149,097	
50	Credit risk adjustments*	106,170,310	110,601,072	
51	**Tier 2 (T2) capital before regulatory adjustments**	**1,039,319,407**	**1,043,750,169**	
	Tier 2 (T2) capital: regulatory adjustments			
58	**Tier 2 (T2) capital**	**1,039,319,407**	**1,043,750,169**	
59	**Total capital (TC = T1 + T2)**	**7,899,163,776**	**7,621,252,331**	
60	**Total Risk exposure amount**	**34,482,685,596**	**27,728,427,282**	
	Capital ratios and requirements including buffers			
61	Common Equity Tier 1 capital	19.89%	23.72%	
62	Tier 1 capital	19.89%	23.72%	
63	Total capital	22.91%	27.49%	
64	Institution CET1 overall capital requirements	11.48%	10.42%	
65	of which: capital conservation buffer requirement	2.50%	2.50%	
66	of which: countercyclical capital buffer requirement	0.50%	0.50%	
67	of which: systemic risk buffer requirement	0.00%	0.00%	
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	1.50%	0.00%	
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	2.48%	2.93%	
68	**Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements**	**15.39%**	**13.52%**	

**IRB Excess of provisions over expected losses eligible*

The reconciliation of the elements from Own Funds with the Financial Statements is presented below:

In RON	Group	Bank	Reference
	30.09.2023	30.09.2023	
Assets			
Cash and cash equivalents	15,885,945,365	15,885,739,687	
Financial assets at fair value through profit or loss	159,523,963	159,523,963	
Derivatives assets designated as hedging instruments	329,393,614	329,393,614	
Loans and advances to banks at amortized cost	180,009,280	180,009,280	
Loans and advances to customers at amortized cost	34,851,195,860	32,587,990,217	
Net Lease receivables	4,209,208,532	8,580,568	
Debt securities at amortized cost	9,034,031,466	9,034,031,466	
Placements with banks at amortized cost	-	-	

In RON	Group	Bank	Reference
	30.09.2023	30.09.2023	
Other financial assets at amortized cost	427,612,816	354,848,869	
Financial assets at fair value through other comprehensive income	1,991,633,532	1,989,287,571	
Investment in subsidiaries	-	143,115,683	
Property, plant and equipment	174,828,798	172,376,489	
Right of use assets	268,039,770	255,995,918	
Intangible assets	385,637,659	368,723,828	
of which: Subject of Regulation 2020/2176 and Intangible assets in progress	292,903,550	286,662,912	a
Current tax assets	17,340,328	-	
Deferred tax assets	115,863,697	47,900,083	
of which: Deferred tax regarding Intangible Assets	6,860,559	6,860,559	b
Other assets	385,881,962	56,691,453	
Non-current assets classified as held for sale	-	-	
Total assets	**68,416,146,642**	**61,574,208,689**	
Liabilities			
Financial liabilities at fair value through profit or loss	100,206,981	100,206,981	
Derivatives liabilities designated as hedging instruments	272,503,593	272,503,593	
Deposits from banks	1,435,112,418	1,435,112,418	
Loans from banks and other financial institutions at amortized cost	6,851,191,127	638,936,581	
Deposits from customers	44,786,761,923	45,367,280,081	
Debt securities issued	3,548,038,530	3,548,038,530	
Subordinated liabilities	951,776,699	842,335,499	
Other financial liabilities at amortized cost	1,226,226,784	1,133,320,870	
Lease liabilities	267,459,045	264,147,981	
Current tax liabilities	97,128,306	95,783,730	
Deferred tax liabilities	756	-	
Provisions	172,306,686	186,749,177	
Other liabilities	309,581,655	166,557,186	
Total liabilities	**60,018,294,503**	**54,050,972,627**	
Shareholders' equity			
Share capital	1,177,748,252	1,177,748,252	c
Share premium	621,680,499	621,680,499	d
Fair value changes of equity instruments measured at fair value through other comprehensive income	13,363,409	13,363,409	k
Cash flow hedging reserve	(1,291,492)	(1,291,492)	e
Reserve on financial assets at fair value through other comprehensive income	(53,182,960)	(53,182,960)	f
Revaluation reserve on property, plant and equipment	22,072,136	22,072,136	g
Other reserves	434,219,664	434,219,851	h
Retained earnings	6,017,045,164	5,308,626,367	i
Of which: Profit	1,069,198,752	967,296,090	j
Total equity for parent company	**8,231,654,672**	**7,523,236,062**	
Non-controlling interest	166,197,467	-	
Total Equity	**8,397,852,139**	**7,523,236,062**	
Total liabilities and equity	**68,416,146,642**	**61,574,208,689**	

3.2 Summary of Key Prudential Metrics

RON		30-Sept-23	30-Jun-23	31-Mar-23	30-Dec-22	30-Sept-22
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1) capital	6,859,844,369	6,854,341,420	6,836,968,150	6,818,674,826	5,428,508,475
2	Tier 1 capital	6,859,844,369	6,854,341,420	6,836,968,150	6,818,674,826	5,428,508,475
3	Total capital	7,899,163,775	7,932,325,123	7,953,947,424	7,972,359,076	6,605,008,572
	Risk-weighted exposure amounts					
4	Total risk exposure amount	34,482,685,596	33,662,218,411	33,243,558,728	32,587,363,640	34,078,396,790
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	19.89%	20.36%	20.57%	20.92%	15.93%
6	Tier 1 ratio (%)	19.89%	20.36%	20.57%	20.92%	15.93%
7	Total capital ratio (%)	22.91%	23.56%	23.93%	24.46%	19.38%
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	4.41%	4.41%	4.41%	3.82%	3.82%
EU 7b	of which: to be made up of CET1 capital (percentage points)	2.48%	2.48%	2.48%	2.15%	2.15%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	3.31%	3.31%	3.31%	2.87%	2.87%
EU 7d	Total SREP own funds requirements (%)	12.41%	12.41%	12.41%	11.82%	11.82%
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%
8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.00%	0.00%	0.00%	0.00%	0.00%
9	Institution specific countercyclical capital buffer (%)	0.50%	0.50%	0.49%	0.49%	0.0005%
EU 9a	Systemic risk buffer (%)	0.00%	0.00%	0.00%	0.00%	1.00%
10	Global Systemically Important Institution buffer (%)	0.00%	0.00%	0.00%	0.00%	0
EU 10a	Other Systemically Important Institution buffer (%)	1.50%	1.50%	1.50%	1.50%	1.50%
11	Combined buffer requirement (%)	4.50%	4.50%	4.49%	4.49%	5.00%
EU 11a	Overall capital requirements (%)	16.91%	16.91%	16.90%	16.31%	16.82%
12	CET1 available after meeting the total SREP own funds requirements (%)	15.39%	15.86%	16.07%	16.42%	11.43%
	Leverage ratio					
13	Total exposure measure	74,162,796,050	72,471,332,625	70,459,750,898	71,198,001,368	69,172,324,178
14	Leverage ratio (%)	9.25%	9.46%	9.70%	9.58%	7.85%
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU 14b	of which: to be made up of CET1 capital (percentage points)	0.00%	0.00%	0.00%	0.00%	0.00%
EU 14c	Total SREP leverage ratio requirements (%)	0.00%	0.00%	0.00%	0.00%	0.00%
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					

