UNICREDIT BANK HUNGARY ZRT.
RISK MANAGEMENT REPORT FOR 2021

Compliance with the disclosure requirements laid down in Part VIII of Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms

The data contained in this document

reflect the situation as at 31.12.2021.

Applicable laws and regulations[1]:

- Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (hereinafter: "CRR")
- Directive 2013/36/EU of the European Parliament and of the Council on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC ("CRD IV", Hungarian version)
- Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises ("Hpt.")
- Act C of 2000 on Accounting
- Recommendation of Magyar Nemzeti Bank (National Bank of Hungary) 9/2021 (23 June) on the general requirements of the public disclosures of credit institutions and investment enterprises
- Recommendation of Magyar Nemzeti Bank (National Bank of Hungary) 9/2017 (8 August) on the public disclosures relating to liquidity risks
- Recommendation of Magyar Nemzeti Bank (National Bank of Hungary) 13/2017 (30 November) on the specific requirements of the public disclosures of credit institutions and investment enterprises
- Recommendation of Magyar Nemzeti Bank (National Bank of Hungary) 21/2019 (16 December) on disclosure requirements for non-performing exposures and restructured claims of credit institutions
- MNB Management Circular on the disclosure of exposures subject to measures taken in response to the COVID-19 crisis

List of abbreviations and short references

AFR: Available Financial Resources

Bank Group: A collective reference to the Bank and group members subject to consolidated supervision. Consolidated legal entities are listed on page 29.

Bank: UniCredit Bank Hungary Zrt.

BPV: Basis Point Value

CPV: Creditspread Point Value

CRR: Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms

EAD: Exposure at Default, the expected value of risk exposure upon insolvency

FX: Foreign exchange rate

Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises

IBNR: Incurred but not reported

ICAAP: (Internal Capital Adequacy Assessment Process): Internal Capital Adequacy Assessment Process

IFRS: International Financial Reporting Standard

[1] The 2021 risk report is based on the laws and regulations effective in 2021, and references are also made to such laws and regulations.

IRB: Internal Ratings Based approach

LGD: Average loss amount upon failure to make payment

NPL: Non-Performing Loan

PD: Probability of Default

Retail: Retail clients and small business clients treated as retail for the purposes of capital requirement calculations

UniCredit Group: an international bank group, of which the Bank is a member

VaR: Value at risk

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1 Disclosure requirements

This specific document is intended by UniCredit Hungary Bank Zrt. ("the Bank") to ensure compliance with the disclosure requirements under Pillar 3 as defined in the CRR and in Article 122 of the Credit Institutions Act. Pursuant to CRR Article 432, the Bank is not obliged to disclose any information it deems insignificant or protected or confidential (in accordance with the criteria laid down in Article 122 of the Credit Institutions Act).

The Bank satisfies the disclosure requirements at the frequency set out in the legislation; the annual disclosure requirements are met once a year by publishing the individual and consolidated risk management report simultaneously with its annual reports.

At its discretion, the Bank may assess the need to publish some or all disclosures more frequently than annually in the light of the relevant characteristics of its business such as scale of operations, range of activities, presence in different countries, involvement in different financial sectors, and participation in international financial markets and payment, settlement and clearing systems.
Within the framework of such disclosure the Bank publishes the information on its own website (www.unicreditbank.hu) and, simultaneously, sends its individual and consolidated risk management report to the Supervisory Authority.

In the document below, the Bank primarily presents data and information as at 31 December 2021, as defined in CRR Part VIII and approved by the management board.

2 Risk management objectives and policies (Article 435)

The Bank as well as other group members subject to consolidated supervision (collectively "the Bank Group") have designated their risk strategy at an average (that is, maturely cautious and selectively competitive and at the same time, supportive) level, formulating their risk exposure principles accordingly. As a member of the international UniCredit Group, the Bank shall adhere to all principles devised by the UniCredit Group and incorporate them into its risk assumption processes.

The risk exposure principles and the risk strategies are approved by the Board of Directors. The Board of Directors receives, on a regular basis, reports on the risk composition of the Bank's portfolio, based on which it evaluates the implementation of the risk strategy.

The core of the Bank Group's risk policy is a commitment to the principle of best practice while adhering to the competitive environment and complying with prudential requirements.

On an annual basis, the Bank prepares a document describing its risk appetite with a top-down and bottom-up alignmentbargaining process conducted in the framework regulated by the UniCredit Group. The document sets specific targets for a number of risk dimensions in accordance with the risk strategy. In addition to targets, the Bank also defines trigger and limit values, which it monitors on a monthly basis, implementing targeted action plans in the event of a breach. Such values are defined for a number of market risk, liquidity, capital adequacy and profitability indicators.

The 'risk appetite' framework is closely linked to the operative lending and business strategy, defining the Credit Risk Strategy for 2021 (in alignment with long-term strategic planning). Through the operative strategy, the risk appetite is incorporated into the Bank's daily operations and monitoring process.

The internal regulations of the Bank Group members describe the procedures applicable to client segmentation, conclusion of contracts on exposures, client and debtor rating, decision-making procedures on exposures, coverage valuation and monitoring as well as impairment and provisions.

The Bank Group's risk-taking process is comprised of the identification, measuring, management and strict monitoring of risks. Of all possible measurement methods, the Bank aims to select the best methodology that duly reflects its risk profile and is the best possible tool for estimating potential risk-induced losses.

Efficient risk management includes the definition of an acceptable level of exposure required for business success, the establishment of a monitoring system for limit maintenance, as well as the selection of tools applicable for active risk management.

2.1 Credit risk

According to the Bank's definition, credit risk in a narrow sense refers to the risk of the other party's inability to perform according to the contract terms its payment obligations arising from any credit, deferred financial performance or other type of credit relationship, which is why the institution may incur a loss. In a broader sense, credit risk also means all risks related to default, including risks arising from the non-performance of purchase contracts (settlement risk, free delivery risk), and risks arising from the future performance of purchase contracts (replacement risk).

Given its core activity, lending is the main risk for the Bank, which is managed by means of properly established debtor rating systems, and the Bank also tries to limit credit risk by optimising its coverage portfolio.

The credit policy of the Bank (as well as its whole operation) aimed at sustainable growth in 2021, and the same will also be continued.

As for new retail loans, the Group applies selectivity, meaning more focus on products and segments with a lower risk profile, in accordance with Holding Policies and Guidelines, the legal provisions implemented in 2010 on responsible lending, as well as the central bank decree implemented in 2015 and amended in 2016 and in 2018 on instalment-to-income and loan-to-value ratios, owing to which the quality of the newly placed portfolio is excellent.

In compliance with the EBA/GL/2018/06 on the management of non-performing and restructured loans, and the recommendation of the National Bank of Hungary (MNB) 10/2018 (27 February), 'on the elimination of high non-performing exposure portfolios', UniCredit Bank Hungary Zrt. has been preparing approving and regularly monitoring a strategy and operating plan for the management of non-performing loans, as part of the UniCredit SpA Group NPE Strategy since 2017.

The Bank continues to focus on its collection processes and, in addition to the programmes prescribed by law and recommended otherwise (such as MNB Recommendation No. 1/2016. (11 March) on the recovery of retail mortgage loans in default), it continuously offers the possibility of renegotiation to its retail clients who are in arrears with their repayments due to payment problems or due to economic circumstances. The Bank has met and continuously applies MNB Recommendation 1/2016 (11 March) Our bank also takes into account the MNB Recommendation No. 2/2019 on consumer receivables management and restructures its processes accordingly.

The Bank maintains its cooperation started in 2012 with the National Asset Management Company (Nemzeti Eszközkezelő, NET) and, on basis of individual assessment and decision, allows debtors fulfilling the criteria set forth in the respective legal regulations to participate in the programme. Upon participation, the NET purchases the mortgaged real estate, pays the purchase price to the Group as repayment to the outstanding loan and the Group releases the rest of the loan, with the debtor continuing to remain in the property as a lessee.

Our financial institution accepted a new declaration of intent in that regard until 21 November 2018 pursuant to Government Decree 212/2018 (20 November) on certain rules relating to the National Asset Management Programme.

We inform our customers about the possibility of independent sale of the coverage property as an alternative channel bypassing legal processes. In order to support this process, a significant modification was made to the process in Q1 2017, with the goal of offering a solution even for claims receivable that still remain outstanding in the course of seeking a solution together with customers.

In 2021, continuing to focus on the non-performing portfolio, the Group proceeded with its project launched in 2018 with the objective of selling larger packages of non-performing retail loans just like in the previous years. As a result of the project, a long-term framework agreement was signed, through which receivables will be sold regularly, thus keeping the loan portfolio non-performing due to ordinary cash inflow to a minimum level. As a result of the framework agreement, several successful transactions were closed in 2021.

The Group launched a number of initiatives in the corporate sector to reinforce lending, while continued to give priority to monitoring, restructuring and collection activities. In the case of the loan portfolio the Group's lending policy is differentiated by sector and it defines a selective risk approach for new transactions in the most endangered sectors. The Bank applied this principle in particular during the COVID-19 pandemic, when it assessed and monitored individual borrowers according to the sectoral characteristics and the degree of COVID exposure. In addition to the statutory moratorium, the Bank has supported the conversion of its customers to schemes offering preferential interest rates and favourable repayment terms through the public loan and guarantee schemes.

The volume of non-performing loans fell sharply between 2016 and 2021. Owing to the prudent risk assumption policy, the composition of the loan portfolio is balanced both in terms of performing deals and deals transferred to special management in 2021.

Each client towards whom the Bank assumes any risk shall have a rating performed by the Bank. The Bank employs strict guidelines for the scope and evaluation of acceptable collateral as well as for the coverage ratio. Client and counterparty ratings must be performed for each client prior to any exposure (and at least once a year during the review); the purpose of the rating procedure must be to ensure that the creditworthiness of the particular client or counterparty can be established clearly. The aim of client rating is to define the client rating, i.e. the probability of default. The Group applies the principle of 'one date – one rating': one client may only have one valid client rating at a given date.

The client relationship manager and the risk manager keep the client rating up-to-date. Any change in the data and information relevant to solvency always triggers a new rating assignment process.
The Bank classifies its clients into risk segments (categories) and applies different client rating systems and rating criteria to the different client categories. Contracts involving an exposure towards clients may be concluded following specific rating, loan assessment and credit decision procedures.
A decision is required on the assumption of the risk prior to any business offer that entails a commitment for the Bank. Valid risk-taking is subject to a joint decision by the respective business unit (retail or corporate) and Risk Management on the transaction involving the exposure.
The Bank applies a group level PD scale to its counterparties. The client rating scale applied by the Bank contains eight categories (23 sub-categories) for performing clients and three categories for non-performing clients. For group level models, separate rating scales have been designed, which are different from the generally used 26-grade scale.
Pursuant to the provisions of the Credit Institutions Act, the Bank values its assets, commitments and other loans on a quarterly basis. Client rating is an important factor in such valuation and in establishing the nature of valuation. In the case of retail clients and small enterprises, whether the client and the client's transactions are rated as performing or given any other rating is decided in the course of monitoring, as a result of the consultations between the business units and Risk Management. With large and medium enterprises, in addition to the provisions of the Credit Institutions Act, performing clients may be rated on a daily basis as part of the Early Alert / Watch List process in light of the warning signals received. Decisions on transferring clients to Classified Loans Management are adopted by Monitoring. In respect of transferred clients, Classified Loans Management adopts decisions or prepares decision planning materials and proposals on whether to grant a performing rating or otherwise.
The Bank applies the Implementing Technical Standard issued in 2014 by the European Banking Authority (EBA) on the management and reporting of forbearance and non-performing exposures. The Bank follows the principles laid down in the ITS to include forbearance and non-performing exposures in IFRS reports.

2.2 Market risk

In order to assess market risks, the Bank employs a VaR-based model, and also relies on that model for the operation of its internal limit system. The Bank establishes applicable limits in accordance with the UniCredit Group guidelines.
Of market risk factors, priority is given by the Bank to interest rate risk, securities spread risk and FX risk. A fundamental aim is to keep the bank book portfolio free of open interest rate positions and FX positions other than the long-term strategic position. The interest risk limit system is in line with the regulations of the UniCredit Group and restricts the exposures that may be assumed by the Bank and are measured in basis points by currency and maturity band.
The risk assessment of positions where risk profiles cannot be determined based on contract terms is performed through the establishment and continuous assessment of so-called model portfolios.

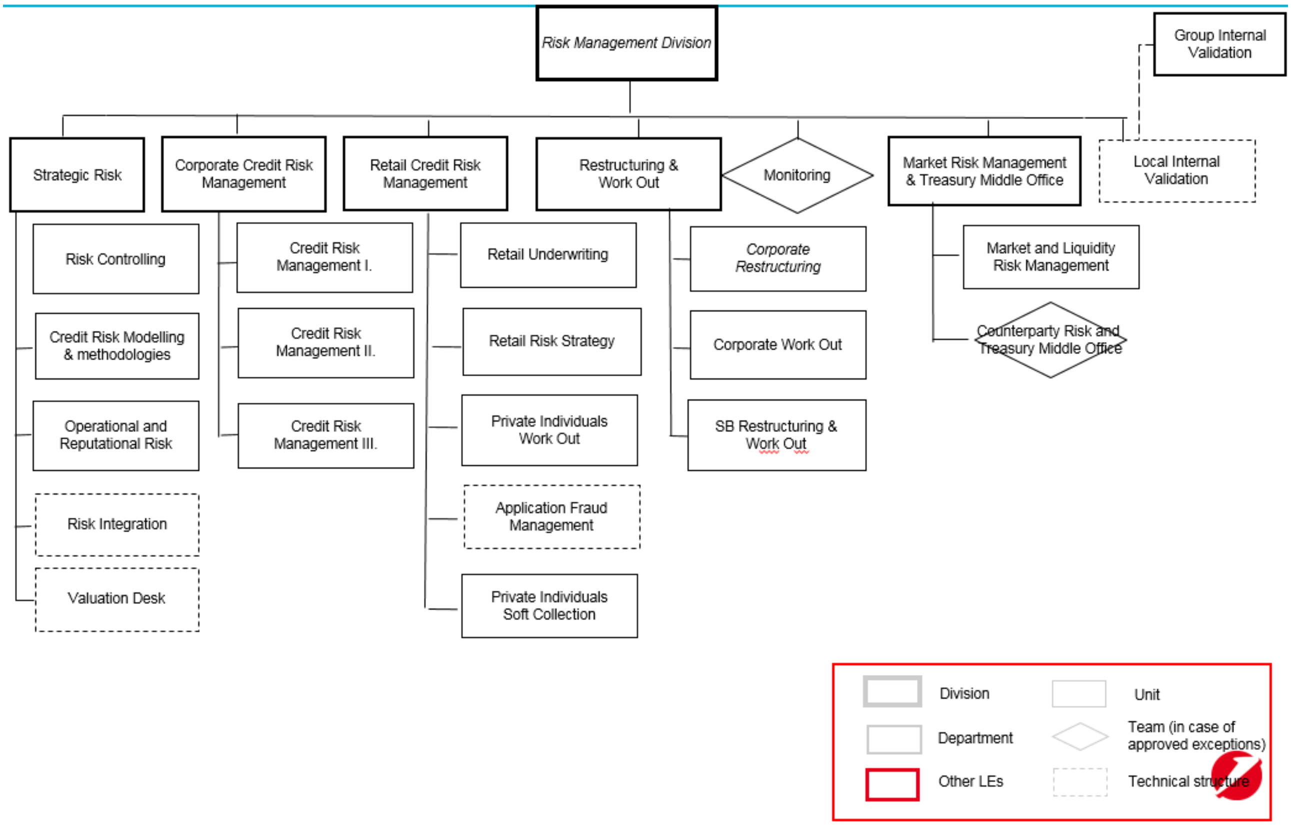
2.3 Operational risk

The Bank has established and operates its framework of operational risk based on group level standards, which include the continuous collection of loss data, the definition and monitoring of key risk indicators, the formulation and collection of proposals on risk mitigation and the monitoring of the implementation of such measures, regular self-assessment and, as a result of all this, the improvement of processes.
The Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The operational risk events are coming from internal or external fraud, employment practices and workplace safety, clients, products, and business practices such as issues arising from the features of a product or improper business or market acts, due to negligent application of current laws, damages to physical assets, business disruption and IT system failures and execution, delivery and process management like the events are mainly related to human/manual mistakes.
For operational risk management, the primary goal is proactivity, i.e. the prevention and mitigation of risks. Within the framework of operational risk management, the Bank proceeds in order to achieve the objectives of the UniCredit group and local risk mitigating strategies.

2.4 Organisational units, functions and reporting systems of risk management

In terms of organisation, the Risk Management Division is completely separated from other business areas. The Division Manager is a member of the Management Board and reports directly to the President-CEO. The tasks and competences of the Head of the Risk Management Division, of the managers and employees reporting to the Chief Risk Officer (CRO) as well as of certain committees are laid down in the currently effective Code of Organisation and Operation, the Competence Regulations and the Regulations on the Procedures related to Commitments.

The structure of the Risk Management Division is shown in the following figure valid on 31.12.2021.



2.5 Components of Risk Management

Corporate Credit Risk Management

Tasks: controlling of the professional quality of loan proposals, making of risk assessments for the proposals drawn up by the business units, preparation of credit decisions, making of credit decisions within its own scope of competence, review of monitoring activities of clients having deals classified as performing, development and monitoring of sector-specific risk strategies, performing country risk management and bank and financial institution risk management tasks, supervision of the Country Risk Policy.
Its units were established by applying a sectoral approach.

Retail and Small Business Credit Risk Management and Retail Collection

Tasks: supervision and analysis of the portfolio quality of the retail and small business division, participation in the development of loan products used by the retail division, in the establishment and review of the loan assessment processes and systems, and in the development of the client rating systems applied, responsibility for the development and compliance with the credit risk strategy. Its tasks also include small business loan assessments and decisions; credit decisions in retail lending transactions; submission of transactions to credit committees; professional supervision of the process; identification and measurement of the risks of fraud affecting the retail and small business portfolio, management and mitigation of risks by applying and operating the set of tools developed for handling retail and small business credit frauds, and the coordination of such activities. Additional tasks include the regulation of handling overdue debts from lending in the retail division, furthermore, implementation and documentation of collection activities, management of requests for the renegotiation of debts, termination of contracts, and contact keeping with external partners involved in the collection activities.
Organisational units:

- Retail and Small Business Loan Assessment
- Retail credit risk management Strategy
- Retail Soft Collection
- Application Fraud Management
- Retail Workout

Monitoring, Restructuring and Work Out

Tasks: management of overdue debts transferred by the Monitoring unit in the case of corporate clients (corporate, real estate, structured finance) and small business clients, elaboration and execution of action plans for managing matured/defaulted loans, forbearance and work-out activities and (for corporate and small business clients) supervision of the collection phase. Monitoring tasks: mitigation of the risks and potential loss of the performing credit portfolio by recognising early and managing proactively any deterioration in creditworthiness, through interventions in performing loans prior to default that are aimed at controlling the amount of exposure (limitation or reduction) in order to reduce the EAD (exposure at default) and at optimising/improving the collateral structure in order to reduce the LGD (loss given default).
Organisational units:

- Corporate Restructuring
- Corporate Work-out
- Small Business Forbearance and Work-out
- Monitoring

Strategic risk management

Tasks: the Risk Reporting unit is responsible to provide a regular and ad hoc internal and external information on the portfolio, furthermore, for the coordination and preparation of reports on the allocation of provisions and impairment settlement on a monthly and quarterly basis. The Credit Risk Models and Methods unit ensures

compliance with the provisions of Basel 2, monitors and supervises credit risks, identifies required developments, develops and validates local models used for estimating risk parameters, coordinates the implementation process of group level models and also prepares the respective reports. The tasks of integrated risk management include the coordination of complex projects of the division and this unit is responsible for the Bank's internal capital adequacy assessment process (operation of ICAAP, reporting, organisation and conduct of committee meetings, coordination of the comprehensive stress test), as well as the establishment and updating of the recovery plan.
The responsibilities of property valuation and advice (Valuation Desk) include the valuation of bank collaterals, verification of the condition of buildings and the utilisation of assets, property market data research and market reports, projections, monitoring the real estate market processes, data collection and analyses by market segment, advice to customers and monitoring customers on the Hungarian property market, preparing property expert opinions.

Organisational units:

- Risk Controlling
- Credit Risk Models and Methods
- Integrated risk management
- Property sale and advice (Valuation Desk)

Operational and Reputation Risk Controlling

Operational and Reputation Risk Controlling ensures compliance with the legislation and group level regulations pertaining to operational and reputation risks and coordinates and supervises decentralised operational risk management.

Market risk management and Treasury Middle Office
Tasks: regular monitoring of market and liquidity risks, preparation and submission to the decision-making bodies of risk reports.
Organisational units:

- Assessment of Market and Liquidity Risks
- Counterparty risk and Treasury Middle Office

Validation
Performance of independent validation activities in accordance with Group policies and external regulations, according to the validation plan in the following areas:

- model validation
- IT validation
- data validation
- process validation
- validation of reporting systems (reports)
- validation of risk mitigation techniques (CRM)

2.6 Risk committees

The Bank has established the following risk committees for the management and monitoring of risks as well as for decision making:

- Operative Credit Committee (meets regularly twice a week)
- CEO's Credit Committee (meets regularly twice a week)

- Financial Risk Committee (meets regularly on a monthly basis)
- Non-Financial Risk & Control Committee (meets regularly on a quarterly basis)
- Risk Committee (meets as required but at least quarterly)

Permanent members of the risk committees include the heads of the appropriate levels of the units concerned, giving them direct access to risk-related information.
The other members of the local group have similarly structured organisations reflecting the complexity of their activities.
The tasks of the local group members and the Bank Group are performed by the Bank's organisational units and committees with regard to several activities, and such units and committees are also responsible for implementing the principles defined at group level.
The Management Board is responsible for approving the local group's principles of risk assumption and risk management tools.

2.7 Reporting systems

The Bank receives regular statements and reports on the quality and transactions of the portfolio as well as on the rating systems, which are used as governance inputs and for making the process of business decisions faster and more accurate.
The individual units of the Bank prepare monthly and quarterly reports through the management information system.
Units responsible for preparing the individual reports:

- Planning and Controlling
- Strategic risk management
- Corporate Credit Risk Management
- Retail and Small Business Credit Risk Management
- Classified Loans Management
- Market Risk Management
- Monitoring

The reports are presented below:

Reports prepared by Planning and Controlling:

- Monthly consolidated performance of the Bank and the monthly performance of the consolidated subsidiaries, presenting in detail the revenues / expenses / portfolios of each segment. Apart from the monthly actual data, comparison with the budget and the actual data of the previous year is also part of the report. (Management Report)
- Monthly presentation of the development of consolidated profit and loss items / portfolios according to key performance indicators (KPIs). Apart from publishing consolidated segment data, the report also describes the market share and contains comments on the performance of the subsidiaries. (FLASH Report)
- Monthly year-to-date (YTD) comparison of detailed budget and actual segment / sub-segment data. (Segment Report)

Reports prepared by Strategic Risk Management

- On the quality of the Bank's consolidated loan portfolio and its monthly status, with separate details on receivables from banks and clients. (Risk Report)
- Result from and movements in the sale of the non-performing portfolio. (NPL Sales report)
- A report on the Bank's consolidated loan portfolio and its variation, which provides detailed information

supporting decision makers on a quarterly basis by presenting the loan portfolios and the main risk parameters by segment and product. (Quarterly Risk Report – Credit Tableau de Board (CTdB))

- Reports on the development (inflow. outflow, stock) of the NPL portfolio
- A monthly presentation of the completeness and accuracy of ratings and accuracy of the applied rating model (Report on rating model use)
- Quarterly monitoring of the client rating systems based on risk parameters (Risk report on the rating systems)
- ICAAP Risk Report: This report summarises the ICAAP results quarterly, and presents the capital requirement under Pillar 1 and according to ICAAP by risk type as a comparison of the current quarter and the annual plan, describes capital adequacy under Pillars 1 and Pillar 2, a time line based comparison of the results of internal capital calculation, the current risk appetite indicators, defined within the risk strategy and compares them to the targets and limits. It also contains information on the concentration indicators and regional concentrations of the corporate credit portfolio and individual concentration risks of the credit portfolio, and the sectoral credit limits defined for the subsequent quarter, on the capital requirement for operational risk, on the changes in EVA and ROAC, aggregated at Bank Group level, and on the capital requirement of the high risk portfolios. (ICAAP Risk Report)

Reports prepared by the Valuation Desk

- IRG Market Research: a report produced every six months, the qualitative portion of which contains the developments in the subsegments of the real estate market over the latest six months (demand and supply, new contracts, lease fees, vacancy rates, etc.) as well as the outlook for the future. The quantitative part also contains the values of clerical parameters (existing portfolio, new deliveries, vacancy, market rates per square metre, net lease fees per square metre, land prices, prime yield, average net construction cost per square metre) during the period analysed, the amounts expected for next year and expected trends, also in a breakdown by real estate subsegment.

Reports prepared by Corporate Credit Risk Management (on a consolidated level):

- Quarterly portfolio report on corporate credit risk, including quarterly movements in the performing and non-performing corporate portfolios, a description of the non-performing portfolio by rating category, the performing, watch list and non-performing portfolio by corporate sub-segment, the corporate portfolio by industry and rating, quarterly statistics on credit decisions for the performing portfolio, an analysis describing out- and inflows in the non-performing portfolio, quarterly movements in the number of customers under the responsibility of Classified Loans Management, and quarterly flows of the Monitoring and Classified Loans Management portfolios. The report also includes a presentation of the Real Estate portfolio: weight within total corporate loan portfolio, RE-subsegment ratios, maturity structure, breakdown by location, compliance with indicators required under the risk policy.
- Industry Credit Risk quarterly monitoring report, including movements in the corporate portfolio belonging to each industry, compliance with industry strategic objectives, and the required measures. It includes an explanation on the corporate non-performing portfolio in cases where the movement of the non-performing portfolio in the industry concerned has exceeded +/-10%.
- Commercial Real Estate Report: contains the structural breakdown of the real estate loan portfolio by real estate segments, real estate phase (development-investment), location (Budapest - outside the capital city), PL/NPL, decision-making level (local/holding), formerly on a quarterly basis.

Reports prepared by Retail and Small Business Credit Risk Management:

- A quarterly report prepared for the retail and small business segments as well as for the retail activities of Jelzálogbank. The purpose of the report is to present the complete retail portfolio in terms of the credit portfolio and risks, such as impairment allocation and risk costs for each segment and product. It provides a general overview of the various delinquency indicators (e.g. different delinquency ratios, vintage indicators) and roll rates in a breakdown by time and product, as well as of the preventions and losses detected by the fraud monitoring activity. The reports also include backtesting on the efficiency of the activities of the collection areas. In relation to retail loans it includes the presentation of portfolio quality by sales channel and also forborne loans. (Portfolio Report, Retail Workout Report, Soft Collection Report, Fraud Report)

Reports prepared by Market Risk Management:

The Bank measures its market risks against a number of risk factors and benchmarks, limiting such risks using the associated limit system in respect of both the Bank as a whole and specific business units.
Daily information about VaR, BPV, CPV, FX and Equity exposures and limit utilisation is given to senior management and to the business units concerned, with an escalation sent in the event of a limit breach.
The Bank also monitors the containment of liquidity risks within limits on a daily basis, and has processes in place to ensure prudential liquidity management.

Reports prepared by Monitoring:

- There is a quarterly consolidated report presenting by customers/customer groups having more than EUR 1 million exposure individually, and clients and groups having lower exposures on an aggregated basis and describing the early warning signs and their causes and details, the method and reason of the termination of any warning sign, the approved action plan and the deadlines contained therein, and the results of any updated client rating. (Watch List Report)
- A consolidated monthly report is prepared at the end of each month for the management about clients with more than EUR 1,000 outstanding in total and expired review date. The report specifies aggregate client numbers for each business line and maturity category. On the other hand, the attached Excel shows the detailed list of clients with overdue review date broken down to business units. (Overdue Review Status Report)
- There is also a consolidated quarterly report restricted to corporate clients with overdue review dates and total commitments above EUR 1,000, which contains aggregated data on the number of clients and of volume figures by overdue category for CEE Monitoring. (Overdue Review Report)
- Consolidated statement of overdue loans on a quarterly basis based on quarter-end data. The main objective of the report is to present changes in the quality of the corporate portfolio based on the delinquency day categories. It presents the complete corporate portfolio in a breakdown by number of clients, portfolio and PSC (performance status code: Normal Business – Watch List – Restructuring – Work out), as well as the loans having past due balances classified by the number of days past due. The report contains consolidated data. (Corporate Overdue Report)

2.8 Main principles of regulations on risk mitigation and credit risk coverage, risk mitigation strategies and processes

The Coverage Assessment Regulation defines the principles and methods for the valuation of collaterals securing the Bank's transactions representing risks, furthermore, the legislative provisions on collaterals and the principles of monitoring collaterals applied by the Bank, in accordance with the respective legal environment and the provisions of the UniCredit Group on risk mitigating techniques.

There is no clear equivalence between client rating, the amount of exposure, the extent of coverage and the duration of the exposures as they are always subject to the decision of the given decision maker, but the collateral structure of the particular deal(s) shall be in line with the creditworthiness of the client, and the type and tenor of the underlying deal. The rules concerning the suggested minimum coverage for each exposure class are included in the Regulations on Client and Counterparty Rating. In the case of certain products and schemes, other requirements set out in specific regulations regarding coverage must also be observed.

The correlation between the value of the provided collateral and the debtor's credit rating must not be high.

Prior to making a decision on lending/exposure, the Bank ascertains the availability, fair value and enforceability of the coverage and collaterals as well as any material information and risks relating to their values and enforceability. The existence and value of tangible collateral must be established by site inspections involving a separately designated valuation expert. The person conducting the valuation of the collateral may not be a party to the decision on the exposure. Prior to the conclusion of the agreements on exposures and/or their entry into force/disbursement, the Bank verifies the availability of the collateral structure approved in the proposal as well as the fulfilment of the conditions for its enforceability, otherwise the exposure may not take place. The verification process is regulated in the administrative regulations for preparing contracts. The Bank regularly monitors the availability and value of the collaterals.

The application of credit risk mitigation instruments generates new types (e.g. concentration, residual, etc.) of risks, which the Bank takes into account when considering the impact of credit risk mitigation (collateral deduction). Apart from the haircuts depending on the collateral type, the Bank applies also further deductions in accordance with the CRR in collateral valuation. In the case of currency mismatch, the Bank applies currency haircut to take into account the exchange rate risk, while it applies maturity haircut to coverage provided for a period shorter than the full tenor of the exposure. Collateral with maturity mismatching may only be accepted in exceptional cases with the authorisation of Risk Management, and only for collateral maturing over one year.

The Bank also accepts collaterals which are not eligible for reducing the capital requirement to mitigate risks arising from the transaction. Zero collateral value is assigned to such collaterals.

2.9 Corporate governance

Membership and composition of governing bodies

Headcount
The Bank's Management Board comprised of eight members at the end of 2021, each controlling one division.

Name	Function	Number of other board positions (based on board members' statements)
Balázs Tóth	Chairman and CEO	-
Giacomo Volpi	Deputy Chairman and Deputy CEO	-
János Anschau	Member, Operational Division	-
Silvano Silvestri	Member, Financial Division	-
Ivana Lonjak Dam	Member, Risk Management Division	-
Gábor Soós	Corporate and Investment Banking and Private Banking Division	-
Réka Vörös	Member, Retail Customers and Small Businesses Division	-
Svetlana Pancenko	Member, People and Culture	

Pursuant to Article 152(2) of the Credit Institutions Act, the Supervisory Board is a body comprised of a minimum of 3 and a maximum of 9 members, who, except for the persons in charge of employee representation, shall not be employed by the financial institution.
The Bank's Supervisory Board with end of 2021 was comprised of 5 members, who are not employed by the financial institution.

Structure
With a view to ensuring effective and efficient internal dialogue, it is recommended that as far as possible, in addition to an appropriate representation of social diversity and gender balance, the governing body should have:

- "external representatives", i.e. individuals who are not employed by the Group on a continuous basis (or might be completely independent of the Group as the case may be), and have specific skills relating to the economic/financial sectors, or are experts of the business sector concerned, and whose presence in the governing body may further strengthen the Group's brand and management both locally and internationally;
- "internal representatives" (Group employees), representing various operational/business functions of the Group, who are to be selected on the basis of their professional expertise and the nature of the company concerned.

In terms of their roles and statuses, Governing Body members who do not hold executive positions at the company may be the following:

- non-executive members assigned with well-defined roles and responsibilities, who provide for an effective counterbalance against executive and management members of the company, and promote internal dialogue within the governing body, especially where the governing body is in charge of several functions (strategic supervision, governance and control);
- non-executive and independent members, who are responsible for supervising the independence of decisions concerning governance of the company, and for contributing to ensuring that such decisions are adopted in the interest of the company in accordance with the objective of prudential and rational governance.

Gender balance

In order to increase the number of female members in the Boards of key Group members and to ensure that at least one third of the membership in governing bodies are women, the Parent Company encourages the appointment of female members to company Boards as a best practice across the Group.

Criteria for the appointment of officials

General principles

In order to carry out their tasks, officials must meet the following general requirements in addition to the local and sector-specific rules as applicable from time to time:

- considerable professional experience in the sector concerned (based of their CVs),
- appropriate professional experience and integrity.
- Additionally, the maximum age is 75 for appointments as Board Members and 65 for appointments as chief executive officer. In exceptional cases, departures from the above may be made in the interest of the Group.

Professional requirements

The composition of governing bodies is essential for the efficient implementation of the tasks set out in legal regulations, supervisory provisions and company procedures. The division of tasks and responsibilities within a given Board must be consistent with the role played by each member in the general framework of governance and supervision.

From a quality perspective, members of the governing bodies shall have a level of professional experience that is appropriate to the operational complexity and size of the company in addition to compliance with the requirements set out for the officials of financial institutions in Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises ("Credit Institutions Act") and in other sector-specific legislation, and are required to allocate the time and energy required to carry out their tasks.

Sector-specific legal requirements

Under the Credit Institutions Act, the appointment of executive officers requires prior authorisation from the National Bank of Hungary ("MNB" or "Supervisory Authority"), applications for which are submitted to the Supervisory Authority by Legal according to the Supervisory Authority's Authorisation Guidelines as in effect from time to time. Where the statutory requirements are met, the Supervisory Authority may not decline the authorisation, which it shall grant in an administrative resolution.