EU 14d	Leverage ratio buffer requirement (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU 14e	Overall leverage ratio requirement (%)	0.00%	0.00%	0.00%	0.00%	0.00%
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	21,832,024,523	20,858,486,503	19,595,665,757	18,478,524,599	17,875,573,604
EU 16a	Cash outflows - Total weighted value	19,038,880,081	19,481,906,723	18,645,361,489	17,853,811,742	16,934,542,880
EU 16b	Cash inflows - Total weighted value	5,764,066,914	6,334,950,848	5,942,517,830	5,687,491,270	5,275,112,670
16	Total net cash outflows (adjusted value)	13,274,813,167	13,146,955,875	12,702,843,659	12,166,320,471	11,659,430,210
17	Liquidity coverage ratio (%)	164.46%	158.66%	154.26%	151.88%	153.31%
	Net Stable Funding Ratio					
18	Total available stable funding	49,592,551,640	47,987,224,435	47,645,913,369	43,073,530,563	42,792,755,458
19	Total required stable funding	29,137,475,506	27,939,290,868	28,212,105,783	27,337,111,787	27,222,941,166
20	NSFR ratio (%)	170.20%	171.76%	168.88%	173.73%	157.19%

4. CAPITAL REQUIREMENTS

4.1 General comment

Capital Adequacy Assessment

During the third quarter of 2023, it was continued the sustained process for enhancing the internal methodological framework with specific regulations, mainly as regards to ICAAP general framework, stress tests, setting and monitoring of risk appetite, capital management rules, rules regarding the risks identified by the Bank as significant.

The Internal Capital Adequacy Assessment Process was performed in accordance with National Bank of Romania Regulation no 5/2013, with subsequent amendments and changes, representing an independent assessment of the current and future internal capital, related to the risks the bank is facing and in line with the Bank's strategy. UCB assesses the balance between the assumed risk and the available capital consistently with the strategy and assumed objectives, respectively the internal capital and the available financial resources.

The internal capital is represented by the sum of the economic capitals calculated for each risk: credit risk, market risk, operational risk, business risk, real estate investments risk based on internal models (ex. CVaR, VaR etc.).

The ultimate mission of the capital adequacy is to ensure that it forms an integral part of day-to-day management and decision-making processes such as: embedding risk management measures and the capital needed in strategic planning, introduction of risk analysis in strategic planning and budgetary processes.

Thus, the Bank develops and manages its risk management processes, respectively implements processes and tools to assess the level of internal capital adequate to support each type of risk, including those risks not captured by the total capital requirement (i.e. Pillar I risks), within the scope of an assessment of the Bank's Legal current and future exposure, taking account its strategies and developments in its business environment.

Necessary regulated own funds requirements at consolidated level

For calculating the regulatory capital requirements for credit risk, the Bank applies the Foundation Internal Rating Based Approach, according to Regulation no. 575/2013 of European Parliament and Council dated 26.06.2013 regarding prudential requirements for credit institutions and investment companies and amending Regulation (UE) no. 648/2012 of the Commission for establishing technical standards for reporting for supervisory purposes and by Regulation no. 5/2013 regarding prudential requirements for credit institutions issued by National Bank of Romania (due to the joint approval received from Bank of Italy, FMA and National Bank of Romania) for the following segments of clients: corporate (except for real estate clients and specialized financing), multinational companies, banks, sovereigns and central banks and securities industries.

According to Joint Decision ECB / NBR received during Q2 2020, the Bank received the permission to implement material changes to the Romanian probability of default model for the Mid-Corporate portfolio of UniCredit Bank SA and to apply the permanent partial use of the standardized approach to the non-banking financial institutions portfolio, real estate companies and foreign clients' portfolios. The Decision was adopted pursuant to Articles 20(1)(a), 143(3), 149(1)(a), 150(1)(b) and (c) of Regulation (EU) No 575/2013 of the European Parliament and of the Council3, Article 13 of Commission Implementing Regulation (EU) 2016/1004 in conjunction with Article 4(1)(e), Article 9(1) and Article 10(1) of Regulation (EU) No 1024/2013.

Further, for the rest of the loan portfolio, the Bank continued to apply the Standardized approach.

For calculating the regulatory capital requirements for market risk, the Bank uses the Standardized Approach, while, for operational risk, it is used advanced approach in accordance the above mentioned regulations. All tasks related to the calculation and monitoring of capital requirements are performed by specialized units of Finance Division and Risk Division of the Bank.

For complying with capital adequacy requirements established by Emergency Ordinance 99/2006, the Bank is actively involved in an evaluation process of capital requirements, for sustaining current and future activity, which implies the following processes: budgeting, monitoring and analysis, stress testing and forecasting.

EU OV1 – Overview of RWAs

		Group			Bank		
		RWA		Capital Requirements	RWA		Capital Requirements
		30.09.2023	30.06.2023	30.09.2023	30.09.2023	30.06.2023	30.09.2023
1	**Credit risk (excluding CCR)**	**31,275,038,951**	**30,447,558,699**	**2,502,003,116**	**25,241,370,891**	**24,647,148,562**	**2,019,309,671**
2	Of which the standardised approach	13,733,964,757	13,163,133,573	1,098,717,181	6,961,836,374	6,821,145,034	556,946,910
3	Of which the Foundation IRB (F-IRB) approach	17,416,840,190	17,013,467,142	1,393,347,215	17,625,772,485	17,025,517,517	1,410,061,799
4	Of which slotting approach	-	-	-	-	-	-
EU 4a	Of which equities under the simple risk weighted approach	124,234,004	270,957,984	9,938,720	653,762,032	800,486,011	52,300,963
5	Of which the Advanced IRB (A-IRB) approach	-	-	-	-	-	-
6	**Counterparty credit risk - CCR**	**211,374,990**	**238,796,037**	**16,909,999**	**211,374,990**	**238,796,037**	**16,909,999**
7	Of which the standardised approach	-	-	-	-	-	-
8	Of which internal model method (IMM)	5,909,782	11,883,374	472,783	5,909,782	11,883,374	472,783
EU 8a	Of which exposures to a CCP	-	-	-	-	-	-
EU 8b	Of which credit valuation adjustment - CVA	33,873,445	35,714,219	2,709,876	33,873,445	35,714,219	2,709,876
9	Of which other CCR	177,501,545	191,198,444	14,200,124	171,591,763	191,198,444	13,727,341
15	**Settlement risk**	**-**	**145,938**	**-**	**-**	**145,938**	**-**
16	Securitisation exposures in the non-trading book (after the cap)	-	-	-	-	-	-
17	Of which SEC-IRBA approach	-	-	-	-	-	-
18	Of which SEC-ERBA (including IAA)	-	-	-	-	-	-
19	Of which SEC-SA approach	-	-	-	-	-	-
EU 19a	Of which 1250% / deduction	-	-	-	-	-	-
20	**Position, foreign exchange and commodities risks (Market risk)**	**19,824,127**	**27,541,118**	**1,585,930**	**19,824,127**	**27,541,118**	**1,585,930**
21	Of which the standardised approach	19,824,127	27,541,118	1,585,930	19,824,127	27,541,118	1,585,930
22	Of which IMA	-	-	-	-	-	-
EU 22a	**Large exposures**	**-**	**-**	**-**	**-**	**-**	**-**
23	**Operational risk**	**2,976,447,528**	**2,948,176,619**	**238,115,802**	**2,255,857,274**	**2,227,586,366**	**180,468,582**
EU 23a	Of which basic indicator approach	720,590,254	720,590,254	57,647,220	-	-	-
EU 23b	Of which standardised approach	-	-	-	-	-	-
EU 23c	Of which advanced measurement approach	2,255,857,274	2,227,586,366	180,468,582	2,255,857,274	2,227,586,366	180,468,582
24	**Amounts below the thresholds for deduction (subject to 250% risk weight)**	**-**	**-**	**-**	**-**	**-**	**-**
29	**Total**	**34,482,685,596**	**33,662,218,411**	**2,758,614,848**	**27,728,427,282**	**27,141,218,021**	**2,218,274,183**

4.2 Capital Planning

Tier 1 capital is the core measure of the Group's financial health and is assessed from the view of its capacity to absorb losses without ceasing business operations. Under Basel III, the minimum Tier 1 capital ratio is 6%, which is calculated by dividing the Bank's tier 1 capital by its total risk-weighted assets.