Group-level requirements for professional experience

It is recommended that in addition to meeting the requirements for professional experience as set out in the relevant sector-specific policies as well as the requirements subject to the type of the company concerned (in which the position is filled or is to be filled), officers should have in-depth knowledge in preferably two or more of the following areas:

- Knowledge of the banking sector and of the management techniques and risks relating to financial activities: several years of experience gained in the financial sector through management, governance and control activities;
- Experience in business management and corporate planning: several years of experience gained in a large company or group of major economic weight through management, governance and control activities;
- Ability to read and understand financial reports of financial institutions: several years of experience gained in the financial sector through governance and control activities, through the professional activity concerned, or in university education;
- Corporate experience (auditing, legal, governance, etc.): several years of experience gained in a large enterprise through auditing or management control activities, through the professional activity concerned, or in university education;
- Knowledge of the legal framework of financial activities: several years of specific experience gained in a financial enterprise or a supervisory authority, through the professional activity concerned, or in university education;
- International experience and knowledge in the field of foreign markets: several years of experience gained through business or professional activities in a foreign institution or agency, or in a company or group engaged in international activities;
- Knowledge of the global processes of the economic/financial system: considerable experience gained in a research institute, the analysis department of a company, an international organisation or supervisory authority;
- Knowledge of the social and political environment and market mechanisms of countries where the UniCredit Group has a strategic presence: several years of experience gained in a company or in a public or private institution or research institute through studies and surveys.

Integrity and good business reputation

Having regard to the importance of integrity requirements in the field of reputation, it is strongly recommended that, in addition to compliance with the integrity requirements set out in specific legislation applicable to the sector concerned, the prospective member of the governing body is prevented from being involved in any situation that results in the prospective member's suspension from their responsibilities and office, and that they may not be accountable for actions which, although not considered to be criminal actions, are inconsistent with appointment to governing body membership at the credit institution/company concerned, or may involve consequences for the credit institution/company that poses a major risk to its reputation.

Good business reputation: executive officers of the financial institution must meet the conditions of their suitability for the management of the financial institution. The verification of a good business reputation is a prerequisite for the Supervisory Authority's resolution granting authorisation for the appointment of executive officers.

Conflict of interest

Nominees are required to issue a statement of acceptance and eligibility, as provided for in the relevant internal policy, to verify compliance with the personal requirements set out in the local legislation in effect, and the non-existence of grounds for disqualification.

Additionally, in the course of the identification and management of conflicts of interest potentially arising following the appointment of company officers, consideration shall be given to the principles on conflicts of interest set out in the Global Policies issued by Compliance, particularly the 'Conflict of Interest Global Policy', which has been implemented as the Bank's Conflict of Interest Policy.

This applies both to relationships existing at the time of the appointment and to those subsequently established. In addition to other types of conflicts of interest set out in legislation, company office is inconsistent with any political or trade union appointment.

Eligibility of bodies

In addition to the suitability of the individual, the suitability of the governing bodies must also be examined in connection with an appointment and, in the case of both the Board of Directors and the Supervisory Board with the Fit and Proper collective evaluation.

2.10 Qualitative/quantitative information of liquidity risk in accordance with Article 435(1) of the CRR

	Comment
Strategies and processes in the management of the liquidity risk	The strategies and processes covering the management of liquidity risks are an integral part of the comprehensive risk management structure of UniCredit Bank, and are on par with international banking standards. UniCredit Bank Hungary is part of the UniCredit Group; the parent bank is directly supervised by the ECB.
Structure and organisation of the liquidity risk management function (authority, statute, other arrangements)	The liquidity risk management methodologies, the related responsibilities and controls are prescribed by the Liquidity Policy, while the applicable liquidity limits are set out in the Policy for Liquidity Risk Management. The organisational structure is described in chapter 2.4.
Scope and nature of liquidity risk reporting and measurement systems	The liquidity risk reporting and measurement systems are in line with the liquidity management guidelines and limits defined by UniCredit Group. UniCredit Group set up its short-term and structural liquidity models, liquidity stress tests and contingency funding plan based on the recommendations of the Basel Committee on Banking Supervision.

Policies for hedging and mitigating the liquidity risk and strategies and processes for monitoring the continuing effectiveness of hedges and mitigants	The Bank monitors the liquidity risks on a daily basis to ensure compliance with the liquidity risk limits; prudent liquidity management is ensured through processes. Liquidity risks are thus managed not by additional capital requirement but by ensuring compliance with a limit structure for maturity mismatch.
A declaration approved by the management body on the adequacy of liquidity risk management arrangements of the institution providing assurance that the liquidity risk management systems put in place are adequate with regard to the institution's profile and strategy	The liquidity risk management structure, the related guidelines and limits are reviewed on a yearly basis and approved by the Financial Risk Committee (FRC) as management body. Also, the Bank carries out a yearly ILAAP self-assessment and compiles a comprehensive ILAAP documentation, which is submitted to the Regulator for the ILAAP audit.
A concise liquidity risk statement approved by the management body succinctly describing the institution's overall liquidity risk profile associated with the business strategy. This statement shall include key ratios and figures (other than those already covered in Annex 2 of these guidelines) providing external stakeholders with a comprehensive view of the institution's management of liquidity risk, including how the liquidity risk profile of the institution interacts with the risk tolerance set by the management body.	UniCredit regards liquidity risks as one of the main risks of banking operations, and continuously monitors its short- and mid-term liquidity requirements. The Bank's regular reports such as the Risk Management Note of the Annual Report cover also the Bank's liquidity risks and are made available to external stakeholders.

2.10.1 Quantitative information of LCR which complements Article 435(1)(f) of the CRR

Consolidated data

Consolidated HUF million		Total unweighted value (average)				Total weighted value (average)			
Quarter ending on		31.03.2021	30.06.2021	30.09.2021	31.12.2021	31.03.2021	30.06.2021	30.09.2021	31.12.2021
Number of data points used in the calculation of averages		3	3	3	3	3	3	3	3
HIGH-QUALITY LIQUID ASSETS									
1.	Total high-quality liquid assets (HQLA)					849 033	849 529	828 448	706 689
CASH – OUTFLOWS									
2.	Retail deposits and deposits from small business customers, of which:	*908 521*	*924 571*	*958 208*	*988 033*	*71 353*	*67 179*	*70 093*	*72 168*
3.	*Stable deposits*	*419 644*	*557 960*	*568 496*	*591 808*	*20 982*	*27 898*	*28 425*	*29 590*
4.	*Less stable deposits*	*455 366*	*334 539*	*358 173*	*363 763*	*50 371*	*39 281*	*41 668*	*42 577*

5.	Unsecured wholesale funding	*1 585 706*	*1 586 262*	*1 677 096*	*1 828 051*	*799 574*	*814 344*	*875 185*	*919 863*
6.	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	*105 484*	*120 489*	*122 075*	*160 309*	*46 983*	*49 185*	*50 597*	*72 529*
7.	*Non-operational deposits (all counterparties)*	*1 480 222*	*1 465 772*	*1 555 021*	*1 667 742*	*752 592*	*765 159*	*824 588*	*847 334*
8.	*Unsecured debt*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
9.	Secured wholesale funding					*0*	*1 262*	*0*	*0*
10.	Additional requirements	*678 034*	*666 502*	*685 233*	*698 535*	*237 304*	*220 941*	*225 488*	*229 881*
11.	*Outflows related to derivative exposures and other collateral requirements*	*153 093*	*140 047*	*132 437*	*153 293*	*153 093*	*140 047*	*132 437*	*153 293*
12.	*Outflows related to loss of funding on debt products*	*0*	*38*	*15 819*	*293*	*0*	*38*	*15 819*	*293*
13.	*Credit and liquidity facilities*	*524 941*	*526 417*	*536 977*	*544 948*	*84 211*	*80 856*	*77 233*	*76 295*
14.	Other contractual funding obligations	*38 300*	*35 922*	*29 505*	*36 675*	*38 300*	*35 922*	*29 505*	*36 675*
15.	Other contingent funding obligations	*681 215*	*685 618*	*672 472*	*844 935*	*38 014*	*29 791*	*14 239*	*16 034*
16.	**TOTAL CASH OUTFLOWS**					*1 184 546*	*1 169 439*	*1 214 510*	*1 274 620*
CASH – INFLOWS									
17.	*Secured lending (e.g. reverse repos)*	*153 452*	*183 789*	*128 445*	*30 237*	*0*	*0*	*0*	*0*
18.	*Inflows from fully performing exposures*	*836 839*	*807 842*	*958 766*	*1 157 222*	*836 834*	*807 748*	*954 186*	*1 147 183*
19.	*Other cash inflows*	*129 006*	*111 254*	*175 656*	*162 433*	*129 006*	*111 254*	*133 430*	*103 294*
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)*					*0*	*0*	*0*	*0*

EU-19b	*(Excess inflows from a related specialised credit institution)*					*0*	*0*	*0*	*0*
20.	**TOTAL CASH INFLOWS**	*1 119 298*	*1 102 886*	*1 262 866*	*1 349 892*	*965 840*	*919 003*	*1 087 615*	*1 250 477*
EU-20a	***Fully exempt inflows***	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
EU-20b	***Inflows subject to 90% cap***	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
EU-20c	***Inflows subject to 75% cap***	*1 119 298*	*1 102 886*	*1 262 866*	*1 349 892*	*965 840*	*919 003*	*1 087 615*	*1 250 477*
						Total Adjusted Volume			
21.	**LIQUIDITY BUFFER**					*849 033*	*849 529*	*828 448*	*706 689*
22.	**TOTAL NET CASH OUTFLOWS**					*296 137*	*316 376*	*303 627*	*318 655*
23.	**LIQUIDITY COVERAGE RATIO (%)**					*286,7*	*268,8*	*275,0*	*221,6*

2.10.2 Qualitative information on LCR, which complements the LCR disclosure

	Comment
Concentration of funding and liquidity sources	As a tool of liquidity risk monitoring, UniCredit Bank is monitoring the concentration in its funding and aims to constrain such concentration at low levels within its business model. During the definition of its Funding Plan, the Bank regularly reviews the optimal funding structure, taking into consideration the actual and expected market environment, the regulatory and internal liquidity requirements. The concentration of funding and liquidity sources is also quantified with distribution metrics and the Herfindahl index.
Derivative exposures and potential collateral calls	When calculating the LCR, the Bank takes into account all derivative exposures included in its books and calculates the impact of collateral calls with the historical look back approach, among the outflows.

Currency mismatch in the LCR	The Bank have been calculating and reporting its LCR since 2014, also complying with the limit requirements that came into effect from 1 October 2015. The Bank monitors the currency breakdown of its LCR, the tolerated currency gaps are regulated via other internal limits.
A description of the degree of centralisation of liquidity management and interaction between the group's units	The liquidity risk management methodologies, the related responsibilities and controls are prescribed by the Liquidity Policy, while the applicable liquidity limits are set out in the Policy for Liquidity Risk Management. Regulatory compliance related to LCR is required and ensured for both Jelzálogbank and UniCredit Bank. Liquidity is managed on a consolidated level for the Hungarian sub-group, and the Financial Risk Committee/Asset-Liability Committee (ALCO) is regularly informed of the evolution of liquidity. The organisational structure is described in chapter 2.4.
Other items in the LCR calculation that are not captured in the LCR disclosure template but that the institution considers relevant for its liquidity profile	The Bank does not have any other relevant items that are not captured in the LCR disclosure template.

UniCredit Bank

3 Scope of application (Article 436)

EU LI1 - Differences between accounting and prudential consolidation scope and mapping of financial reporting categories to regulatory risk categories	a	b	c	d	e	f	g
			Carrying amount of items				
	Carrying amounts disclosed in the published financial statements	Carrying amounts resulting from prudential consolidation	Falls within the credit risk limit	Falls within the counterparty risk limit	Falls within the securitisation limit	Falls within the market risk limit	Not subject to capital requirements or subject to deduction from capital
Assets							
Cash and uncommitted nostros against the Central Bank	23 026	22 986	37 652	0	0	0	-
Securities held for trading purposes	1 324	1 324	0	0	0	0	1 324
Financial instruments for trading purposes	235 186	235 186	0	0	0	0	235 186
Derivative financial assets for hedging purposes	75 073	75 073	0	0	0	0	75 073
Loans to banks	1 564 087	420 675	536 850	0	0	0	-
Loans to clients	1 731 851	2 875 304	3 580 353	86 611	0	0	-
Securities held for investment purposes	879 051	879 051	879 051	0	0	0	-
Capital investments	1 277	21 087	1 600	0	0	0	-
Investment properties	8 864	-	0	0	0	0	-
Tangible fixed assets	25 127	25 271	25 247	0	0	0	23
Intangible assets	19 526	19 526	0	0	0	0	19 526
Deferred tax asset	1 632	1 632	0	0	0	0	1 632
Other assets	30 590	30 311	37 833	0	0	0	-
Total assets	**4 596 614**	**4 607 426**	**5 098 585**	**86 611**	**-**	**-**	**332 764**

Liabilities							
Resources of financial institutions	812 278	599.344					599.344
Client resources	2 792 420	3 615 712					3 615 712
Bonds issued	183 330	183 330					183 330
Financial liabilities held for trading	2 108	2 108					2 108
Derivative financial liabilities held for trading	238 942	241 050					241 050
Derivative financial liabilities for hedging purposes	115 647	115 647					115 647
Other provisions	3 600	3 579					3 579
Deferred tax liabilities	277	73					73
Other liabilities	52 569	50 661					50 661
Total liabilities	**4 201 171**	**4 212 160**					**2 997 192**

EU LI2 - Main sources of differences between regulatory exposure values and carrying amounts in financial statements	a	b	c	d	e
		Items falling within the scope of the latter:			
	Total	credit risk limit	counterparty risk limit	securitisation limit	market risk limit
1 Carrying amount of assets based on the prudential consolidation scope (according to EU LI1 template)	4 607 426	5 098 585	86 611	-	-
2 Carrying amount of liabilities based on the prudential consolidation scope (according to EU LI1 template)	4 596 614	0	0	0	0
3 Total net amount based on prudential consolidation scope	10 812	5 098 585	86 611	-	-
4 Off-balance sheet amounts	1 355 303	1 355 303	-	0	0
5 Valuation differences					
6 Differences due to different netting rules, other than those already included in row 2					
7 Differences arising from the recognition of provisions					
8 Differences due to prudential filters	19 810	19 810	0	0	0
9 ⋮					
10 Exposure amounts taken into account for regulatory purposes					

Institution:	UniCredit Bank Hungary Zrt.
Fully consolidated entities:	Enterprises consolidated for accounting purposes: • UniCredit Bank Hungary Zrt. • UniCredit Jelzálogbank Zrt. • Európa Ingatlanfejlesztési Alap • UniCredit Leasing Hungary Zrt. • UniCredit Operatív Lízing Kft. • UniCredit Biztosításközvetítő Kft. Enterprises consolidated for prudential purposes: • UniCredit Bank Hungary Zrt. • UniCredit Jelzálogbank Zrt. • UniCredit Leasing Hungary Zrt.

	• UniCredit Operatív Lízing Kft. • UniCredit Biztosításközvetítő Kft.
Proportionally consolidated entities	-
Entities deducted from own funds:	-
Entities neither consolidated nor deducted:	-
Any current or foreseen material practical or legal impediment to the prompt transfer of own funds or repayment of liabilities among the parent company and its subsidiaries:	None
The aggregate amount by which the actual own funds are less than required in all subsidiaries not included in the consolidation, and the name or names of such subsidiaries:	-

If applicable, the circumstance of making use of the provisions laid down in CRR Articles 7 and 9:	The Bank does not apply the method of individual consolidation. The data of UniCredit Jelzálogbank Zrt. are disclosed at an individual level. At the same time, at the consolidated level UniCredit Bank Hungary Zrt. prepares joint disclosures on undertakings consolidated for prudential purposes (UniCredit Jelzálogbank, UniCredit Leasing Hungary Zrt., UniCredit Operatív Lízing Kft., UniCredit Biztosításközvetítő Kft.).