As at September 2023, the Bank did not hold additional Tier 1 instruments, therefore Core Tier 1 ratio was calculated at the level of Tier 1 ratio, with a consolidated level of 19.89%, significantly higher than the minimum regulatory requirement.

As per Regulation 575/2013, the Minimum Total Capital Requirement is set to 8% of Risk Weighted Assets.

Based on common decision European Central Bank and National Bank of Romania (SREP process), UniCredit Bank must at all times satisfy the total capital ratio (solvency ratio) of 13.20% at individual level and 12.41% at consolidated level.

The total minimum capital requirements (including Pillar I and Pillar II buffers) is 16.19% at individual level and 16.91% at sub-consolidated level.

5. CREDIT RISK

5.1 Strategies, policies and processes for credit risk management

Credit risk strategy is established by all the Bank's activities that present a significant exposure to credit risk. The Bank's credit risk strategy is reviewed periodically, but at least once a year and whenever significant changes occur in risk assessment factors, and is approved by the Bank's management structure. The credit risk strategy reflects the tolerance to risk and the profitability level which the Bank intends to achieve in the conditions of the exposure to the assumed risks.

The Bank assesses the credit risk in all activities affected by this kind of risk, no matter if the results of the respective activities are reflected in the balance sheet or off balance sheet.

The Bank has established risk management processes and has tools in order to identify, measure, monitor and control the credit risk.

The Bank's credit risk management policy promotes a set of coherent principles and practices, oriented towards the following main directions:

- Establishment of a framework and adequate parameters of credit risk;
- Promotion and operation of a healthy and solid credit granting process;
- Promotion and maintenance of an adequate process for credit administration, measurement and monitoring;
- Permanent control over the quality of the loan portfolio.

The credit risk management is performed taking into consideration the loans both at individual level and at whole portfolio level and includes the consideration of the qualitative and quantitative aspects related to risks.

Credit risk management is realized by limiting credit risk exposures setting limits established in accordance with general strategy of the Bank (limits established by sectors of activity, zones geographical areas, counterparty categories, type of products, residence, country and currency, etc.). These limits are monitored and periodically reported to relevant committees.

The Bank is exposed in particular to credit risk in credit granting activity, this being the most common type of risk the Bank is confronted with.

The most important activity generating risk is financing, but any other banking activity can potentially generate credit risk (off balance commitments and debts, deposits constitution and other transaction on inter-banking market, hedging on stock/interbank market, etc.)

The Bank has a credit risk management process that takes into account its risk appetite, risk profile and market and macroeconomic conditions. This process includes policies and processes to identify, measure, evaluate, monitor, report, control and mitigate credit risk - including counterparty credit risk and potential future exposure, policies and processes aiming to capture the material risks inherent in individual products or transactions.

Credit risk includes risk derived from credit granting activity and from other transactions initiated for Bank clients, such as: issuance of LGs, opening / confirmation of LC's, availing, discounting of trade instruments presented by the clients, investments in stocks and other financial assets, other facilities granted to clients.

The scope and type of reporting and measuring systems for credit risk

In order to evaluate the basis of prudential exposure to credit risk, in the Bank implemented rating systems (through consideration of quantitative factors, qualitative factors and payment behavior related factors), for all categories of clients in order to realize the classification of exposures based on the assessment borrowers' credit risk throughout the entire loan life cycle, by reference to a general scale assessment of default risk.

6. EXPOSURE TO COUNTERPARTY RISK

Counterparty credit risk is measured and monitored by an independent risk management unit using an internal model based on historical simulation.

Counterparty credit risk is classified into two categories:

- Pre-settlement risk - counterparty risk in connection with treasury transactions in which the counterparty defaults after entering into the transaction and remains in default until the settlement date and the transaction must be replaced at less favorable market conditions;
- Settlement risk - counterparty risk under treasury transactions in which the Bank performs a transaction (payment) on the settlement day, while the counterparty has not met its obligations yet.

Counterparty risk monitoring is based on a system of limits for individual counterparties and product groups (spot, derivatives, money market, securities and repo).

The Bank does not hold credit derivatives hedges.

The counterparty credit risk concerns information on exposures subject to counterparty credit risk in application of Chapters 4 and 6 of Title II of Part Three CRR, with amendments.

Regarding SA-CCR methodology (in place since June'21, replacing CEM approach), the Basel Committee's main objectives are:

- application to a wide variety of derivatives transactions (margined and un-margined, as well as bilateral and cleared);
- simple and easy implementation;
- fix known deficiencies of the CEM (Current Exposure Method) and the SM (Standardized Method);
- minimize discretion used by national authorities and banks;
- improve the risk sensitivity of the capital framework without creating undue complexity.

7. MARKET RISK

The market risk management strategy is prepared and implemented by applying the following **basic principles**:

- Market risk management is done through specific risk indicators and models: Value at risk (VaR) limits, Basis Point Value and Credit Point Value limits, foreign exchange position limits, as well as monitoring risk appetite framework defined according to internal policies and procedures;
- Exposure to market risk is generated only by Markets (Treasury) and Finance (ALM) departments;
- Trading positions are held at current market value (mark-to-market). If specific revaluation models are used, they are validated independently;
- All relevant risk factors are identified and considered during the process of setting limits. The identification of risk factors is the responsibility of Financial Risk and business lines;
- Specific events are considered in the stress scenarios, not as manual adjustments of volatilities of correlations among risk factors;
- Total VaR refers to the whole activity of the bank, not only to trading book positions, nevertheless Banking Book VaR and Trading Book VaR are calculated and monitored separately as well as per risk factors;
- Exposure to market risk (usage of limits, excesses) are reported in time and with regularity to the respective business lines, to the Management and the Group. Risk reports are generated for the total Bank and separately for each risk generating unit. Exposure to market risk limits are monitored for the UniCredit Group in Romania, as well as for UniCredit Consumer Financing (UCFin) and UniCredit Leasing (UCL), according to internal regulations.

Interest Rate Risk - Exposures to interest rate risk on positions in the banking book

UniCredit Bank measures and monitors this risk according to the UniCredit Group methodology within the framework of a Banking Book interest rate risk policy that establishes consistent methodologies and models and limits or thresholds to focus on, with regard to the sensitivity of net interest income and the Bank's economic value.

IRRBB management is performed within Markets and Finance departments.

Financial Risk supports the process by **development of behavioral models for interest rate risk** and **applying hedge accounting techniques**.

Interest rate risk measurement includes the following indicators:

A) RAF KPIs – measured on a monthly basis

A.1) Net Interest Income sensitivity

The outcome of the 2 scenarios as described above is measured as a percentage versus the Net Interest Income budget. The negative outcome is considered as the RAF KPI.

A.2) Economic Value sensitivity

The worst outcome of the Supervisory Outlier Tests - which in the case of UCB Romania is the "parallel up" scenario - is measured against Tier 1 Own funds.

The RAF KPIs are monitored monthly by Financial Risk and reported to the relevant committees: ALCO, Risk Management Operative Committee and Supervisory Board, as well as to the relevant Holding function. The evolution of the IRRBB RAF KPIs during Q3/2023 at standalone and consolidated level is presented in the table below:

RAF		2023					
Interest Rate Risk in the Banking Book KPIs	RO Consolidated	Target	Trigger	Limit	31-Jul	31-Aug	30-Sep
	NII Sensitivity (% of budget)	> -10.0%	-10.0%	-15.0%	-4.08%	-4.11%	-4.07%
	EV Sensitivity (% tier 1 capital)	> -13.5%	-13.5%	-15.0%	-4.84%	-5.14%	-6.56%
	UCB Standalone	Target	Trigger	Limit	31-Jul	31-Aug	30-Sep
	NII Sensitivity (% of budget)	> -10.0%	-10.0%	-15.0%	-4.2%	-4.2%	-3.92%
	EV Sensitivity (% of tier 1 capital)	> -13.5%	-13.5%	-15.0%	-5.3%	-5.7%	-6.9%

Starting with 30-Jun-21 an "add-on" was considered for economic value sensitivity in order to stress the stable part of the non maturing deposits considered insensitive to interest rates and included in the behavioral model.

UCB	Worst case scenario of SOT		T1 Own Funds	%	Limit	Trigger
31-Jul-23	(66,379,967)	Parallel up	1,259,804,081	-5.27%	-15.00%	-13.50%
31-Aug-23	(71,738,860)	Parallel up	1,259,804,081	-5.69%	-15.00%	-13.50%
30-Sep-23	(91,689,253)	Parallel up	1,259,804,081	-7.28%	-15.00%	-13.50%

RO	Worst case scenario of SOT		T1 Own Funds	%	Limit	Trigger
31-Jul-23	(66,821,884)	Parallel up	1,380,977,036	-4.84%	-15.00%	-13.50%
31-Aug-23	(70,973,337)	Parallel up	1,380,977,036	-5.14%	-15.00%	-13.50%
30-Sep-23	(90,427,207)	Parallel up	1,378,974,062	-6.56%	-15.00%	-13.50%

B) Granular indicators – measured on a daily basis

B.1) BP01 sensitivity for the Banking book positions per maturity buckets

This measures the changes in economic value due to a parallel shock of +/-1 bp of the interest rate term structure. The result is monitored daily by Financial Risk and reported to the Management and to the relevant Committees.

B.2) VaR for IRRBB

This indicator is monitored daily by Financial Risk and reported to the Management and to the relevant Committees.

As of 30.09.2023 the value of the granular indicators versus limits is as per tables below:

BP01 Bank Book UCB	*(EUR)*	0-3M	3M-1Y	1Y-3Y	3Y-10Y	10Y+	SUM
	Total ccys	32,916	4,762	44,196	43,552	12,194	62,264
	Limit	**40,000**	**30,000**	**100,000**	**280,000**	**40,000**	**250,000**
	Usage	82.29%	15.87%	44.20%	15.55%	30.48%	24.91%
	(EUR)	**SUM**	**no limit breach**				
	EUR	181,114					
	Limit	**330,000**					
	Usage	54.88%					

VAR	(EUR mio)	Exposure	Limit	Usage	Exposure	Limit	Usage
		UCB			RO Group		
	Bank Book	15,18	23,00	66.00%	15,13	23,00	65.79%
	IRR	4,75	14,00	33.90%	4,58		

C) Stress tests for IRRBB – measured on a monthly basis

Several stress scenarios for IRRBB are run monthly on the Banking Book positions – according to Basel and to EBA requirements including supervisory outlier tests for UCB standalone and Romania Consolidated.

RO Group Standalone	Million EUR					
Period	31-Jul-23		31-Aug-23		30-Sep-23	
Own Funds Total / T1	**1,484.66**	**1,269.56**	**1,478.98**	**1,266.77**	**1,532.03**	**1,322.22**
Regulatory IR Stress Test (BB)		**% Total OF**		**% Total OF**		**% Total OF**
1 parallel shift + 200bps	29,27	1.97%	17,63	1.19%	(10,81)	0.71%
2 parallel shift - 200bps	(29,50)	1.99%	(17,23)	1.16%	16,42	1.07%
IRRBB Basel definition (BB)		**% T1 OF**		**% T1 OF**		**% T1 OF**
1 parallel shift + 200bps	29,27	2.31%	17,63	1.39%	(10,81)	0.82%
2 parallel shift - 200bps	(29,50)	2.32%	(17,23)	1.36%	16,42	1.24%
3 Basel Parallel shock up	(2,63)	0.21%	(14,07)	1.11%	(46,18)	3.49%
4 Basel Parallel shock sown	25,77	2.03%	38,27	3.02%	77,56	5.87%
5 Basel Steepening (sr down, lr up)	(7,70)	0.61%	(1,20)	0.09%	(11,10)	0.84%
6 Basle Flattening (sr up, le down)	6,06	0.48%	(1,98)	0.16%	2,67	0.20%
7 Basel Short rates up	(5,24)	0.41%	(16,20)	1.28%	(22,68)	1.72%
8 Basel Short rates down	7,61	0.60%	18,94	1.50%	26,03	1.97%
Maximum		**2.32%**		**3.02%**		**5.87%**
Supervisory Outlier Test		**% T1 OF**		**% T1 OF**		**% T1 OF**
1 parallel shift + 200bps	(25,53)	2.01%	(31,10)	2.45%	(48,53)	3.67%
1 parallel shift - 200bps	(54,49)	4.29%	(42,06)	3.32%	(11,79)	0.89%
3 Basel Parallel shock up	(66,38)	5.23%	(71,74)	5.66%	(91,69)	6.93%
4 Basel Parallel shock sown	(25,83)	2.03%	(13,30)	1.05%	19,99	1.51%
5 Basel Steepening (sr down, lr up)	11,73	0.92%	15,02	1.19%	2,31	0.17%
6 Basle Flattening (sr up, le down)	1,02	0.08%	(3,66)	0.29%	(1,73)	0.13%
7 Basel Short rates up	(40,17)	3.16%	(46,11)	3.64%	(54,55)	4.13%
8 Basel Short rates down	(10,52)	0.83%	0,28	0.02%	(1,15)	0.09%
Maximum		**5.23%**		**5.66%**		**6.93%**