4 Own funds (Article 437)

Capital adequacy ratios and buffers

	Common Equity Tier 1 capital: instruments and reserves (HUF million)	(A) 31.12.2021 - consolidated	(B) Regulation (EU) No 575/2013 Article Reference
Common Equity Tier 1 capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	28 018	26 (1), 27, 28, 29, EBA list 26 (3)
	__Paid up capital instruments	24 118	EBA list 26 (3)
	__Share premium	3 900	EBA list 26 (3)
2	Accumulated profit reserve	268 647	26 (1) (c)
3	Accumulated other comprehensive income (and any other reserves, including unrealised gains and losses under the applicable accounting regulations)	-12 034	26 (1)
3a	Funds for general banking risk	57 638	26 (1) (f)
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1		486 (2)
	Public sector capital injections grandfathered until 1 January 2018		483 (2)
5	Minority interests (amount allowed in consolidated CET1)		84, 479, 480
5a	Independently reviewed interim profits net of any foreseeable charge or dividend		26 (2)
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	342 269	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	-2 079	34, 105
8	Intangible assets (net of related tax liability) (negative amount)	-12 631	36 (1) (b), 37, 472 (4)
9	Empty set in the EU		
10	Deferred tax assets that rely on future profitability excluding those arising from temporary difference (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)		36 (1) (c), 38, 472 (5)
11	Fair value reserves related to gains or losses on cash flow hedges	19 563	33 (a)

12	Negative amounts resulting from the calculation of expected loss amounts	25	36 (1) (d), 40, 159, 472 (6)
13	Any increase in equity that results from securitised assets (negative amount)		32 (1)
14	Gains or losses on liabilities valued at fair value resulting from changes in own creditworthiness		33 (b)
15	Defined-benefit pension fund assets (negative amount)		36 (1) (e), 41, 472 (7)
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)		36 (1) (f), 42, 472 (8)
17	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		36 (1) (g), 44, 472 (9)
18	Direct, indirect and synthetic holdings 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)		36 (1) (h), 43, 45, 46, 49 (2) (3), 79, 472 (10)
19	Direct, indirect and synthetic holdings 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)		36 (1) (i), 43, 45, 47, 48 (1) (b), 49 (1) to (3), 79, 470, 472 (11)
20	Empty set in the EU		
20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative		36 (1) (k)
20b	of which: qualifying holdings outside the financial sector (negative amount)		36 (1) (k) (i), 89 to 91
20c	of which: securitisation positions (negative amount)		36 (1) (k) (ii), 243 (1) (b), 244 (1) (b), 258
20d	of which: free deliveries (negative amount)		36 (1) (k) (iii), 379 (3)
21	Deferred tax assets arising from temporary difference (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)		36 (1) (c), 38, 48 (1) (a), 470, 472 (5)
22	Amount exceeding the 15% threshold (negative amount)		48 (1)

23	of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities		36 (1) (i), 48 (1) (b), 470, 472 (11)
24	Empty set in the EU		
25	of which: deferred tax assets arising from temporary difference		36 (1) (c), 38, 48 (1) (a), 470, 472 (5)
25a	Losses for the current financial year (negative amount)		36 (1) (a), 472 (3)
25b	Foreseeable tax charges relating to CET1 items (negative amount)		36 (1) (l)
26	Regulatory adjustments applied to Common Equity Tier 1 in respect of amounts subject to pre-CRR treatment	4 878	
26a	Regulatory adjustments relating to unrealised gains and losses pursuant to Articles 467 and 468	0	467, 468
26b	Amount to be deducted from or added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre CRR	0	481
27	Qualifying AT1 deductions that exceeds the AT1 capital of the institution (negative amount)		36 (1) (l)
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	4 878	
29	**Common Equity Tier 1 (CET1) capital**	347 147	
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts		51, 52
31	of which: classified as equity under applicable accounting standards		
32	of which: classified as liabilities under applicable accounting standards		
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1		486 (3)
	Public sector capital injections grandfathered until 1 January 2018		483 (3)
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interest not included in row 5) issued by subsidiaries and held by third parties		85, 86, 480
35	of which: instruments issued by subsidiaries subject to phase-out		486 (3)
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**0**	
Additional Tier 1 (AT1) capital: regulatory adjustments			

37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)		52 (1) (b), 56 (a), 57, 475 (2)
38	Holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		56 (b), 58, 475 (3)
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		56 (c), 59, 60, 79, 475 (4)
40	Direct, indirect and synthetic holdings of the AT1 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)		56 (d), 59, 79, 475 (4)
41	Regulatory adjustments applied to Additional Tier 1 capital in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase-out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)		
41a	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013		472, 472(3)(a), 472 (4), 472 (6), 472 (8) (a), 472 (9), 472 (10) (a), 472 (11) (a)
	Of which items to be detailed line by line: e.g. a significant net interim loss, intangible assets, lack of provisions on expected losses, etc.		
41b	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Tier 2 capital during the transitional period pursuant to article 475 of Regulation (EU) No 575/2013		477, 477 (3), 477 (4) (a)
	Of which items to be detailed line by line: e.g. Reciprocal cross holdings in T2 instruments, direct holdings of non-significant investments in the capital of other financial sector entities, etc.		
41c	Amounts to be deducted from added to Additional Tier 1 capital with regard to additional filters and deductions required pre- CRR		467, 468, 481
42	Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)		56 (e)
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**0**	
44	**Additional Tier 1 (AT1) capital**	**0**	

45	**Tier 1 capital (T1 = CET1 + AT1)**	**347 147**	
Tier 2 (T2) capital: instruments and provisions			
46	Capital instruments and the related share premium accounts	0	62, 63
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2		486 (4)
	Public sector capital injections grandfathered until 1 January 2018		483 (4)
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interest and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third party		87, 88, 480
49	of which: instruments issued by subsidiaries subject to phase-out		486 (4)
50	Credit risk adjustments	4 614	62 (c) and (d)
51	**Tier 2 (T2) capital before regulatory adjustment**	4 614	
Tier 2 (T2) capital: regulatory adjustments			
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)		63 (b) (i), 66 (a), 67, 477 (2)
53	Holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institutions designed to inflate artificially the own funds of the institution (negative amount)		66 (b), 68, 477 (3)
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10 % threshold and net of eligible short positions) (negative amount)		66 (c), 69, 70, 79, 477 (4)
54a	Of which new holdings not subject to transitional arrangements		
54b	Of which holdings existing before 1 January 2013 and subject to transitional arrangements		
55	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amounts)		66 (d), 69, 79, 477 (4)
56	Regulatory adjustments applied to tier 2 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)	0	

56a	Residual amounts deducted from Tier 2 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013		472, 472(3)(a), 472 (4), 472 (6), 472 (8) (a), 472 (9), 472 (10) (a), 472 (11) (a)
	Of which items to be detailed line by line: e.g. a significant net interim loss, intangible assets, lack of provisions on expected losses, etc.		
56b	Residual amounts deducted from Tier 2 capital with regard to deduction from Additional Tier 1 capital during the transitional period pursuant to article 475 of Regulation (EU) No 575/2013		475, 475 (2) (a), 475 (3), 475 (4) (a)
	Of which items to be detailed line by line: e.g. Reciprocal cross holdings in AT1 instruments, direct holdings of non-significant investments in the capital of other financial sector entities, etc.		
56c	Amounts to be deducted from or added to Tier 2 capital with regard to additional filters and deductions required pre- CRR		467, 468, 481
57	**Total regulatory adjustments to Tier 2 (T2) capital**	0	
58	**Tier 2 (T2) capital**	4 614	
59	**Total capital (TC = T1 + T2)**	351 761	
59a	Risk weighted asset value in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amount)		
	Of which:… items not deducted from CET1 (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. Deferred tax assets that rely on future profitability net of related tax liability, indirect holdings of own CET1, etc.)		472, 472 (5), 472 (8) (b), 472 (10) (b), 472 (11) (b)
	Of which:…items not deducted from AT1 items (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. Reciprocal cross holdings in T2 instruments, direct holdings of non-significant investments in the capital of other financial sector entities, etc.)		475, 475 (2) (b), 475 (2) (c), 475 (4) (b)
	Items not deducted from T2 items (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. Indirect holdings of own T2 instruments, indirect holdings of non-significant investments in the capital of other financial sector entities, indirect holdings of significant investments in the capital of other financial sector entities etc.)		477, 477 (2) (b), 477 (2) (c), 477 (4) (b)
60	**Total risk-weighted asset value**	1 700 847	

Capital adequacy ratios and buffers			
61	Common Equity Tier 1 (as a percentage of total risk exposure amount	20,41%	92 (2) (a), 465
62	Tier 1 (as a percentage of total risk exposure amount)	20,41%	92 (2) (b), 465
63	Total capital (as a percentage of total risk exposure amount)	20,68%	92 (2) (c)
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements plus a systemic risk buffer, plus systemically important institution buffer expressed as a percentage of total risk exposure amount)	0,00%	CRD 128, 129, 130
65	of which: capital conservation buffer requirement	2,50%	
66	of which: countercyclical buffer requirement	0,01%	
67	of which: systemic risk buffer requirement		
67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	0,00%	CRD 131
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	15,91%	CRD 128
69	[non-relevant in EU regulation]		
70	[non-relevant in EU regulation]		
71	[non-relevant in EU regulation]		
Capital adequacy ratios and buffers			
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions		36 (1) (h), 45, 46, 472 (10) 56 (c), 59, 60, 475 (4), 66 (c), 69, 70, 477 (4)
73	Direct and indirect holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions		36 (1) (i), 45, 48, 470, 472 (11)
74	Empty set in the EU		
75	Deferred tax assets arising from temporary difference (amount below 10 % threshold, net of related tax liability where the conditions in Article 38 (3) are met)		36 (1) (c), 38, 48, 470, 472 (5)
Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)		62
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach		62

78	Credit risk adjustments included in T2 in respect of exposures subject to internal rating-based approach (prior to the application of the cap)		62
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach		62
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022)			
80	- Current cap on CET1 instruments subject to phase-out arrangements		484 (3), 486 (2) & (5)
81	- Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		484 (3), 486 (2) & (5)
82	- Current cap on AT1 instruments subject to phase-out arrangements		484 (4), 486 (3) & (5)
83	- Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		484 (4), 486 (3) & (5)
84	- Current cap on T2 instruments subject to phase-out arrangements		484 (5), 486 (4) & (5)
85	- Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)		484 (5), 486 (4) & (5)

Comments:
1. The accumulated profit reserve includes the end of 2020 profit.
2. Capital buffer: In 2021, the countercyclical capital buffer rate applicable by the MNB to exposures to Hungarian parties and to third-country parties, significant for the purposes of Hungary, remained 0 per cent. In addition to the institution-specific countercyclical capital buffer requirement, the capital conservation buffer requirement (2.5%) was applied. The MNB has decided to lift the capital buffers for domestic systemically important credit institutions as of 1 July 2020 in view of the exceptional circumstances caused by the coronavirus epidemic.

Table of the main features of capital instruments:

1	Issuer	UniCredit Bank Hungary Zrt.
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	HU0000071113
3	Governing law(s) of the instrument	Hungarian
	Regulatory treatment	
4	Transitional CRR rules	Common Equity Tier 1 instruments
5	Post-transitional rules	Common Equity Tier 1 instruments
6	Eligible at solo ad/or sub-consolidated	Solo and consolidated
7	Instrument type (types to be specified by each jurisdiction)	Share, Common Equity Tier 1 instruments regarding Article 28 of Regulation (EU) No. 575/2013
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	HUF 24,118 million
9	Nominal amount of instrument	HUF 24,118 million
9a	Issue price	-
9b	Redemption price	-
10	Accounting classification	Own equity
11	Original date of issuance	17.11.2003
12	Perpetual or dated	Perpetual
13	Original maturity date	-
14	Issuer call subject to prior supervisory approval	-
15	Optional call date, contingent call dates and redemption amount	-
16	Subsequent call dates, if applicable	-
	Coupons / dividends	
17	Fixed or floating dividend / coupon	Variable
18	Interest rate payment date and any related index	-
19	Existence of a dividend stopper	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timings)	-
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	-
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Noncumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	-
25	If convertible, fully or partially	-
26	If convertible, conversion rate	-
27	If convertible, mandatory or optional conversion	-
28	If convertible, specify instrument type convertible into	-
29	If convertible, specify issuer of instrument it converts into	-

30	Write-down features	No
31	If write-down, write-down triggers(s)	-
32	If write-down, full or partial	-
33	If write-down, permanent or temporary	-
34	If temporary write-down, description of write-up mechanism	-
35	Position in subordinated hierarchy in liquidation (specify instrument type immediately senior to instrument)	In the event of liquidation, base on article 28 (j) of the 575/2013 EU Regulation the instruments are subordinated to all other claims.
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	-

5 Capital requirements (Article 438)

5.1 Summary of the Bank's approach to assessing the adequacy of its internal capital to support current and future activities

As part of internal capital calculations, the Bank prepares an AFR (Available Financial Resources) report in order to align its risk tolerance with the level of capital required to hedge losses.
The calculation is based on the following model:

Common Equity Tier 1 (CET1) capital
+/- Interim profit/loss after the deduction of the projected dividend

- Shortfall in provision calculated under Pillar 2 compared to the expected loss within the amount of shortfall calculated under Pillar1

Additional Tier 1 (AT1) capital

+ portfolio provision surplus calculated under Pillar2 compared to the expected loss
+/- Expected profit or loss before tax
Total AFR

As part of the annual business planning process, the Bank also prepares an AFR plan. The annual AFR plan takes into account the effects of the next year's expected financial transactions and is consistent with the Bank's budget.
In accordance with its policies, the Bank conducts regular stress tests, which involve the calculation of available financial resources in stress situations. Stress tests are designed at least for two scenarios, (a baseline and a more severe scenario). Stress tests have a time horizon of at least 2 years.

5.2 The institution's internal capital adequacy assessment process

In its internal capital adequacy UniCredit Group allocates capital not only to the credit, market and operational risks which need to be calculated also in the supervisory capital adequacy ratio, but also to its real estates and model risks and reputation risk; furthermore, it generates a capital reserve for its business and strategic risk in order to smoothen and dampen the cyclicity of events. The quantified risks also include liquidity risk, but in the course of internal capital adequacy the Bank Group manages the liquidity risk with limit systems aimed at a maturity match instead of allocating any capital reserve. Capital is planned and allocated, and the risk appetite and target figures of the Bank Group for the year are established by analysing dividend payment and capital raising alternatives based on the economic value added (EVA), which contains also the risk costs.

5.3 8 % of the risk-weighted exposure amounts for each of the exposure classes specified in Article 112

Consolidated data

Exposure class	*Capital requirement (HUF million)*
Standardised Approach (SA)	58 778
Central governments or central banks	0
Regional governments or local authorities	113
Public sector entities	30
Multilateral development banks	241
International organisations	0
Institutions	100
Enterprises	40 550
Residents	9 634
Exposures secured by mortgages on immovable property	7 233
Exposures in default	486
Exposures associated with particularly high risk	0
Covered bonds	0
Exposures to institutions and corporates with a short-term credit assessment	58
Collective investment undertakings (CIUs)	0
Equity exposures	0
Other items	332
Securitisation positions (SA)	0
Of which: re-securitisation	0
Internal Ratings Based approach (IRB)	61 520
IRB approaches when neither own estimates of LGD nor Conversion Factors are used	55 867
Central governments and central banks	0
Institutions	12 947
Corporates – SME	15 268
Corporates – specialised lending	0
Corporates – other	27 653
Equity exposures	474

Securitisation positions (IRB)	0
Other non credit-obligation assets	5 179
Total	120 298

5.4 8% of the risk-weighted exposure amounts for each of the exposure classes specified in Article 147

Consolidated data

Exposure class	*Risk weighted exposure (HUF million)*
Standardised Approach (SA)	734 731
Central governments or central banks	2
Regional governments or local authorities	1 417
Public sector entities	369
Multilateral development banks	3 018
International organisations	0
Institutions	1 246
Enterprises	506 880
Residents	120 430
Exposures secured by mortgages on immovable property	90 418
Exposures in default	6 070
Exposures associated with particularly high risk	0
Covered bonds	0
Exposures to institutions and corporates with a short-term credit assessment	727
Collective investment undertakings (CIUs)	0
Equity exposures	0
Other items	4 154
Securitisation positions (SA)	0
Of which: re-securitisation	0
Internal Ratings Based approach (IRB)	768 999
IRB approaches when neither own estimates of LGD nor Conversion Factors are used	698 342
Central governments and central banks	0

Institutions	161 832
Corporates – SME	190 850
Corporates – specialised lending	0
Corporates – other	345 660
Equity exposures	5 921
Securitisation positions (IRB)	0
Other non credit-obligation assets	64 737
Total	1 503 730

5.5 Risk-weighted assets and Minimum Capital Requirements under Title I, Chapter 1 of Part Three of the CRR

			Risk weighted assets		Minimum capital requirements
			31.12.2021	*31.12.2020*	*31.12.2021*
	1	**Credit risk (excluding counterparty risk)**	**1,503,730**	**1,334,706**	**120,772**
Article 438. c) and d)	2	of which standardised approach	734,731	637,019	58,778
Article 438. c) and d)	3	of which the basic version of the internal rating based method (FIRB)	768,999	692,095	61,520
Article 438. c) and d)	4	of which the advanced internal rating based method (AIRB)	-	-	-
Article 438 d)	5	of which equity positions based on the simple risk-weighted method and the internal model approach (IMA)	5,921	5,592	474
Article 107 Article 438. c) and d)	6	**Counterparty risk**	**19,335**	**41,875**	**1,547**
Article 438. c) and d)	7	of which according to market pricing	-	41,219	-
Article 438. c) and d)	8	of which original exposure	-	-	-
	9	of which standardised approach	19,335	-	1,547
	10	of which internal model method (IMM)	-	-	-
Article 438. c) and d)	11	of which the risk exposure amount of contributions to the CCP's guarantee fund	-	-	-
Article 438. c) and d)	12	**of which credit valuation adjustment (CVA)**	**1,549**	**656**	**124**
Article 438 e)	13	Settlement risk	-	-	-

Article 449. o) i.	14	Securitization exposures in the banking book (after the ceiling)	-	-	-
	15	of which IRB approach	-	-	-
	16	of which IRB Supervisory Formula Approach (SFA)	-	-	-
	17	of which internal assessment approach (IAA)	-	-	-
	18	of which standardised approach	-	-	-
Article 438 e)	19	Market risk	19,335	29,492	1,547
	20	of which standardised approach	19,335	29,492	1,547
	21	of which IMA	-	-	-
Article 438 e)	22	Large exposures	-	-	-
Article 438 f)	23	**Operational risk**	**176,233**	**160,765**	**14,099**
	24	of which basic indicator method	4,890	5,169	391
	25	of which standardised approach	5,409	4,343	433
	26	of which advanced measurement approach	165,934	151,253	13,275
Article 437 (2), (48) and Article 60	27	Amounts below deduction thresholds (subject to a 250% risk weight)	-	-	-
Article 500	28	Lower limit adjustment	-	-	-
	29	**Total**	**1,700,847**	**1,566,838**	**136,541**

5.6 Own funds requirements calculated in accordance with points (b) and (c) of Article 92(3)

Same as the data detailed under Article 445 (see Point 12).

5.7 Own funds requirements calculated in accordance with Part Three, Title III, Chapters 2, 3 and 4 and disclosed separately

Same as under Article 454 (see Point 21).

6 Exposure to counterparty credit risk (Article 439)

6.1 The methodology used to assign internal capital and credit limits for counterparty credit exposures

Counterparty risks are measured and monitored in an independent risk management unit on a daily basis, and the capital requirement is defined according to Standard Method (SA-CCR) described in the CRR II.[2] as the table below also illustrates it.

Consolidated data

EU CCR1 – Analysis of CCR exposure by approach		a	b	c	d	e	f	g	h
(HUF million)		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
EU1	EU - Original Exposure Method (for derivatives)	-	-		1,4	-	-	-	-
EU2	EU - Simplified SA-CCR (for derivatives)	-	-		1,4	-	-	-	-
1	SA-CCR (for derivatives)	53 025	42 236		1,4	273 722	135 783	133 365	74 680
2	IMM (for derivatives and SFTs)			-	-	-	-	-	-
2a	Of which securities financing transactions netting sets			-		-	-	-	-
2b	Of which derivatives and long settlement transactions netting sets			-		-	-	-	-
2c	Of which from contractual cross-product netting sets			-		-	-	-	-
3	Financial collateral simple method (for SFTs)					-	-	-	-

[2] According to Regulation (EU) No 876/2019 of the European Parliament and of the Council from June, 2021.

4	Financial collateral comprehensive method (for SFTs)					13 586	13 585	13 585	1
5	VaR for SFTs					-	-	-	-
6	**Total**					287 307	149 368	146 950	74 680

The internal model for the measurement of limit utilisation is based on a Monte Carlo simulation; it calculates the actual exposure aggregated to counterparties and portfolio segments based on the replacement costs of the existing positions and it also calculates potential future exposures above the costs of exclusion based on unexpected changes in the risk factors. The future unexpected loss is defined by the Monte Carlo simulation for exchange rate, interest rate, share and credit derivatives and by an add-on calculated by the Group for commodity exchange and repo transactions. In simulation, all positions are revalued according to the effective maturity bands, taking into account the impacts of netting and other collateral agreements, according to the Basle III maturities.

The counterparty risk limits are monitored according to individual partners and product categories (spot currency, derivative products, money market transactions, securities and repo transactions). The exposures to counterparties are accessible online in the Treasury system.

6.2 Policies for securing collateral and establishing credit reserves

The Bank accepts only cash to hedge counterparty risks; it does not use any personal collaterals or securities.

6.3 Policies with respect to Wrong-Way risk exposures

With regard to cash accepted to hedge counterparty risks and government securities coverage relating to repo transactions wrong-way risks may arise through the currency of the collateral as exchange rate, or through its issuer as country risk premium. With regard to the Hungarian State, except for the MNB, no margins are applied in connection with exposure counterparty risk, while the Group has no relationship with any other state or central banks of other countries resulting in any counterparty risk.

6.4 Impact of the amount of collateral the institution would have to provide given a downgrade in its credit rating

In the event of a downgrade, the amount of collateral provided by the Bank remains unchanged, since it is influenced by counterparty credit risk (replacement cost and future credit exposure), i.e. the transaction with the bank and market factors.

The Bank only accepts and provides HUF, EUR and USD account money to reduce counterparty credit risk exposure, but no securities coverage.

6.5 Gross positive fair value of contracts, netting benefits, netted current credit exposure, collateral held and net derivatives credit exposure

The Bank recognised HUF 83,897 million received by it as coverage for counterparty credit risk exposures.
In addition it obtained HUF 13,520 million colleteral behind SFT transactions, considered as credit risk mitigation.

EU CCR5 –	a	b	c	d	e	f	g	h
Composition of collateral for CCR exposures *(HUF million)*	**Collateral used in derivative transactions**				**Collateral used in SFTs**			
	Fair value of collateral received		**Fair value of posted collateral**		**Fair value of collateral received**		**Fair value of posted collateral**	
	Segregated	**Unsegregated**	**Segregated**	**Unsegregated**	**Segregated**	**Unsegregated**	**Segregated**	**Unsegregated**
1 Cash – domestic currency	-	217	-	45 176	-	-	-	-
2 Cash – other currencies	-	83 680	-	50 912	-	-	-	-
3 Domestic sovereign debt	-	-	-	-	-	2 435	-	-
4 Other sovereign debt	-	-	-	-	-	11 085	-	-
5 Government agency debt	-	-	-	-	-	-	-	-
6 **Corporate bonds**	-	-	-	-	-	-	-	-
7 Equity securities	-	-	-	-	-	-	-	-
8 Other collateral	-	-	-	-	-	-	-	-
9 **Total**	-	**83 897**	-	**96 087**	-	**13 520**	-	-

6.6 Measures for exposure value

The Bank Group calculates the capital requirement for the counterparty credit risk using the Mark-to-Market Method.
CVA exposure amount adjusted with coverage as at 31.12.2021: EUR 31,992 ths which equals to HUF 11,805 million calculated on Hungarian National Bank mid-rate on 31.12.2021.

Consolidated data

Template CCR2: CVA capital charge		a	b
(Million Ft)		**Exposure value**	**RWAs**
1	Total portfolios subject to the advanced method	0	0
2	(i) VaR component (including the 3× multiplier)		0
3	(ii) SVaR component (including the 3× multiplier)		0
4	All portfolios subject to the standardised method	11 805	1 549
EU4	Based on the original exposure method	0	0
5	Total subject to the CVA capital charge	**11 805**	**1 549**

Consolidated data

Template CCR3: Standardised approach – CCR exposures by regulatory portfolio and risk weights (only counterparty credit risk) (in million HUF)

	Exposure classes	Risk weights											Total	Of which unrated
		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Other		
1	Central governments or central banks	31.764	0	0	0	0	0	0	0	0	0	0	**31.764**	**31.764**
2	Regional government or local authorities	0	0	0	0	0	0	0	0	0	0	0	**0**	**0**
3	Public sector entities	0	0	0	0	0	0	0	0	0	0	0	**0**	**0**
4	Multilateral development banks	0	0	0	0	0	23	0	0	0	0	0	**23**	**23**
5	International organisations	0	0	0	0	0	0	0	0	0	0	0	**0**	**0**
6	Institutions	0	0	0	0	1.119	618	0	0	0	0	0	**1.737**	**1.737**
7	Corporates	0	0	0	0	0	1.658	0	0	53.387	0	0	**55.044**	**55.044**
8	Retail	0	0	0	0	0	0	0	0	0	0	0	**0**	**0**
9	Institutions and corporates with a short term credit assessment	0	0	0	0	540	0	0	0	0	0	0	**540**	**540**
10	Other items	0	0	0	0	0	0	0	0	0	0	0	**0**	**0**
11	Total	**31.764**	**0**	**0**	**0**	**1.659**	**2.298**	**0**	**0**	**53.387**	**0**	**0**	**89.108**	**89.108**

Consolidated data

Template CCR4: IRB approach – Exposures of partnerrisk		a	b	c	d	e	f	g
	PD-scale	EAD after CRM	Avarage PD	Number of obligors	Avarage LGD	EXPOSURE-WEIGHTED AVERAGE MATURITY VALUE (DAYS)	RWAs	PD ASSIGNED TO THE OBLIGOR GRADE OR POOL (%)
Corporates								
	0,00 – <0,15	25	0,10%	1	0,45	2,5	8	32%
	0,15 – <0,25	1 143	0,19%	7	0,45	2,5	430	38%
	0,25 – <0,50	9 267	0,29%	22	0,45	2,5	4 827	52%
	0,50 – <0,75	2.708	0,66%	19	0,45	2,5	2.154	80%
	0,75 – <2,50	2 389	1,11%	30	0,45	2,5	2 012	84%
	2,50 – <10,00	703	3,42%	17	0,45	2,5	774	110%
	10,00 – <100,00	12	10,55%	2	0,45	2,5	21	174%
	100,00 (default)	240	100,00%	4	-	2,5	0	0%
	Total corporates	**16.488**	**2,06%**	**102**	**0,44**	**2,5**	**10.226**	**62%**

6.7 Exposures to CCPs

In line with the Group guidelines, the Group did not have any transactions with CCPs in 2021.

Consolidated data

EU CCR8 - Exposures to CCPs *(HUF million)*		a	b
		EAD post CRM	RWAs
1	**Exposures to rated counterparties (QCCPs) (total)**		-
2	exposures of transactions with qualified CCPs (excluding initial collateral and contributions to the guarantee fund); of which	-	-
3	i. over-the-counter derivatives	-	-
4	ii. exchange traded derivatives		
5	iii. securities financing transactions		
6	iv. netting sets where netting between product categories has been approved	-	-
7	Separate initial collateral		
8	Unallocated initial collateral		
9	Prepaid guarantee fund contributions		
10	Alternative calculation of capital requirements for exposures		-
11	**Exposures to non-rated CCPs (total)**		-
12	Exposures to transactions with non-rated CCPs (excluding initial collateral and contributions to the guarantee fund); from this	-	-
13	i. over-the-counter derivatives	-	-
14	ii. exchange traded derivatives		
15	iii. securities financing transactions		
16	iv. netting sets where netting between product categories has been approved	-	-
17	Separate initial collateral		
18	Unallocated initial collateral		
19	Prepaid guarantee fund contributions		
20	Unpaid guarantee fund contributions		

6.8 Credit derivatives

In compliance with the Group Guidelines, as in previous years, the Bank did not have any credit derivative transactions in 2021.

7 Capital buffers (Article 440)

In addition to the institution-specific countercyclical capital buffer requirement presented below, the capital conservation buffer requirement(2.5%) was were applied in 2021. The MNB has decided to lift the capital buffers for domestic systemically important credit institutions as of 1 July 2020 in view of the exceptional circumstances caused by the coronavirus epidemic.

Institution specific countercyclical capital buffer

Row	Country breakdown	General credit exposures		Exposures included in the Trading Book		Securitisation exposures		Own funds requirements				Weight of own funds requirement	Countercyclical capital buffer rate
		Exposure amounts for the standardised method (million HUF)	Exposure amount for the IRB method (million HUF)	Total short and long positions of the Trading Book (million HUF)	Value of exposure included in the Trading Book for internal models (million HUF)	Exposure amount for the standardised method	Exposure amount for the IRB method	of which: general credit exposures	of which: exposures included in the Trading Book	of which: securitisation exposures	Total		
10	AE	0	0	0	0	0	0	0	0	0	0	0	0.00%
10	AF	0	-	0	0	0	0	0	0	0	0	0	0.00%
10	AM	0	-	0	0	0	0	0	0	0	0	0	0.00%
10	AO	0	-	0	0	0	0	0	0	0	0	0	0.00%
10	AR	0	-	0	0	0	0	0	0	0	0	0	0.00%
10	AT	656	702	0	0	0	0	76	0	0	76	0.0008	0.00%
10	AU	0	-	0	0	0	0	-	0	0	-	0	0.00%
10	AZ	0	-	0	0	0	0		0	0	-	0	0.00%
10	BA	0	4	0	0	0	0	0	0	0	0	0	0.00%
10	BD	0	-	0	0	0	0	-	0	0	-	0	0.00%
10	BE	1,755	15	0	0	0	0	29	0	0	29	0.0003	0.00%
10	BG	32	-	0	0	0	0	2	0	0	2	0	0.50%

10	BR	1	-	0	0	0	0	-	0	0	-	0	0.00%
10	BW	0	-	0	0	0	0	-	0	0	-	0	0.00%
10	BY	0	-	0	0	0	0	-	0	0	-	0	0.00%
10	BZ	-	-	0	0	0	0	-	0	0	-	0	0.00%
10	CA	21	-	0	0	0	0	1	0	0	1	0	0.00%
10	CH	990	5,241	0	0	0	0	278	0	0	278	0.003	0.00%
10	CI	0	-	0	0	0	0	-	0	0	-	0	0.00%
10	CL	0	-	0	0	0	0	-	0	0	-	0	0.00%
10	CM	0	-	0	0	0	0	-	0	0	-	0	0.00%
10	CN	0	-	0	0	0	0	-	0	0	-	0	0.00%
10	CO	0	-	0	0	0	0	-	0	0	-	0	0.00%
10	CY	1	-	0	0	0	0	-	0	0	-	0	0.00%
10	CZ	0	-	0	0	0	0	-	0	0	-	0	0.50%
10	DE	3,299	56,957	0	0	0	0	1,463	0	0	1,463	0.0158	0.00%
10	DK	0	-	0	0	0	0	-	0	0	-	0	0.00%
10	DZ	40	2	0	0	0	0	4	0	0	4	0	0.00%
10	EC	0	-	0	0	0	0	-	0	0	-	0	0.00%
10	EE	0	-	0	0	0	0	-	0	0	-	0	0.00%
10	EG	0	0	0	0	0	0	0	0	0	0	0	0.00%
10	ER	0	-	0	0	0	0	-	0	0	-	0	0.00%
10	ES	88	-	0	0	0	0	5	0	0	5	0.0001	0.00%
10	ET	0	-	0	0	0	0	-	0	0	-	0	0.00%
10	FI	0	319	0	0	0	0	-	0	0	-	0	0.00%
10	FR	52	112	0	0	0	0	7	0	0	7	0.0001	0.00%
10	GB	1.505	510	0	0	0	0	95	0	0	95	0.001	0.00%
10	GE	0	-	0	0	0	0	-	0	0	-	0	0.00%
10	GH	0	-	0	0	0	0	-	0	0	-	0	0.00%
10	GI	0	-	0	0	0	0	-	0	0	-	0	0.00%
10	GR	1	-	0	0	0	0	-	0	0	-	0	0.00%
10	GT	0	-	0	0	0	0	-	0	0	-	0	0.00%
10	GW	-	-	0	0	0	0	-	0	0	-	0	0.00%

10	HK	0	-	0	0	0	0	-	0	0	-	0	0.00%
10	HN	0	-	0	0	0	0	-	0	0	-	0	0.00%
10	HR	154	0	0	0	0	0	9	0	0	9	0.0001	0.00%
10	HU	857,784	814,872	6,105	0	0	0	89,244	18	0	89,263	0.9669	0.00%
10	IE	325	0	0	0	0	0	8	-	0	8	0.0001	0.00%
10	IL	0	-	0	0	0	0	-	-	0	-	0	0.00%
10	IN	0	0	0	0	0	0	0	-	0	0	0	0.00%
10	IQ	0	-	0	0	0	0	-	-	0	-	0	0.00%
10	IR	0	-	0	0	0	0	-	-	0	-	0	0.00%
10	IS	0	-	0	0	0	0	0	-	0	0	0	0.00%
10	IT	192	1,028	0	0	0	0	59	-	0	59	0.0006	0.00%
10	JE	8	-	0	0	0	0	1	-	0	1	0	0.00%
10	JO	22	-	0	0	0	0	1	-	0	1	0	0.00%
10	JP	0	-	0	0	0	0	-	-	0	-	0	0.00%
10	KG	0	-	0	0	0	0	-	-	0	-	0	0.00%
10	KR	2	0	0	0	0	0	0	-	0	0	0	0.00%
10	KZ	0	-	0	0	0	0	-	-	0	-	0	0.00%
10	LB	0	-	0	0	0	0	-	-	0	-	0	0.00%
10	LT	0	-	0	0	0	0	-	-	0	-	0	0.00%
10	LU	1,478	16,431	0	0	0	0	555	-	0	555	0.006	2.50%
10	LV	0	-	0	0	0	0	-	-	0	-	0	0.00%
10	LY	0	-	0	0	0	0	-	-	0	-	0	0.00%
10	MA	0	-	0	0	0	0	-	-	0	-	0	0.00%
10	MC	0	-	0	0	0	0	-	-	0	-	0	0.00%
10	MD	0	-	0	0	0	0	-	-	0	-	0	0.00%
10	ME	0	-	0	0	0	0	-	-	0	-	0	0.00%
10	MH	0	-	0	0	0	0	-	-	0	-	0	0.00%
10	MK	0	-	0	0	0	0	-	-	0	-	0	0.00%
10	MN	0	-	0	0	0	0	-	-	0	-	0	0.00%
10	MO	0	-	0	0	0	0	-	-	0	-	0	0.00%
10	MT	0	-	0	0	0	0	0	-	0	0	0	0.00%

10	MW	0	-	0	0	0	0	-	-	0	-	0	0.00%
10	MX	0	-	0	0	0	0	-	-	0	-	0	0.00%
10	MY	0	-	0	0	0	0	-	-	0	-	0	0.00%
10	NE	0	-	0	0	0	0	-	-	0	-	0	0.00%
10	NG	0	-	0	0	0	0	-	-	0	-	0	0.00%
10	NL	91	0	0	0	0	0	6	-	0	6	0.0001	0.00%
10	NO	10	-	0	0	0	0	-	-	0	-	0	1.00%
10	NP	0	-	0	0	0	0	-	-	0	-	0	0.00%
10	NZ	0	-	0	0	0	0	-	-	0	-	0	0.00%
10	OM	253	-	0	0	0	0	20	-	0	20	0.0002	0.00%
10	PA	0	-	0	0	0	0	-	-	0	-	0	0.00%
10	PF	0	-	0	0	0	0	-	-	0	-	0	0.00%
10	PH	0	-	0	0	0	0	-	-	0	-	0	0.00%
10	PK	0	-	0	0	0	0	-	-	0	-	0	0.00%
10	PL	14	298	0	0	0	0	21	-	0	21	0.0002	0.00%
10	PS	0	93	0	0	0	0	22	-	0	22	0.0002	0.00%
10	PT	0	-	0	0	0	0	-	-	0	-	0	0.00%
10	QA	0	148	0	0	0	0	5	-	0	5	0.0001	0.00%
10	RO	29	204	0	0	0	0	13	-	0	13	0.0001	0.00%
10	RS	8	0	0	0	0	0	1	-	0	1	0	0.00%
10	RU	0	3,396	0	0	0	0	189	-	0	189	0.002	0.00%
10	SA	0	-	0	0	0	0	-	-	0	-	0	0.00%
10	SC	0	-	0	0	0	0	-	-	0	-	0	0.00%
10	SE	0	-	0	0	0	0	-	-	0	-	0	0.00%
10	SI	267	50	0	0	0	0	17	-	0	17	0.0002	0.00%
10	SK	79	1234	0	0	0	0	39	-	0	39	0.0004	1.00%
10	SN	0	-	0	0	0	0	-	-	0	-	0	0.00%
10	SY	0	-	0	0	0	0	-	-	0	-	0	0.00%
10	TH	0	-	0	0	0	0	-	-	0	-	0	0.00%
10	TJ	0	-	0	0	0	0	-	-	0	-	0	0.00%
10	TN	0	-	0	0	0	0	-	-	0	-	0	0.00%

10	TR	1,548	-	0	0	0	0	99	-	0	99	0.0011	0.00%
10	TW	0	-	0	0	0	0	-	-	0	-	0	0.00%
10	UA	11	-	0	0	0	0	1	-	0	1	0	0.00%
10	UG	0	-	0	0	0	0	-	-	0	-	0	0.00%
10	US	976	101	0	0	0	0	41	-	0	41	0.0004	0.00%
10	UY	0	-	0	0	0	0	-	-	0	-	0	0.00%
10	VE	0	-	0	0	0	0	-	-	0	-	0	0.00%
10	VG	0	-	0	0	0	0	-	-	0	-	0	0.00%
10	VN	0	59	0	0	0	0	5	-	0	5	0.0001	0.00%
10	XO	0	-	0	0	0	0	-	-	0	-	0	0.00%
10	YE	0	-	0	0	0	0	-	-	0	-	0	0.00%
10	ZA	9	-	0	0	0	0	1	-	0	1	0	0.00%

Row		Column
		010
010	Total risk exposures (million HUF)	1,566,838
020	Institution specific countercyclical capital buffer rate	0.01%
030	Institution specific countercyclical capital buffer requirement (million HUF)	30

Capital buffers for other systemically important institutions

Row		Column
		010
010	Total risk exposures (million HUF)	1,566,838
020	Capital buffers for other systemically important institutions	0.00%
030	Requirement for a capital buffer for other systemically important institutions (million HUF)	0

8 Indicators of global systemic importance (Article 441)

Not relevant either at an individual or consolidated level.