RO Group Consolidated	Million EUR					
Period	31-Jul-23		31-Aug-23		30-Sep-23	
Own Funds Total / T1	**1,607.49**	**1,389.04**	**1,605.34**	**1,387.18**	**1,587.90**	**1,378.97**
Regulatory IR Stress Test (BB)		**% Total OF**		**% Total OF**		**% Total OF**
1 parallel shift + 200bps	30,04	1.87%	19,55	1.22%	(8,79)	0.55%
2 parallel shift - 200bps	(30,13)	1.87%	(19,11)	1.19%	14,39	0.91%
IRRBB Basel definition (BB)		**% T1 OF**		**% T1 OF**		**% T1 OF**
1 parallel shift + 200bps	30,04	2.16%	19,55	1.41%	(8,79)	0.64%
2 parallel shift - 200bps	(30,13)	2.17%	(19,11)	1.38%	14,39	1.04%
3 Basel Parallel shock up	(2,33)	0.17%	(12,26)	0.88%	(44,02)	3.19%
4 Basel Parallel shock sown	25,83	1.86%	36,57	2.64%	75,37	5.47%
5 Basel Steepening (sr down, lr up)	(7,95)	0.57%	(1,30)	0.09%	(10,95)	0.79%
6 Basle Flattening (sr up, le down)	6,29	0.45%	(1,59)	0.11%	2,92	0.21%
7 Basel Short rates up	(5,12)	0.37%	(15,37)	1.11%	(21,82)	1.58%
8 Basel Short rates down	7,46	0.54%	18,06	1.30%	25,09	1.82%
Maximum		**2.17%**		**2.64%**		**5.47%**
Supervisory Outlier Test		**% T1 OF**		**% T1 OF**		**% T1 OF**
1 parallel shift + 200bps	(25,50)	1.84%	(30,22)	2.18%	(47,41)	3.44%
1 parallel shift - 200bps	(55,52)	4.00%	(44,04)	3.17%	(13,71)	0.99%
3 Basel Parallel shock up	(66,82)	4.81%	(70,97)	5.12%	(90,43)	6.56%

RO Group Consolidated	Million EUR					
Period	31-Jul-23		31-Aug-23		30-Sep-23	
4 Basel Parallel shock sown	(26,52)	1.91%	(15,19)	1.09%	17,98	1.30%
5 Basel Steepening (sr down, lr up)	11,61	0.84%	14,97	1.08%	2,38	0.17%
6 Basel Flattening (sr up, le down)	1,16	0.08%	(3,40)	0.24%	(1,60)	0.12%
7 Basel Short rates up	(40,34)	2.90%	(45,77)	3.30%	(54,07)	3.92%
8 Basel Short rates down	(10,90)	0.78%	(0,67)	0.05%	(2,02)	0.15%
Maximum		**4.81%**		**5.12%**		**6.56%**

8. EXCESSIVE LEVERAGE RISK

Description of Excessive Leverage Risk

Risk of excessive leverage represents the risk resulting from the Bank's vulnerability due to leverage or contingent leverage that may require unintended corrective measures to its business plan, including distressed selling of assets which might result in losses or in valuation adjustments to its remaining assets.

The monitoring of risk of excessive leverage is realized based on specific instructions received from the Group and by taking into account the legal provisions in force.

Thus, the Leverage Ratio indicator, calculated according to instructions received from Group is included in the Risk Appetite Framework of the Bank. A system of limits comprising a Target level, a Trigger and a limit is applied. Monitoring is done on a quarterly basis.

LrSum: Comparison between carrying amounts of assets and exposures for Leverage Effect calculation

The template LRSum presents the reconciliation between the total exposure considered for the computation of the Leverage report and the carrying amounts of the assets.

Summary comparison of accounting assets vs leverage ratio exposure measure		Q3 2023	Q2 2023
1	Total assets as per published financial statements	68,416,146,643	67,256,134,555
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	-	-
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	-	-
4	(Adjustment for temporary exemption of exposures to central banks (if applicable)	-	-
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR)	-	-
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	-	-
7	Adjustment for eligible cash pooling transactions	3,829,204	4,255,558
8	Adjustment for derivative financial instruments	365,104,830	309,242,331
9	Adjustment for securities financing transactions (SFTs)	12,621,615	16,310,851
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	5,659,209,179	5,176,973,880
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	(1,400,416)	(1,071,562)
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-	-
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	-	-
12	Other adjustments	(292,715,005)	(290,512,987)
13	**Total exposure measure**	**74,162,796,050**	**72,471,332,625**

LRCom: Leverage Ratio Common Disclosure

The template presents Leverage Ratio as at 30 September 2023 and the split of the main exposures according with CRR Art. 429 and 451.

		CRR leverage ratio exposures	
		2023 Q3	2023 Q2
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	58,652,651,437	57,699,450,314
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-	-
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
5	(General credit risk adjustments to on-balance sheet items)	-	-
6	(Asset amounts deducted in determining Tier 1 capital)	(293,248,863)	(291,584,549)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**58,359,402,574**	**57,407,865,765**
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	253,255,538	233,081,337
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	-	-
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	293,869,770	245,693,483
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	-	-
EU-9b	Exposure determined under Original Exposure Method	-	-
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-	-
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-	-
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (Original Exposure Method)	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13	**Total derivatives exposures**	**547,125,308**	**478,774,820**
SFT Securities Financing Transaction exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	9,876,464,356	9,391,407,310
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
16	Counterparty credit risk exposure for SFT assets	12,621,615	16,310,850
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR	-	-
17	Agent transaction exposures	-	-
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	-	-
18	**Total securities financing transaction exposures**	**9,889,085,971**	**9,407,718,161**
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	24,730,876,997	23,493,029,700
20	(Adjustments for conversion to credit equivalent amounts)	(19,209,048,147)	(18,150,178,576)
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated associated with off-balance sheet exposures)	(154,646,653)	(165,877,244)
22	**Off-balance sheet exposures**	**5,367,182,197**	**5,176,973,880**
Excluded exposures			

		CRR leverage ratio exposures	
		2023 Q3	2023 Q2
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-	-
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a(1) CRR (on and off balance sheet))	-	-
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)	-	-
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans)	-	-
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))	-	-
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	-	-
EU-22g	(Excluded excess collateral deposited at triparty agents)	-	-
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	-	-
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	-	-
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	-	-
EU-22k	**(Total exempted exposures)**	**-**	**-**
Capital and total exposure measure			
23	**Tier 1 capital**	**6,859,844,369**	**6,854,341,420**
24	**Total exposure measure**	**74,162,796,050**	**72,471,332,625**
Leverage ratio			
25	**Leverage ratio (%)**	9.25%	9.46%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	0.00%	0.00%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	0.00%	0.00%
26	Regulatory minimum leverage ratio requirement (%)	3.00%	3.00%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	0.00%	0.00%
EU-26b	of which: to be made up of CET1 capital	0.00%	0.00%
27	Leverage ratio buffer requirement (%)	0.00%	0.00%
EU-27a	Overall leverage ratio requirement (%)	0.00%	0.00%
Choice on transitional arrangements and relevant exposures			
EU-27b	Choice on transitional arrangements for the definition of the capital measure	Fully phased in	Fully phased in
Disclosure of mean values			
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	9,389,916,635	8,159,823,823
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	9,876,464,356	9,391,407,310
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	73,676,248,329	71,239,749,138
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	73,676,248,329	71,239,749,138
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	9.31%	9.62%

		CRR leverage ratio exposures	
		2023 Q3	2023 Q2
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	9.31%	9.62%

Basel III stipulates the computation, the reporting and the disclosure of the Leverage Ratio and presents a requirement based on risks.

CRR Art. 429 defines the Leverage Ratio as the result of dividing the capital measurement indicator into the institution 's total exposure measurement indicator. The indicator is expressed as a percentage between Tier 1 Own Funds and the total exposure calculated as the sum of the exposure value of all the assets and off-balance sheet items that have not been deducted from the Tier 1 Own Funds calculation.