9 Credit risk adjustments (Article 442)

9.1 Definitions for accounting purposes of ‘past due’ and ‘impaired’

The **default** of a given client is to be regarded as having occurred if one or both of the following conditions prevail(s):

a) based on available information, the Bank assumes that it is unlikely that the client will fully repay its debt towards the Bank, its parent company or any of its subsidiaries, without the enforcement of the collaterals;

b) the client’s material credit obligation towards the Bank, its parent company or any of its subsidiaries is more than 90 days past due.

The Bank has defined two types of materiality thresholds, which are set as follows.

- for private clients and micro-enterprises: EUR 100 (fixed limit) and 1% (relative limit) of the amount of the Bank's gross claims on the counterparty calculated on the balance sheet excluding exposures to which the Bank has an ownership interest, whichever is higher.
- for small, medium and large corporate clients: EUR 500 (fixed limit) and 1% (relative limit) of the amount of the Bank's gross claims on the counterparty calculated on the balance sheet excluding exposures to which the Bank has an ownership interest, whichever is higher.

Calculation of days overdue

From a default point of view, the counting of days past due starts when the amount of overdue debt (due in respect of the principal amount of the loan, interest payable or any other type of fee due), according to the current, possibly modified, maturity schedule, exceeds the above thresholds. If within 90 days - *prior to the occurrence of the 90-day default event* - the amount of the default falls below the materiality thresholds set out above, the counting of overdue days will stop and be reset. The counting of default days will restart if the amount of overdue debt exceeds the materiality thresholds again later. A *90-day delay default event* is deemed to have occurred once the number of days in arrears exceeds 90 days without interruption.

If the amount owed falls below the materiality threshold after the occurrence of the said default event (i.e. after at least 90 days of delay), the default event in question will be terminated, the re-ageing period will start and the calculation of days overdue will be frozen until the re-ageing period is completed. However, if the amount in arrears during the re-ageing period repeatedly exceeds the materiality thresholds, the re-ageing period will be stopped, the 90-day delay will be considered to have occurred again and the calculation of days in arrears will resume from the number of days previously frozen.[3] If the debt is cancelled, the re-ageing period starts, taking into account 0 days of delay. During the recovery period, the client remains in default status.

Exceptions: the above rules on the calculation of days overdue should be waived in the cases specified in the relevant MNB Recommendation[4], i.e. the calculation of days overdue should be suspended. These are the following:

[3] During this re-ageing period, in the event of a new threshold crossing, it is possible - subject to regulatory approval - to include a grace period to deal with cases that are resolved in a relatively short period of time, where the reason for the delay is not due to fundamental credit risk problems. If and during this grace period, the number of days of the re-ageing period will be frozen, thus avoiding the re-ageing period to start again.

[4] Recommendation 13/2019 (2 July) of Magyar Nemzeti Bank on the application of the concept of default under Article 178 of Regulation (EU) No 575/2013

- An agreement between the Bank and the obligor expressly allow the debtor to modify the loan payment schedule, suspend or defer payments, under specific conditions, and the debtor exercises these contractual rights. The calculation of the number of days overdue should then be based on the approved new schedule
- Repayment of the debt is suspended due to a statutory option or other legal restrictions, in which case the calculation of the number of days overdue for the period concerned is also suspended

c) In addition, it is a default factor when a restructured loan is restructured again or becomes delinquent for more than 30 days during the trial period.

In the following tables, **impaired exposure** means the exposure on which impairment (for on-balance sheet items) or provisions (for off-balance sheet items) are recognised.

Although in theory the legal regulations permit differences between the non-performing default and impairment categories, in practice these concepts are generally used as synonyms due to the above criteria.

9.2 Description of the approaches and methods adopted for determining specific and general credit risk adjustments

The Bank regularly values and rates its assets (financial investments, receivables, securities, cash and inventories), its commitments and other loans pursuant to the provisions of Act CXII of 1996[5], Act C of 2000 and EU Regulation No. 575/2013.
From 2017 the Bank prepares its annual accounts only according to the international financial reporting standards (IFRS), including the appropriate allocation of impairment and provisions. The rating process, the generation and settlement of impairment amounts take place each month, in line with IFRS requirements.
Allocation and reversal of impairment, or respectively, the allocation and release or the use of provisions are determined primarily on the basis of the estimated recovery and the future payment obligations constituting a loss. If the estimated recovery is lower than the carrying amount of the asset, then the Bank accounts for any credit, investment and country risk relating to assets in the form of impairment allocated to the respective asset in the balance sheet and in the profit and loss account.

The Bank rates its overdue receivables and recognises impairment and provisions on them on individual basis or in a group. Where the level of client-level exposure specified in the relevant internal policy is exceeded, a **specific assessmen**t is required. (The specific assessment may also cover items below the threshold where the aggregate assessment would not provide an accurate picture of the quality of the asset). In the course of an individual rating procedure, the appropriate level of impairment/provisions is determined by discounting the expected cash flow values of the transaction with the internal rate of return (EIR).

[5] According to Act CCXXXVII of 2013 as of 2014.

Where the group rating procedure is applied the Bank calculates the expected loss using its internal parameters uniformly to various loan groups.

For pre-defined sub-portfolios, expected loss is determined using the following formula:

EL = EaD * PD * LGD

where

EL = expected loss,
EaD = exposure at default,
PD = probability of default, and
LGD = loss given default.

9.3 The total amount of exposures after accounting offsets and without taking into account the effects of credit risk mitigation, and the average amount of the exposures over the period broken down by different types of exposure classes

EU CRB-B: Total and average net amount of exposures

Consolidated data

Exposure class	*Exposure (HUF million)*	*Average exposure amount (HUF million)*
Exposures to central governments or central banks	1 751 442	1 629 387
Exposures to regional governments or local authorities	53 995	55 745
Exposures to public sector entities	12 475	11 827
Exposures to multilateral development banks	6 036	6 428
Exposures to international organisations	0	0
Exposures to credit institutions and investment firms	549 054	661 366
Exposures to corporates	2 541 769	2 426 669
Retail exposures	233 060	228 306
Exposures secured by real estate	255 735	235 587
Past due items	6 229	11 370
Exposures associated with particularly high risk	0	138
Exposures in the form of covered bonds	0	0
Exposures to institutions and corporates with a short-term credit assessment	3 263	6 839
Exposures in the form of units or securities in CIUs	0	0
Other items	4 154	3 547
Total:	5 417 212	5 277 208

9.4 Geographic distribution of the exposures, broken down in significant areas by material exposure classes

EU CRB-B: Geographic distribution of the exposures

Consolidated data (HUF million)

		Book value									
		Europe	Of which: Austria	Of which: Italy	Of which: Germany	Of which: Czech Republic	Of which: Spain	Of which: France	Of which: Croatia	Of which: United Kingdom	Of which: Romania
1	Central governments or central banks	-	-	-	-	-	-	-	-	-	-
2	Institutions	521 532	5 066	22 950	7 821	102	37	188	85	413	191
3	Enterprises	1 615 806	15 696	71 102	24 231	315	115	583	263	1 279	592
4	Residents	-	-	-	-	-	-	-	-	-	-
5	Equity exposures	5 299	51	233	79	1	0	2	1	4	2
6	IRB method total	2 142 636	20 813	94 285	32 132	417	152	773	348	1 696	785
7	Central governments or central banks	1 528 697	14 849	67 269	22 925	298	109	551	249	1 210	560
8	Regional governments or local authorities	47 178	458	2 076	707	9	3	17	8	37	17
9	Public sector entities	10 973	107	483	165	2	1	4	2	9	4
10	Multilateral development banks	5 265	51	232	79	1	0	2	1	4	2
11	International organisations	-	-	-	-	-	-	-	-	-	-
12	Institutions	432 879	4 205	19 049	6 492	84	31	156	70	343	159
13	Enterprises	837 521	8 135	36 855	12 560	163	60	302	136	663	307
14	Residents	206 271	2 004	9 077	3 093	40	15	74	34	163	76
15	Secured by mortgages on immovable property	226 539	2 201	9 969	3 397	44	16	82	37	179	83
16	Exposures in default	17 439	169	767	262	3	1	6	3	14	6
17	Exceptionally high-risk items	0	0	0	0	0	0	0	0	0	0
18	Covered bonds	206	2	9	3	0	0	0	0	0	0
19	Exposures to institutions and corporates with a short-term credit assessment	2 846	28	125	43	1	0	1	0	2	1
20	Collective investment firm	-	-	-	-	-	-	-	-	-	-
21	Equity exposures	-	-	-	-	-	-	-	-	-	-
22	Other exposures	146 407	1 422	6 443	2 196	29	10	53	24	116	54
23	Standardised approach total	3 462 220	33 631	152 353	51 921	674	246	1 249	563	2 740	1 269
24	Total	5 604 856	54 444	246 638	84 053	1 092	399	2 022	911	4 436	2 054

		Of which: Bulgaria	Of which: Hungary	Of which: Other European countries	America	Of which: USA	Asia	Of which: Turkey	Other geographical areas	TOTAL
1	Central governments or central banks	-	-	-	-	-	-	-	-	-
2	Institutions	5	479 040	5 635	456	403	434	208	6 177	528 598
3	Enterprises	14	1 484 158	17 458	1 412	1 248	1 344	643	19 137	1 637 699
4	Residents	-	-	-	-	-	-	-	-	-
5	Equity exposures	0	4 867	57	5	4	4	2	63	5 371
6	IRB method total	19	1 968 066	23 150	1 872	1 655	1 782	853	25 376	2 171 667
7	Central governments or central banks	13	1 404 146	16 517	1 336	1 181	1 271	608	18 105	1 549 409
8	Regional governments or local authorities	0	43 334	510	41	36	39	19	559	47 817
9	Public sector entities	0	10 079	119	10	8	9	4	130	11 122
10	Multilateral development banks	0	4 836	57	5	4	4	2	62	5 337
11	International organisations	-	-	-	-	-	-	-	-	-
12	Institutions	4	397 610	4 677	378	334	360	172	5 127	438 744
13	Enterprises	7	769 285	9 049	732	647	696	333	9 919	848 869
14	Residents	2	189 465	2 229	180	159	172	82	2 443	209 066
15	Secured by mortgages on immovable property	2	208 082	2 448	198	175	188	90	2 683	229 608
16	Exposures in default	0	16 018	188	15	13	15	7	207	17 675
17	Exceptionally high-risk items	0	0	0	0	0	0	0	0	0
18	Covered bonds	0	189	2	0	0	0	0	2	209
19	Exposures to institutions and corporates with a short-term credit assessment	0	2 614	31	2	2	2	1	34	2 885
20	Collective investment firm	-	-	-	-	-	-	-	-	-
21	Equity exposures	-	-	-	-	-	-	-	-	-
22	Other exposures	1	134 478	1 582	128	113	122	58	1 734	148 391
23	Standardised approach total	30	3 180 136	37 407	3 025	2 674	2 879	1 378	41 005	3 509 130
24	Total	49	5 148 202	60 557	4 898	4 329	4 661	2 231	66 381	5 680 797

9.5 The distribution of the exposures by industry or counterparty type, broken down by exposure classes

EU CRB-D: Concentration of exposures by economic sector or counterparty type
Consolidated data (HUF million)

		Book value									
		Agriculture, forestry and fishing	Mining, quarrying	Processing industry	Electricity, gas, steam, air conditioning	Water supply	Construction industry	Wholesale and retail trade	Transportation and warehousing	Hotel services, catering	Information, communication
1	Central governments or central banks										
2	Institutions										
3	Enterprises	33 871	198 402	90 945	105 768		361 589		584 260	52 545	145 092
4	Residents										
5	Equity exposures										
6	**IRB approach total**	**33 871**	**198 402**	**90 945**	**105 768**	**0**	**361 589**	**0**	**584 260**	**52 545**	**145 092**
7	Central governments or central banks	1 751 612									
8	Regional governments or local authorities										54 108
9	Public sector entities										12 585
10	Multilateral development banks	6 039									
11	International organisations										
12	Institutions	37 100									
13	Enterprises	12 442	13 858	10 791	50 242		53 913		219 044	43 089	140 485
14	Residents	12	6		12		22		83	12	90
15	Secured by mortgages on immovable property	13	7		12		24		91	13	99
16	Exposures in default										
17	Exceptionally high-risk items										
18	Covered bonds										
19	Exposures to institutions and corporates with a short-term credit assessment										
20	Collective investment firm										
21	Equity exposures										
22	Other exposures										
23	**Standardised approach total**	**1 807 218**	**13 871**	**10 791**	**50 266**	**0**	**53 959**	**0**	**219 218**	**43 114**	**207 366**
24	**Total**	**1 841 089**	**212 273**	**101 736**	**156 034**	**0**	**415 548**	**0**	**803 479**	**95 659**	**352 459**

		Book value										
		Financial activities	**Real estate transactions**	**Professional, scientific and technical activity**	**Administrative and support service activity**	**Public administration, defence, compulsory social security**	**Education**	**Human health services, social care**	**Art, entertainment, leisure**	**Natural persons**	**Other services**	**Total**
1	Central governments or central banks											0
2	Institutions	598 138						93 501				691 638
3	Enterprises	6 478	72 429								100 535	1 751 914
4	Residents											0
5	Equity exposures	1 600										1 600
6	**IRB approach total**	**606 216**	**72 429**	**0**	**0**	**0**	**0**	**93 501**	**0**	**0**	**100 535**	**2 445 152**
7	Central governments or central banks											1 751 612
8	Regional governments or local authorities											54 108
9	Public sector entities											12 585
10	Multilateral development banks											6 039
11	International organisations											0
12	Institutions											37 100
13	Enterprises	6 988	130 334					17 730		2 002	94 909	795 828
14	Residents	16	8					1		236 274	33	236 569
15	Secured by mortgages on immovable property	18	9					1		259 490	37	259 814
16	Exposures in default	14 831										14 831
17	Exceptionally high-risk items											0
18	Covered bonds											0
19	Exposures to institutions and corporates with a short-term credit assessment										3 264	3 264
20	Collective investment firm											0
21	Equity exposures											0
22	Other exposures										4 154	4 154
23	**Standardised approach total**	**21 853**	**130 351**	**0**	**0**	**0**	**0**	**17 732**	**0**	**497 766**	**102 397**	**3 175 903**
24	**Total**	**628 069**	**202 780**	**0**	**0**	**0**	**0**	**111 233**	**0**	**497 766**	**202 933**	**5 621 056**

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9.6 The outstanding maturity breakdown of all the exposures, broken down by exposure classes

EU CRB-E: Term of exposures

Consolidated data (HUF million)

EU CRB-E - Duration of exposures (HUF million)	Available for drawdown upon demand	<= 1 year	> 1 year <=	> 5 years	No maturity is specified	Total
Central governments or central banks	-	-	-	-	-	-
Institutions	23.092,28	104.051,77	157.694,62	313.299,06	-	598.137,73
Enterprises	1.549,64	504.436,52	529.878,78	817.281,42	-	598.137,73
Retail	-	-	-	-	-	-
Equity exposures	-	-	-	-	6.077,14	6.077,14
IRB approach total	**24.641,92**	**608.488,29**	**687.573,39**	**1.130.580,48**	**6.077,14**	**2.457.361,23**
Central governments or central banks	25.369,64	1.149.963,71	277.737,36	300.171,04	-	1.753.241,75
Regional governments or local authorities	538,02	16,31	2.812,72	50.740,47	-	54.107,52
Public sector entities	0,01	35,14	412,68	12.136,86	-	12.584,68
Multilateral development banks	-	6.017,88	20,71	-	-	6.038,59
International organisations	-	-	-	-	-	-
Institutions	510,09	10.559,08	83.669,73	401.724,06	-	496.462,97
Enterprises	443,47	90.811,90	427.886,44	441.400,39	-	960.542,20
Retail	125,98	16.657,50	85.555,42	134.230,63	-	236.569,53
Secured by mortgages on immovable property	-	2.051,61	15.755,95	242.006,67	-	259.814,23
Exposures in default	287,31	3.397,09	6.356,84	9.958,91	-	20.000,14
Exceptionally high-risk items	0,00	-	-	-	-	0,00
Covered bonds	-	139,35	96,83	-	-	236,18
Exposures to institutions and corporates with a short-term credit assessment	2.723,94	540,13	-	-	-	3.264,08
Collective investment firm	-	-	-	-	-	-
Equity exposures	-	-	-	-	-	-
Other exposures	147.887,58	-	-	20.024,49	-	167.912,08
Standardised approach total	**177.886,03**	**1.280.189,71**	**900.304,67**	**1.612.393,52**	**-**	**3.970.773,94**
Total	**202.527,96**	**1.888.678,00**	**1.587.878,07**	**2.742.974,00**	**6.077,14**	**6.428.135,17**

9.7 By significant industry or counterparty type, the amount of:

Consolidated data

Loan quality of exposures in a breakdown by exposure classes and instruments

EU CR1-A - Loan quality of exposures by exposure class and by instrument (HUF million)				Gross book values		Specific credit risk adjustments	General credit risk adjustments	Cumulative write-offs	Credit risk adjustment during the period	Net values
				Exposures in default	Exposures not in default					
				a	b	c	d	e	f	(a+b-c-d)
10	1	Central governments or central banks		-	-	-	-	-	-	-
20	2	Institutions		-	598.138	607	-	-	-	597.531
30	3	Enterprises		44.909	1.800.506	42.312	-	-	2.616	1.803.103
40	4		of which: specialised lending	-	-	-	-	-	-	-
50	5		of which: SMEs	22.334	541.169	21.471	-	-	423	542.032
60	6	Retail		-	-	-	-	-	-	-
70	7		Exposures secured by real estate	-	-	-	-	-	-	-
80	8		SMEs	-	-	-	-	-	-	-
90	9		Non-SMEs	-	-	-	-	-	-	-
100	10		Revolving retail exposures	-	-	-	-	-	-	-
110	11		Other retail	-	-	-	-	-	-	-

120	12		SMEs	-	-	-	-	-	-	-
130	13		Non-SMEs	-	-	-	-	-	-	-
140	14	Equity exposures		-	1.600	-	-	-	-	1.600
150	15	**IRB approach total**		22.334	542.769	21.471	-	-	423	543.632
160	16	Central governments or central banks		-	1.751.612	170	-	-	-	1.751.442
170	17	Regional governments or local authorities		-	54.108	112	-	-	-	53.995
180	18	Public sector entities		17	12.568	110	-	-	-	12.475
190	19	Multilateral development banks		-	6.039	2	-	-	-	6.036
200	20	International organisations		-	-	-	-	-	-	-
210	21	Institutions		-	37.100	38	-	-	-	37.062
220	22	Enterprises		6.908	788.920	8.464	-	-	39	787.364
230	23		of which SMEs	6.409	298.973	4.037	-	-	21	301.344
240	24	Retail		7.201	229.369	3.510	-	-	150	233.060
250	25		of which SMEs	1.507	62.397	958	-	-	58	62.945
260	26	Secured by mortgages on immovable property		704	259.110	4.080	-	-	-	255.735
270	27		of which SMEs	242	12.033	182	-	-	-	12.094
280	28	Exposures in default		-	14.831	8.601	0	-	-	6.229
290	29	Exceptionally high-risk items		-	0	0	-	-	-	0
300	30	Covered bonds		-	-	-	-	-	-	-
310	31	Exposures to institutions and corporates with a short-term credit assessment		-	3.264	1	-	-	-	3.263

320	32	Collective investment firm		-	-	-	-	-	-	-
330	33	Equity exposures		-	-	-	-	-	-	-
340	34	Other exposures		-	4.154	-	-	-	-	4.154
350	35	**Standardised approach total**		22.989	3.534.476	30.265	0	-	269	3.527.199
360	36	**Total**		45.323	4.077.245	51.736	0	-	692	4.070.831
370	37		of which: Loans	14.217	2.194.669	23.637	0	-	-	2.185.249
380	38		of which: Debt instruments	-	638.278	364	-	-	-	637.914
390	39		of which: Off-balance sheet exposures	614	249.694	1.087	-	-	-	249.221

Credit quality of exposures by industry or counterparty type

CR-1 B - Loan quality of exposures by economic sector or partner type			Gross book values of the below:		Specific credit risk adjustments	General credit risk adjustments	Aggregated write-offs	Debits relating to credit risk adjustments	Net values
			Exposures in default	Exposures not in default					
			a	b	c	d	e	f	(a+b-c-d)
10	1	Agriculture, forestry and fishing	228	59,406	629	0	0	0	59,006
20	2	Mining, quarrying	501	2,583	5	0	0	0	3,079
30	3	Processing industry	28,509	628,672	22,303	0	0	0	634,879
40	4	Electricity, gas, steam, air conditioning	916	150,974	706	0	0	0	151,184
50	5	Water supply	326	11,020	132	0	0	0	11,214
60	6	Construction industry	1,800	164,357	2,489	0	0	0	163,668
70	7	Wholesale and retail trade	5,328	425,598	4,821	0	0	0	426,106
80	8	Transportation and warehousing	19,001	169,208	7,237	0	0	0	180,972
90	9	Hotel services, catering	1,095	7,070	612	0	0	0	7,553
100	10	Information, communication	70	180,067	1,126	0	0	0	179,011
110	11	Real estate transactions	2,286	341,597	5,003	0	0	0	338,881
120	12	Professional, scientific and technical activity	415	34,991	413	0	0	0	34,993
130	13	Administrative and support service activity	291	28,824	258	0	0	0	28,856
140	14	Public administration, defence, compulsory social security	0	773,463	498	0	0	0	772,966
150	15	Education	6	1,497	9	0	0	0	1,495
160	16	Human health services, social care	1	4,646	57	0	0	0	4,589
170	17	Art, entertainment, leisure	199	702	37	0	0	0	864
180	18	Other services	5,382	1,649,547	15,612	0	2	0	1,639,317
190	19	**Total**	**66,356**	**4,634,224**	**61,948**	0	**2**	**0**	**4,638,632**

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9.8 Amount of impaired exposures and past due exposures

Consolidated data

		a	b	c	d	e	f	g
		Gross book values:						Net values
		Exposures in default	Exposures not in default	General credit risk adjustments	Cumulative write-offs	Cumulative write-offs	Credit risk adjustment during the period	(a+b-c-d)
1	EUROPE	57 973	5 546 883	0	0	0	2 805	5 604 856
2	within that: Austria	5	54 439	0	0	0	0	54 444
3	within that: Italy	6	246 632	0	0	0	0	246 638
4	within that: Germany	0	84 052	0	0	0	0	84 053
5	within that: Czech Republic	0	1 092	0	0	0	0	1 092
6	within that: Spain	6	393	0	0	0	0	399
7	within that: France	0	2 022	0	0	0	0	2 022
8	within that: Croatia	0	911	0	0	0	0	911
9	within that: United Kingdom	44	4 391	0	0	0	0	4 436
10	within that: Romania	0	2 054	0	0	0	0	2 054
11	within that: Bulgaria	0	49	0	0	0	0	49
12	within that: Hungary	57 200	5 091 002	0	0	0	2 500	5 148 202
13	within that: other European countries	712	59 846	0	0	0	305	60 557
14	AMERICA	0	4 897	0	0	0	0	4 898
15	within that: United States of America	0	4 329	0	0	0	0	4 329
16	ASIA	1 766	2 895	0	0	0	0	4 661
17	within that: Turkey	1 766	465	0	0	0	0	2 231
18	Other geographical areas	0,048	66 381	0	0	0	0	66 381
21	**Total**	59 740	5 621 057	0	0	0	2 805	5 680 797

Ageing of overdue exposures

Consolidated data

EU - CR1D -Ageing of overdue exposures (million HUF)		a	b	c	d	e	f
		Gross Book value					
		<= 30	>30 <= 60	> 60 <= 90	> 90 <= 180	> 180 <= 1 year	> 1 year
1	Loans	39 761	2 094	350	272	705	6 053
2	Debt instruments	-	-	-	-	-	-
3	**Total exposure**	39 761	2 094	350	272	705	6 053

9.9 Changes in the specific and general credit risk adjustments for impaired exposures

UniCredit Bank Hungary Zrt. (HUF million)

		a	b
		Cumulative specific credit risk adjustments	Cumulative general credit risk adjustments
1	**Opening balance**	**-30,882.41**	**-3,587.79**
2	Increments due to amounts set aside for estimated credit losses during the period	-15,769.97	-1,979.18
3	Decreases due to amounts reversed for estimated credit losses during the period	15,868.46	948.76
4	Decreases due to amounts against cumulative credit risk adjustments	355.10	93.77
5	Transfers between credit risk adjustments	23.51	-23.51
6	Impact of exchange rate differences	-368.12	-5.23
7	Business combinations, including the acquisition and sale of subsidiaries	0.00	0.00
8	Other adjustments	-281.54	-233.48
9	**Closing balance 9=1+2+3+4+5+6+7+8**	**-31,054.96**	**-4,786.65**
10	Reversals relating to credit risk adjustments recorded directly to the income statement.	369.76	806.66
11	Individual credit risk adjustments recorded directly to the income statement.	-894.21	-968.10

Consolidated IFRS data (HUF million)

		a	b
		Cumulative specific credit risk adjustments	Cumulative general credit risk adjustments
1	**Opening balance**	**-31,406.87**	**-3,888.43**
2	Increments due to amounts set aside for estimated credit losses during the period	-16,101.96	-2,289.44
3	Decreases due to amounts reversed for estimated credit losses during the period	16,051.98	1,150.08
4	Decreases due to amounts against cumulative credit risk adjustments	355.10	93.77
5	Transfers between credit risk adjustments	237.09	-303.34
6	Impact of exchange rate differences	-393.74	-13.69
7	Business combinations, including the acquisition and sale of subsidiaries	0.00	0.00
8	Other adjustments	-281.54	-239.27

9	**Closing balance 9=1+2+3+4+5+6+7+8**	**-31,539.94**	**-5,490.34**
10	Reversals relating to credit risk adjustments recorded directly to the income statement.	369.76	850.44
11	Individual credit risk adjustments recorded directly to the income statement.	-894.21	-1,071.45

9.10 Changes in the portfolios of non-performing and impaired loans and debt securities

UniCredit Bank Hungary Zrt. (HUF million)

		a
		Gross book value of defaulted exposures
1	**Opening balance**	**43,008**
2	Loans and debt securities defaulted or impaired since the last reporting period	12,716
3	Reinstated into performing (non-defaulted) status	11,570
4	Written-off amounts	503
5	Other changes	-2,604
6	**Closing balance 6=(1+2-3-4+5)**	**41,046**

Consolidated data (HUF million)

		a
		Gross book value of defaulted exposures
1	**Opening balance**	**53,510**
2	Loans and debt securities defaulted or impaired since the last reporting period	14,299
3	Reinstated into performing (non-defaulted) status	11,803
4	Written-off amounts	503
5	Other changes	-6,158
6	**Closing balance 6=(1+2-3-4+5)**	**49,345**

9.11 Credit quality of restructured exposures

	(HUF million)	Gross carrying amount / face value of exposures affected by restructuring measures				Cumulative impairment, cumulative negative fair value changes arising from changes in credit risk and provisions		Collateral and financial guarantees received for restructured exposures	
		Performing restructured	Non-performing restructured			on performing restructured exposures	on non-performing restructured exposures		Of which collateral and financial guarantees received for non-performing exposures subject to restructuring measures
				Of which "defaulted"	Of which impaired				
1	Credits and advances	120.043	28.762	0	0	-5.222	-18.444	44.984	2.338
2	Central banks								
3	General governments								
4	Credit institutions								
5	Other financial enterprises								
6	Non-financial enterprises	81.231	25.122	0	0	-2.863	-15.809	44.744	2.333
7	Households	38.812	3.640	0	0	-2.359	-2.635	240	5
8	Debt instruments								
9	Loan commitments granted	533	2.115	0	0	0	0	0	0
10	**Total**	120.576	30.877	0	0	-5.222	-18.444	44.984	2.338

9.12 Credit quality of performing and non-performing exposures by days past due

	(HUF million)	Gross carrying amount / notional											
		Performing exposures			Exposures in default								
		Performing	No delay or delay ≤ 30 days	Delay > 30 days ≤ 90 days	Non-performing	Performance is unlikely although there is no delay or the delay is ≤ 90 days	Delay > 90 days ≤ 180 days	Delay > 180 days ≤ 1 year	Delay > 1 year ≤ 2 years	Delay > 2 year ≤ 5 years	Delay > 5 years ≤ 7 years	Delay > 7 years	Of which "defaulted"
1	Credits and advances	2 889 571	2 887 457	2 114	49 314	42 283	272	705	713	4 757	275	307	49 314
2	Central banks	903 761	903 761	0	0	0	0	0	0	0	0	0	0
3	General governments	80 582	80 582	0	3	0	2	0	0	0	1	0	3
4	Credit institutions	239 822	239 678	144	0	0	0	0	0	0	0	0	0
5	Other financial enterprises	61 355	61 355	0	187	0	0	0	0	186	0	0	187
6	Non-financial enterprises	1 197 098	1 195 757	1 341	42 662	38 305	58	429	354	3 508	7	0	42 662
7	Of which SMEs	430 533	429 528	1 006	19 902	16 942	58	429	31	2 435	6	0	19 902
8	Households	406 953	406 324	629	6 462	3 978	212	276	359	1 063	267	307	6 462
9	Debt instruments	879 956	879 956	0	0	0	0	0	0	0	0	0	0
10	Central banks	0	0	0	0	0	0	0	0	0	0	0	0
11	General governments	624 340	624 340	0	0	0	0	0	0	0	0	0	0
12	Credit institutions	176 156	176 156	0	0	0	0	0	0	0	0	0	0
13	Other financial enterprises	0	0	0	0	0	0	0	0	0	0	0	0
14	Non-financial enterprises	79 460	79 460	0	0	0	0	0	0	0	0	0	0
15	Off-balance sheet exposures	1 345 213			15 639								15 639
16	**Total**	**5 114 740**	**3 767 413**	**2 114**	**64 953**	**42 283**	**272**	**705**	**713**	**4 757**	**275**	**307**	**64 953**

9.13 Performing and non-performing exposures and related provisions

	(HUF million)	Gross carrying amount / notional						Cumulative impairment, cumulative negative fair value changes arising from changes in credit risk and provisions		
		Performing exposures			Exposures in default			Performing exposures - accumulated impairment and provisions		
		Perfoming	of which phase 1	of which phase 2	Non-performing	of which phase 2	of which phase 3	Performing Impairment and Provisions	of which phase 1	of which phase 2
1	**Credits and advances**	2 889 571,57	2 247 682,44	576 976,63	49 313,09	0,00	49 313,09	-24 039,22	-10 143,84	-13 890,89
2	Central banks	903 761,00	903 761,00	0,00	0,00	0,00	0,00	-4,96	-4,96	0,00
3	General governments	80 582,42	71 476,40	6 438,06	3,21	0,00	3,21	-434,00	-407,62	-26,38
4	Credit institutions	239 821,99	176 934,20	62 887,78	0,00	0,00	0,00	-124,91	-90,15	-34,76
5	Other financial enterprises	61 354,71	51 293,35	10 061,37	186,60	0,00	186,60	-916,57	-695,08	-221,49
6	Non-financial enterprises	1 197 097,99	831 970,63	364 953,16	42 661,20	0,00	42 661,20	-16 252,04	-8 192,88	-8 059,17
7	Of which SMEs	430 532,74	338 859,06	91 513,15	19 901,24	0,00	19 901,24	-5 671,15	-3 648,16	-2 022,99
8	Households	406 953,46	212 246,87	132 636,26	6 462,08	0,00	6 462,08	-6 306,73	-753,15	-5 549,08
9	**Debt instruments**	879 955,66	858 481,90	21 473,76	0,00	0,00	0,00	-1 227,87	-582,64	-645,23
10	Central banks	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
11	General governments	624 340,13	624 340,13	0,00	0,00	0,00	0,00	-313,59	-313,59	0,00
12	Credit institutions	176 155,48	164 085,97	12 069,51	0,00	0,00	0,00	-544,87	-177,68	-367,19
13	Other financial enterprises	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
14	Non-financial enterprises	79 460,05	70 055,79	9 404,25	0,00	0,00	0,00	-369,41	-91,37	-278,04
15	**Off-balance sheet exposures**	1 345 213,25	0,00	0,00	15 639,48	0,00	0,00	-5 553,88	-2 063,69	-3 490,19
16	**Total**	**5 114 740,48**	**3 106 164,34**	**598 450,40**	**64 952,57**	**0,00**	**49 313,09**	**-30 820,97**	**-12 790,17**	**-18 026,30**