9. LIQUIDITY RISK

9.1 Liquidity

The liquidity risk is defined as the risk that the Bank may not be able to fulfill its expected or unexpected financial obligations, without affecting its daily operations or its financial condition.

Among the main potential generators of liquidity risk, UniCredit Bank distinguishes between:

- Liquidity Mismatch Risk/Refinancing Risk: the risk of a mismatch between either the amounts and/or the timing of cash inflows and outflows;
- Liquidity Contingency Risk: the risk that future events may require a materially larger amount of liquidity than the bank currently requires. This might be due to the loss of liabilities, requirements to fund new assets, difficulty in selling liquid assets or difficulty obtaining needed new liabilities in the case of a liquidity crisis.
- Market liquidity risk: the risk that the institution cannot easily unwind or offset specific exposures, such as investments held as liquidity reserves, without incurring a loss because of inadequate market depth or market disruptions;

The Bank's **liquidity and funding strategy** is centered on the following strategic principles and goals set in coherence with the risk appetite:

Strategic Principles:

- Liquidity and funding management is based on clear and strict risk management principles set according to the Risk Appetite Framework (RAF).
- The definition of the desired liquidity profile is fully integrated within the Risk Appetite Framework, in order to drive the evolution of the lending activity consistently with the desired funding profile.
- The self-sufficiency funding strategy is based on a well-diversified funding base due to its commercial banking model, with priority given on the growth of local funding sources out of customer business with a variety of products (sight, savings, term deposits), as well as capital market transactions (e.g. medium- and long-term placements of own issues).
- The strict principle of self-sufficient funding ensures that the proceeds are used primarily for business development, enabling UCB and the Group to calculate funding costs according to own risk profile.
- All strategic goals must be in compliance with UniCredit Group Strategy and Regulatory requirements.

Strategic Goals:

- Optimization of the liquidity profile in line with liquidity limits in place and local regulatory framework, maximizing cost savings without sacrificing funding diversification;
- Self-sufficiency target fulfillment by achieving a sound commercial funding base and creating a foundation for full compliance with the relevant Risk Appetite Framework metrics;
- Achievement of main KPIs for each year in accordance with the Risk Appetite Framework, designed as quantitative targets defined in the yearly Funding Plan for, among others, the Liquidity Coverage Ratio and the Funding Gap;
- Achievement of the necessary resilience towards stress scenario through building sufficient stock of the Counter Balancing Capacity;

- Exploring the advantage of cheaper sources like Covered Bond or Supranational Funding and evaluating the relevant maturities of medium/long term issuances;
- Keeping the funding dependency on short term wholesale external funding to a reasonable level necessary for reciprocity;
- Efficient management of the trading/investment book financing (mitigating the use of intragroup funding) in compliance with intragroup rules for bond investments, as well as market risk and credit risk limits.

The main objective of the Funding Strategy is defined with the purpose of covering possible structural funding needs, whilst ensuring compliance on going concern and according to a forward looking perspective with limits and triggers of liquidity and balance sheet metrics, both regulatory and internal as defined in the Banks's liquidity risk framework/ Risk Appetite framework.

Key Principles:

Liquidity management is performed by UniCredit Bank in accordance with local binding laws and regulations and UniCredit Group Liquidity Management Framework. Clear and strict risk management principles are set according to the Bank's Risk Appetite Framework.

The main goal of UniCredit Bank's overall liquidity management is to keep the liquidity exposure at such a level that the Bank is able to honor its payment obligations on an on-going basis, but also during a crisis without jeopardizing its franchise value or its brand's name.

Roles and Responsibilities

A clear separation of duties and responsibilities is implemented in UniCredit Bank for an efficient and effective management of liquidity risk. Accordingly, the Bank keeps two governance layers:

- Managing Bodies acting as strategic decision-taking functions (as the Board of Directors, Supervisory Board, Assets and Liabilities Committee)
- Operational units acting as operative liquidity management functions, each being assigned different roles and responsibilities: Finance/ALM, Markets, Financial Risk.

In particular, Finance (ALM) provides strategic planning, management and supervision of the Bank's overall liquidity position, whilst Markets ensures operational short-term liquidity management (up to 1 year). Financial Risk has the responsibilities of independent controls and reporting of liquidity risk.

Risk Measurement and Reporting

Techniques for risk measurement

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: e.g. loan to deposit ratio, liquidity coverage ratio). These tools allow the measurement of liquidity risk over different time horizons and by currencies.

Liquidity Framework

UniCredit Bank's liquidity framework encompasses: short term liquidity risk management (operational liquidity, up to 1Y) and structural liquidity risk management (liquidity position over 1y).

- **Intraday liquidity management**

The focus of intraday liquidity management is on actively managing the Bank's intraday liquidity obligations by timely meeting payments and keeping a sustainable intraday liquidity buffer.

- **Short-term liquidity risk management (operational liquidity):**

Short term liquidity management and reporting focuses on the Bank's liquidity profile from 1 day up to one year.

The aim of short term liquidity management is to maintain a sustainable equilibrium between cash inflows and cash outflows for the purpose of ensuring the normal operational continuity of the UniCredit bank's commercial business. The main activities for attaining such purpose are:

- managing the access to the payment systems and of the cash payments (operational liquidity management)
- monitoring the level of the liquidity reserves and the extent of their utilization over time, with the objective of maintaining the liquidity reserves at appropriate levels in order to meet potential outflows.

As indicator of the short term liquidity risk, apart from the Liquidity Coverage Ratio, UniCredit Bank adopted the Operative Maturity Ladder (OML) by currency, whose main components are the net contractual cash flows (in/outflows) affecting the cash position of Bank, thus impacting directly the "core liquidity" of the bank over pre-defined time buckets, and the Counterbalancing capacity.

- **Medium and long-term liquidity risk management (structural risk):**

Structural liquidity management (over 1 year) aims at ensuring the financial stability of the balance sheet, with the objective of avoiding excessive and unexpected pressures on the funding requirements over the short term, whilst optimizing the funding sources and related costs. This is achieved through the maintenance of an adequate balance between the medium- long term and sticky assets and the respective stable sources of funding.

The main metric used to measure medium-long term liquidity risk is the Net Stable Funding Ratio, along with managerial structural liquidity ratios/gaps.

Liquidity Stress Testing

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 variables.

UniCredit Bank performs regular liquidity stress tests in order to diagnose the Bank's liquidity risk. The 3 main type of scenarios of potential liquidity crisis employed are:

- Idyosincratic stress scenario - defined as a factual or market-hypothesized problem specific to the Bank, expected to cause a substantial reduction in counterparty limits by rating-sensitive costumers and inter-bank markets and possible withdrawal of Sight and Saving Deposits
- Market-wide stress scenario - defined as a generally negative development in the market's environment (e.g. broad sector, market or economic events) causing an increased stretch on available liquidity
- Combined stress scenario - highlights the interconnections that stem from the happening of both economic turmoil and Bank's specific issues

In particular, the results of the stress tests are useful for:

- assessing the adequacy of liquidity limits
- assessing the right size of the counterbalancing capacity/liquidity buffer to withstand a given scenario within a defined timeframe
- providing support to the development of the contingency plan.

Monitoring and Reporting

UniCredit Bank measures and manages liquidity based on a monitoring system that envisages different types of restrictions – managerial and regulatory – embedded in risk metrics limits or warning/trigger levels.

In case of limit breach or warning level activation, Financial Risk function investigates the rationale of the events, triggering the proper escalation and reporting them to the relevant committees.

Regulatory reports refer to LCR (liquidity coverage ratio), NSFR (net stable funding ratio) and ALMM (additional liquidity monitoring metrics). In addition are the reports required by the national regulations.

The high quality liquid assets reserve consists of coins and banknotes, withdrawable reserves held at the National Bank and securities issued by the Romanian government and local public authorities. In addition, the high quality assets also include securities received as collateral in reverse repo transactions.

Liquidity outflows are influenced mostly by the evolution of non-operational deposits of corporate and sovereign customers, which is also the main source of funding for the bank.

Liquidity inflows are composed mainly of maturing deposits held at financial institutions and of instalments from clients' loans.

During the third quarter of 2023, the significant currencies for LCR reporting were RON and EUR. From a currency mismatch point of view, during the third quarter of 2023 there were some significant amounts in EUR reverse repo transactions, while the main funding sources are made up of deposits denominated mostly in the national currency from the retail and corporate customers, as well as deposits and credit facilities in EUR received from group entities and supranational institutions. The mentioned reverse repo transactions had short maturities, under 30 days, and were collateralised by high quality level 1 government bonds and interbank deposits

The following table presents, on a consolidated level, the LCR average in RON equiv. for the third quarter of 2023. The number of observations for determining the average is 12, with figures coming from monthly reports from September 2023 and the previous months.

LIQ1: Liquidity Coverage Ratio

		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on (DD Month YYY)	30.09.2023	30.06.2023	31.03.2023	31.12.2022	30.09.2023	30.06.2023	31.03.2023	31.12.2022
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
	HIGH-QUALITY LIQUID ASSETS								
1	**Total high-quality liquid assets (HQLA)**					21,832,024,523	17,737,298,059	14,926,559,738	18,478,524,599
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	20,743,975,267	16,795,430,925	14,617,979,454	18,962,247,414	1,742,726,997	1,407,626,188	1,245,833,821	1,617,462,871
3	Stable deposits	9,204,673,601	7,873,377,853	7,221,115,870	9,687,830,081	460,233,680	393,668,893	361,055,793	484,391,504
4	Less stable deposits	9,978,889,476	8,028,965,453	7,077,865,781	9,262,813,280	1,282,493,317	1,013,957,296	884,778,028	1,133,071,367
5	Unsecured wholesale funding	24,636,540,597	20,894,447,231	18,254,638,216	23,397,996,816	11,272,886,026	9,555,698,478	8,122,870,923	10,535,230,744
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	623,461,549	537,466,679	550,704,235	741,754,550	148,226,384	128,195,135	131,524,571	177,063,468
7	Non-operational deposits (all counterparties)	23,995,888,991	20,221,903,196	17,673,404,970	22,503,494,719	11,107,469,585	9,292,425,988	7,960,817,342	10,205,419,728
8	Unsecured debt	17,190,057	135,077,356	30,529,010	152,747,548	17,190,057	135,077,356	30,529,010	152,747,548
9	Secured wholesale funding					-	-		
10	Additional requirements	8,208,256,546	7,114,656,138	5,985,337,194	7,762,081,756	4,523,532,647	4,050,927,683	3,219,268,043	4,073,461,638
11	Outflows related to derivative exposures and other collateral requirements	3,987,789,353	3,638,314,612	2,899,212,387	3,681,509,510	3,987,789,353	3,638,314,612	2,899,212,387	3,681,509,510
12	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13	Credit and liquidity facilities	4,220,467,193	3,476,341,526	3,086,124,807	4,080,572,246	535,743,294	412,613,071	320,055,656	391,952,128
14	Other contractual funding obligations	1,008,685,075	824,910,039	721,774,637	995,204,566	936,450,224	764,829,747	668,164,146	927,143,845

		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on (DD Month YYY)	**30.09.2023**	**30.06.2023**	**31.03.2023**	**31.12.2022**	**30.09.2023**	**30.06.2023**	**31.03.2023**	**31.12.2022**
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
15	Other contingent funding obligations	15,613,262,979	13,056,102,448	11,589,971,991	15,446,365,926	563,284,186	512,470,808	507,123,448	700,512,643
16	**TOTAL CASH OUTFLOWS**					**19,038,880,081**	**16,291,552,905**	**13,763,260,382**	**17,853,811,742**
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	7,792,402,270	6,276,511,875	5,004,959,113	6,451,500,818				
18	Inflows from fully performing exposures	2,498,684,811	1,997,496,444	1,792,245,962	2,517,907,011	1,610,251,557	1,334,508,426	1,195,526,062	1,701,875,992
19	Other cash inflows	4,185,765,384	3,918,041,948	3,055,678,002	4,046,204,848	4,153,815,357	3,894,194,777	3,029,154,196	3,985,615,279
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)								
EU-19b	(Excess inflows from a related specialized credit institution)								
20	**TOTAL CASH INFLOWS**	**14,476,852,465**	**12,192,050,267**	**9,852,883,077**	**13,015,612,678**	**5,764,066,914**	**5,228,703,202**	**4,224,680,258**	**5,687,491,270**
EU-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
EU-20b	Inflows subject to 90% cap	-	-	-	-	-	-	-	-
EU-20c	Inflows subject to 75% cap	14,476,852,465	12,192,050,267	9,852,883,077	13,015,612,678	5,764,066,914	5,228,703,202	4,224,680,258	5,687,491,270
TOTAL ADJUSTED VALUE									
EU-21	LIQUIDITY BUFFER					21,832,024,523	17,737,298,059	14,926,559,738	18,478,524,599
22	**TOTAL NET CASH OUTFLOWS**					**13,274,813,167**	**11,062,849,703**	**9,538,580,124**	**12,166,320,471**
23	**LIQUIDITY COVERAGE RATIO**					**164.46%**	**160.33%**	**156.49%**	**151.88%**

In the third quarter of 2023, the LCR level was comfortably above regulatory requirements (100%), as well as exceeding the internally targeted level by the Bank which is above the regulated level. Furthermore, UniCredit Bank calculates on daily basis the LCR and monitors very tightly the evolution of the indicator on a weekly basis.

During Sept 2022 – Sept 2023, UniCredit Bank maintained an adequate level of the NSFR, with an average at consolidated level for the last 4 quarters over 167.89%.

UniCredit Bank aimed to improve the liquidity coverage ratio by increasing the residual maturity of funding resources and through obtaining funding with low outflow rates. For achieving this goal, the bank considers in current business strategy a priority to gather retail deposits.

The evolution of the NSFR indicator during the last 12 quarters at consolidated level is presented in the table below:

Date	Total ASF	Total RSF	Ratio	Exchange Rate
30-Sep-20	36,255,277,123	21,151,131,613	171.41%	4.8698
30-Dec-20	37,248,331,575	21,202,491,856	175.68%	4.8694
31-Mar-21	36,370,162,982	21,988,845,371	165.40%	4.9251
30-Jun-21	36,664,152,339	22,076,223,520	166.08%	4.9267
30-Sep-21	37,655,218,179	23,600,574,613	159.55%	4.9471
31-Dec-21	39,571,899,021	24,829,395,127	159.38%	4.9481
31-Mar-22	41,185,048,487	25,832,208,172	159.43%	4.9466
30-Jun-22	41,912,671,860	27,028,609,305	155.07%	4.9454
30-Sep-22	42,792,755,458	27,222,941,166	157.19%	4.9490
31-Dec-22	47,493,940,949	27,337,111,787	173.73%	4.9474
31-Mar-23	47,645,913,369	28,212,105,783	168.88%	4.9491
30-Jun-23	47,987,224,435	27,939,290,868	171.76%	4.9634
30-Sep-23	49,592,551,640	29,137,475,506	170.20%	4.9746

The next table presents the NSFR summary as of September 2023:

LIQ2: Net stable funding ratio (NSFR)

RON equivalent		Unweighted value by residual maturity				Weighted value
		No maturity	<6 months	6 months to <1 year	≥1 year	
Available stable funding (ASF) item						
1	**Capital:**	**7,143,250,598**	**-**	**-**	**1,077,983,704**	**8,221,234,302**
2	*Regulatory capital*	7,143,250,598	-	-	1,077,983,704	8,221,234,302
3	*Other capital instruments*	-	-	-	-	-
4	Retail deposits and deposits from small business customers:	-	21,990,221,103	681,688,594	8,068,595	20,878,261,823
5	*Stable deposits*	-	9,302,039,813	7,450,206	558,037	8,844,573,555
6	*Less stable deposits*	-	12,688,181,290	674,238,389	7,510,558	12,033,688,268
7	Wholesale funding:	-	23,918,233,933	1,944,702,616	8,110,211,866	19,558,078,680
8	*Operational deposits*	-	583,384,161	-	-	71,572,290
9	*Other wholesale funding*	-	23,334,849,772	1,944,702,616	8,110,211,866	19,486,506,390
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities:	358,450,904	869,325,299	-	934,976,835	934,976,835
12	*NSFR derivative liabilities*	358,450,904	-	-	-	-
13	*All other liabilities and equity not included in the above categories*	-	869,325,299	-	934,976,835	934,976,835
14	**Total ASF**	-	-	-	-	**49,592,551,640**
Required stable funding (RSF) item						
15	**Total NSFR high-quality liquid assets (HQLA)**					**194,839,540**
15-a	Assets encumbered for a residual maturity of one year or more in a cover pool		-	-	-	**-**
16	Deposits held at other financial institutions for operational purposes					
17	Performing loans and securities:		19,149,687,923	7,362,673,894	22,859,362,872	25,525,625,714
18	*Performing loans to financial institutions secured by Level 1 HQLA*		9,876,745,382	-	-	-
19	*Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions*		596,906,958	249,790,126	748,576,917	933,162,676
20	*Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:*		8,097,025,950	6,699,881,391	15,264,050,857	24,580,709,269
21	*With a risk weight of less than or equal to 35% under the Basel II standardized approach for credit risk*		369,276,701	860,618,461	4,146,983,484	7,745,740,651
22	*Performing residential mortgages, of which:*		579,009,632	413,002,377	6,832,907,135	-
23	*With a risk weight of less than or equal to 35% under the Basel II standardized approach for credit risk*		361,223,906	275,291,694	6,333,840,009	-
24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		-	-	13,827,963	11,753,768
25	Interdependent assets		-	-	-	-
26	Other assets:		3,767,673,373	-	2,018,995,483	2,036,918,028
27	*Physical traded commodities*		-	-	-	-
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		-	-	-	-
29	*NSFR derivative assets*		-	-	-	-
30	*NSFR derivative liabilities before deduction of variation margin posted*		358,450,904	-	-	17,922,545

RON equivalent		Unweighted value by residual maturity				Weighted value
		No maturity	<6 months	6 months to <1 year	≥1 year	
31	*All other assets not included in the above categories*		3,409,222,470	-	2,018,995,483	2,018,995,483
32	Off-balance sheet items		12,137,433,209	701,534,019	8,452,295,279	1,380,092,224
33	**Total RSF**		-	-	-	**29,137,475,506**
34	**Net Stable Funding Ratio (%)**					**170.20%**

The items requiring stable funding consisted of investments in securities, loans and credit lines, while stable funding was provided by items such as capital instruments, retail and corporate deposits, intragroup financing and facilities from supranational entities.

Risk Mitigation

The main liquidity mitigation factors for UniCredit Bank are:

- planning and monitoring of the short-term and medium to long-term liquidity needs;
- an effective Contingency Liquidity Policy (CLP), including a Contingency Action Plan to be executed in case of market crisis;
- a liquidity buffer to face unexpected outflows;
- liquidity stress testing performed on a regular basis;
- a system of early warning indicators to anticipate increased risk or vulnerabilities in the liquidity position or potential funding needs.

Funding Plan

The Funding Plan plays a fundamental role in overall liquidity management, influencing both the short term and long term liquidity position. It includes the set of the medium long term instruments (with relevant amount, maturity, timing, cost) to be realized in order to cover the expected funding deriving from the planned evolution of the liquidity uses and, avoiding pressure on the short term and ensuring compliance with regulatory and managerial limits.

The Funding Plan is updated at least on a yearly basis and is aligned with the Financial Planning (Budgeting) process and the Risk Appetite Framework.

Contingency Liquidity Management

Contingency Liqudity Management has the objective of ensuring the availability of an effective organizational model in order to manage effectively the negative effects of a liquidity crisis situation, which is achieved through:

- setup of an extraordinary liquidity crisis governance model, linked to a set of early warning indicators, that can be activated in case of a crisis
- pre-definition of a set of available standby mitigating liquidity actions in order to be able to proceed timely
- consistent internal and external communication crisis.

A relevant part of the contingency liquidity management is the **Contingency Funding Plan**, which describes potential, but concrete actions the Bank can take in order to obtain additional funding in contingency situations and is complementary to the yearly Funding Plan. The measures foreseen are described in terms of a menu of actions together with sizes, instruments, and timing of execution aimed at improving the Bank's liquidity position during times of name or systemic crisis.

Early warning indicators

In order to identify emerging vulnerabilities in its liquidity risk position or potential funding needs, UniCredit Bank employs a set of early warning indicators linked to macroeconomic or market indicators and specific internal metrics. A specific activation mechanism is adopted in order to have sufficient time to inform senior management of a deteriorating situation and allow putting in place adequate actions aimed at restoring the business-as-usual state.

ANNEX 1: UniCredit Bank SA Xls Templates

Covered area	Template id	Template Name	Link to
Regulatory capital	CC1	Composition of regulatory capital-Own Funds	Composition of capital'!A1
	CC2	Reconciliation of regulatory capital to Financial Statements	Capital vs FS reconciliation'!A1
	KM1	Key metrics (at consolidated group level)	KM1!A1
Capital requirements	EU OV1	Overview of RWAs	EU OV1'!A1
Counterparty credit risk			
Capital buffers		Capital buffers	Capital buffers'!A1
Credit risk adjustments		Credit quality of exposures by exposure class and instrument	
Leverage	LRSum	Summary comparison of accounting assets vs leverage ratio exposure measure	LRSum!A1
	LRCom	Leverage ratio common disclosure template	LRCom!A1
Liquidity	LIQ1	Liquidity Coverage Ratio (LCR)	LIQ1!A1
	LIQ2	Net Stable Funding Ratio (NSFR)	LIQ2!A1
Market risk		Market risk under the standardized approach	EU MR1'!A1