	(HUF million)	Cumulative impairment, cumulative negative fair value changes arising from changes in credit risk and provisions			Cumulative partial write-offs	Collateral and financial guarantees received	
		Non-performing exposures - cumulative impairment, cumulative amount of negative fair value changes arising from changes in credit risk and provisions				on performing exposures	on non-performing exposures
			of which phase 2	of which phase 3			
1	**Credits and advances**	-27.703	-455	-27.247	0	359.671	9.002
2	Central banks	0	0	0	0	0	0
3	General governments	-2	0	-2	0	9.632	0
4	Credit institutions	0	0	0	0	44.428	0
5	Other financial enterprises	-186	0	-186	0	5.646	0
6	Non-financial enterprises	-23.247	-33	-23.214	0	259.033	8.959
7	Of which SMEs	-10.663	-33	-10.630	0	91.027	4.762
8	Households	-4.268	-422	-3.846	0	40.932	43
9	**Debt instruments**	0	0	0	0	0	0
10	Central banks	0	0	0	0	0	0
11	General governments	0	0	0	0	0	0
12	Credit institutions	0	0	0	0	0	0
13	Other financial enterprises	0	0	0	0	0	0
14	Non-financial enterprises	0	0	0	0	0	0
15	**Off-balance sheet exposures**	-9.503	0	-9.503	0	85.834	0
16	**Total**	**-37.205**	**-455**	**-36.750**	**0**	**445.505**	**9.002**

10 Unencumbered assets (Article 443)

Consolidated data

A – Assets

(HUF million)		Book value of encumbered assets	Fair value of encumbered assets	Book value of unencumbered assets	Fair value of unencumbered assets
		10	40	60	90
10	**Assets**	552 516	302 939	4 028 022	551 740
30	Capital instruments	0	0	21 410	21 410
40	Debt instruments	302 939	302 939	530 330	530 330
120	Other assets	0	0	407 273	0

Does the bank apply fair value measurement: Yes

B – Collateral received

		Fair value of the part of collateral received or debt securities issued that have been encumbered	Fair value of the part of collateral received or debt securities issued that may be encumbered
		010	040
130	**Collateral received**	-	-
150	Capital instruments	-	-
160	Debt instruments	-	-
230	Other collateral received	-	-
240	**Own debt securities issued other than own covered bonds or asset-backed securities**	-	-

C – Liabilities associated to encumbered assets and collateral received

		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own securities issued other than covered bonds and ABSs encumbered
	(HUF million)	010	030
010	**Carrying amount of selected financial liabilities**	439 011	552 516

D – Information on the significance of encumbrance -

E. Encumbrance ratio

Book value of encumbered assets and collaterals (million HUF)	552 516
Total assets and collaterals (million HUF)	4 580 538
Encumbrance ratio	12,06%

11 Use of ECAIs (Article 444)

11.1 External recognised credit rating organisation used by the Bank for defining the risk weights and its credit rating

For certain portfolios, the Bank used the Standardised Approach to calculate the capital requirement for credit risk. In that method the external ratings of Standard and Poor’s (S&P), Moody’s and Fitch Ratings were used to define the risk weights. Where there were several ratings available for the same client, the second best rating was applied in the establishment of the risk weight.

11.2 Exposure classes for which each ECAI is used

The Bank’s portfolio includes a negligible number of clients with external credit rating that are not treated under the IRB Approach; consequently, the Bank considers their rating confidential information and does not disclose them separately in this report.

11.3 Description of the process used to transfer the issuer and issue credit assessments onto items not included in the trading book

In terms of the external ratings relating to an issuer and issues, the Bank proceeds in compliance with the provisions of Section 3, Chapter 2, Title II, Part 3. of the CRR.

11.4 Association of the external rating of each nominated ECAI with the credit quality steps prescribed in CRR Part 3, Title II, Chapter 2

Thus, the ratings published by external credit rating organisations can be clearly mapped with the rating scale applied by the Bank. Thus, the ratings published by external credit rating organisations can be clearly mapped with the rating scale applied by the Bank.

11.5 Exposure values and the exposure values after credit risk mitigation associated with each credit quality step prescribed in CRR Part 3, Title II, Chapter 2 as well as those deducted from own funds

The Bank’s portfolio includes a negligible number of clients with external credit rating that are not treated under the IRB Approach; consequently, the Bank considers their rating confidential information and does not disclose them separately in this report.

12 Exposure to market risk (Article 445)

Market risk refers to P&L impacts triggered by price fluctuation which originate from positions held in the Bank's own books (both the Banking Book and the Trading Book). Those positions typically reflect the Bank's investment strategies and include all money market and capital market transactions at both the individual and consolidated levels. Within the Bank Group, Jelzálogbank and UC Leasing do not have a Trading Book, and the capital requirement for market risk is calculated at the consolidated level of the Bank Group.

The Bank calculates the capital requirement for the trading book in compliance with Regulation (EU) No 575/2013 of the European Parliament and of the Council. The Bank calculates the capital requirement of the position risk inherent in the Trading Book by applying the Standardised Approach. The Bank has chosen the following methods in relation to risks specified in the Regulation: tenor-based method for interest rate risk, delta-plus method for the capital requirement of options, 32% method for collective investment undertakings, and reserving 3% of the gross position for commodity risk. Based on the Bank Group's methodology, the Bank measures the position risk of the trading book and the bank book also by means of an internal model, according to which the Bank's exposures are further restricted by applying limits to VaR, sensitivity indicators (BPV) and maturity band mismatch. In the course of its internal capital adequacy assessment process, the Bank measures the economic capital requirement of its market risk with VaR, which includes both the position risk of the trading book and the interest rate risk of the bank book.

UniCredit Bank Hungary Zrt consolidated figures

Exposure to market risk (31.12.2021)	Capital requirement (HUF million)
Traded debt instruments	1,547
Equity	0
Currency	0
Commodities	0

13 Operational risk (Article 446)

Until 30 June 2009 the Bank used the Standardised Approach to calculate the capital requirement for operational risks.

The Hungarian Financial Supervisory Authority approved the operational risk framework system of the Bank Group, which was the second approved system of that kind in Hungary. Accordingly, since 1 July 2009 the Bank has used the Advanced Measurement Approach (AMA) to calculate the capital requirement for operational risks.
Pursuant to the Resolution issued by the National Bank of Hungary, as of 30 June 2014 the Bank has been authorised to determine its capital requirement for operational risks using UniCredit's Group level AMA model, which includes major revisions.

For the subsidiaries subject to consolidated supervision, UniCredit Jelzálogbank's operational risk capital requirement is determined using the standardised method, while for UniCredit Leasing Hungary Zrt., UniCredit Független Biztosításközvetítő Kft. and UniCredit Operative Lízing Kft. the basic indicator method is used.

When applying the Advanced Measurement Approach, the capital requirement is calculated by the UniCredit Group for the entire UCI Group.
The UniCredit Group allocates the capital requirement to the individual subsidiary banks of the Group based on the methodology approved by the management of the UniCredit Group and the supervisory authority responsible for the UniCredit Group. The relevant indicator of the allocation mechanism is the operating revenues of the subsidiaries, supplemented with individual calculations and also backtesting since December 2010.

The capital requirement for the operational risk of the Bank Group in 2021 in a quarterly breakdown is as follows:

HUF million	31.03.2021	30.06.2021	30.09.2021	31.12.2021
UniCredit Bank Hungary Zrt.	12.111	12.358	12.463	13.275
Consolidated	12.835	13.083	13.188	14.099

14 Exposures in equities not included in the trading book (Article 447)

As at 31 December 2021, UniCredit Bank Hungary Zrt. did not have any equity exposures in the non-trading book.

Data on UniCredit Bank Hungary Zrt.'s long-term investments

Participations whose carrying amount is zero or lower than HUF 1 million are not listed.
All companies support the Bank's operations in the long term. The Bank/Bank Group measures its bank book participations at cost. Such participations are rated on a quarterly basis, and allocations are made for impairment as required. In the reference period, the proportionate equity in the percentage of the Bank's ownership of these participations significantly exceeded their book value. There was no result on disposal of shares in the trading book in 2021.
On 31.12.2021 UniCredit Bank Zrt. held the following investments:

	31.12.2021	
Name	**(Gross) carrying amount in HUF thousands, or USD**	**Participation (%)**
Garantiqa Hitelgarancia Zrt.	20,000	0.21%
Fundamenta-Lakáskassza Zrt.	302,885	7.38%
UniCredit Jelzálogbank Zrt.	3,760,668	100%
UniCredit Biztosításközvetítő Kft.	41,260	100%
UniCredit Operatív Lízing Kft.	3,000	100%
UniCredit Leasing Hungary Zrt.	672,000	100%
VISA Inc	USD 3,921,682	0.03%
Total	**4,799,813**	
	USD 3,921,682	

Consolidated data

	31.12.2021	
Name	**(Gross) carrying amount in HUF thousands, or USD**	**Participation (%)**
Garantiqa Hitelgarancia Zrt.	20,000	0.21%
Fundamenta-Lakáskassza Zrt.	302,885	7.38%
VISA Inc.	USD 3,921,682	0.03%
Total	**322,885**	
	USD 3,921,682	

The Bank allocates capital under Pillar 1 in the framework of its capital adequacy assessment process to participations not included in the Trading Book in order to cover the risk of financial investments. The table below summarises the capital allocated to the various exposures:

Shareholdings – 31.12.2021	**Gross exposure**	**Cap. req. Pillar 1**
	HUF th	
Garantiqa Hitelgarancia Zrt.	20,000	5,920
Fundamenta-Lakáskassza Zrt.	302,885	89,654
UniCredit Jelzálogbank Zrt.	3,760,668	1,113,158
UniCredit Biztosításközvetítő Kft.	41,260	12,213
UniCredit Operatív Lízing Kft.	3,000	888
UniCredit Leasing Hungary Zrt.	672,000	198,912
VISA Inc	USD 3,921,682	345,180
Total	**4,799,813**	**1,762,925**
	USD 3,921,682	

15 Exposure to interest rate risk on positions not included in the trading book (Article 448)

15.1 Nature of the interest rate risk and the key assumptions, and frequency of measurement of the interest rate risk

The interest rate risk refers to changes in yields and interest income resulting from interest rate fluctuation, i.e. changes in the Bank's income and the variations in the net present value of the Bank's assets and liabilities during daily revaluation.
Among the market risks the Bank measures and monitors the interest rate risk daily pursuant to its bank book interest risk policy, which defines methods and limits for maximising the sensitivity of margins and value creation of the Bank, which are then reflected in the Bank's strategic investment decisions and operation as well.
The sources of interest rate risk are the repricing risk, which originates from the repricing (basic risk) and interest rate fixing differences (yield curve risk) of assets and liabilities.
The measures used for the limit systems are the VaR figures, the sensitivity indicators (BPV), and the repricing gap metrics.
According to the Group's structure, the KPIs, responsibility levels and hedging functions are defined at several levels of aggregation according to the complexity of operation of the individual units. The Bank monitors and manages VaR, BPV and spread points and their limits on a daily basis. BVP sensitivities are broken down by currency and time bucket, and therefore any shift in parts of the yield curve can also be monitored.

15.2 Variation in earnings, economic value or other relevant measure used by the management for upward and downward rate shocks according to management's method for measuring the interest rate risk, broken down by currency

The banking book interest rate risk refers to the possibility that the income from the bank book positions and/or the economic capital value of the institution changes adversely as a result of changes in the market interest rates. The group measures and monitors the bank book interest rate risk on the basis of the BCBS 2016 'Standards Interest rate risk in the banking book' (IRRBB), and MNB ICAAP-ILAAP-BMA methodology manual.

Risk assessment and management
In terms of the effect on the income, the Bank regularly measures the net interest income and uses various scenarios to quantify it.

The Bank's economic value of equity (EVE) is the net present value of the total cash flows of the assets, liabilities and off-balance sheet items constituting the banking book where each item is taken into account with the prefix indicating the direction of the position.

NII and EVE sensitivity of UniCredit Bank Hungary Zrt. as at 31 December 2021:

	31.12.2021
NII sensitivity (%)	-12.2%
EVE sensitivity (%)	-11.0%

In the case of NII, the shock is based on the projected 2021 NII budget, while the EVE is based on the 4Q21 Tier 1 capital.

Sensitivity test

The Group conducts consolidated sensitivity tests between the parallel movements and twists of yield curves and shareholder values. The sensitivity test covers impacts affecting the interim profit and loss account and the total economic effect as well. The examined scenarios are a 200 basis point increase and decrease, parallel upward and downward movements programmed according to the recommendations of the EBA and the MNB, upward and downward turns, and short-term ups and downs.
The presented scenarios reflect the flooring effect, i.e., in the case of the affected segments (e.g., customer exposures), the +/- shock was applied to the exposures only to the flooring.

The presented shocks represent an immediate and lasting effect, which are immediately priced on the market with net present value approach and, upon fair valuation, they appear in the right lines as of the accounting type; not only for the specific period, but regarding future interest incomes as well.

Stress test of interest rate risks (HUF million)

31.12.2021 (HUF million)		Income	Capital	Other*	Total
Only HUF	200bp increase	1,022	-1,078	-33,115	-33,171
	200bp decrease	-1,234	582	18,972	18,321
	moves upward	625	-1,335	-40,290	-41,001
	moves downward	-1,579	735	24,070	23,226
	turns upward	373	41	-1,716	-1,303
	turns downward	-516	-346	-6,093	-6,955
	short side rise	5	-799	-20,784	-21,578
	short-term decline	-46	422	10,978	11,355
Total returns	200bp increase	1,221	-1,107	-30,525	-30,411
	200bp decrease	-1,309	585	19,315	18,591
	moves upward	819	-1,364	-37,699	-38,244
	moves downward	-1,653	738	24,413	23,498
	turns upward	259	44	-1,104	-800
	turns downward	-317	-363	-5,966	-6,646
	short side rise	247	-826	-20,195	-20,774
	short-term decline	-123	425	11,365	11,666
Worst case		-1,653	-1,364	-37,699	-38,244

*Included only in supplementary information.

16 Exposure to securitisation positions (Article 449)

Not relevant, the Bank does not apply securitisation.

17 Remuneration policy (Article 450)

This document (hereinafter also “Remuneration Policy” or “Policy”) defines the principles and rules that have to be applied to ensure the setting, monitoring and controlling of the compensation systems and practices adopted by UniCredit Hungary with the applicable Hungarian legal and supervisory prescriptions in force at any time.

In particular, this Policy describes the mission and values in UniCredit Hungary’s compensation approach, the pillars of compensation, the corporate and organizational governance structures and processes, as well as the compliance requirements; it supports the use of benchmarking for market practices; it indicates the compensation approaches that have to contribute to the sustainability of Unicredit Hungary; it details the total compensation elements, as well as sets the pay-mix guidelines; it provides the guidelines for the definition of the incentive systems, for the assignment of benefits and for the application of compliance drivers.

The set of values of UniCredit is based on ethics and respect as sustainable conditions to transform profit into value for stakeholders. A simple guiding principle ensures we live these values every day: do the right thing!

By upholding the standards of sustainable behaviors and values which drive the Group’s mission, the compensation strategy represents a key enabler to enhance and protect its reputation and to create long-term value for all Group stakeholders. Specifically, the remuneration policy contributes to the business strategy, long-term interests and the sustainability of UniCredit.

More than ever, sustainability forms a central part of everything UniCredit does and is fully integrated into the business and decision-making process: commitment to ESG topics, renewed focus on improving customer experience and constant dedication to the people. It is a key lever for the future business strategies and a critical component of the bank’s success.

Through appropriate compensation mechanisms, UniCredit aims to create a best in class work environment, fostering and unlocking individual potential in order to attract, retain and motivate a highly qualified global workforce capable of creating a competitive advantage for the Group. Are rewarded those who reflect the standards of ethical behavior in conducting business in a sustainable way.

UniCredit believes in inclusion as a strategic business driver and is committed to creating an inclusive environment for its diversified workforce, where everyone with the capability to excel can do so. The employees are expected to contribute to creating and maintaining a work environment that is respectful and non-intimidating, and where differences in age, race, nationality, religion, gender and sexual orientation are embraced and promoted.

Relying on the governance model of UniCredit, the Group Remuneration Policy sets the framework for a coherent and consistent design, implementation and monitoring of compensation practices across the entire Group.

Within this common policy framework, guidelines are defined to implement compensation programs and plans that reinforce sound risk management policies and the long-term strategy and generally pursue long-term value creation and sustainability of the company. In doing so, the Group effectively meets the specific and evolving needs of the different businesses, market contexts and employee populations while ensuring that business and people strategies are always appropriately aligned with the remuneration approach, including external networks and agents, where applicable, as foreseen by regulation.

To ensure the competitiveness and effectiveness of remuneration as well as transparency and internal equity, the principles of sustainable conduct and performance define the key pillars of the present Remuneration Policy:

- Clear and transparent governance, through efficient corporate and organizational governance structures, as well as clear and rigorous governance and rules;
- Continuous monitoring of market trends and practices and awareness of international practices, aimed at sound formulation of competitive compensation as well as at transparency and internal equity;
- Compliance with regulatory requirements and principles of good business conduct, by protecting and enhancing the company reputation, as well as avoiding or managing conflicts of interest between roles within the Group or vis-à-vis customers;
- Motivation, retention and fair treatment of all employees, with particular focus on talents and mission-critical resources.
- Sustainable pay for sustainable performance, by maintaining consistency between remuneration and performance, and between rewards and long-term stakeholder value creation, as well as enhancing both the actual result achieved and the means by which they are achieved;

17.1 Governance

The UniCredit compensation governance model aims to assure clarity and reliability of remuneration decision-making processes by controlling Group-wide remuneration practices and ensuring that decisions are made in an independent, informed and timely manner at appropriate levels, avoiding conflicts of interest and guaranteeing appropriate disclosure in full respect of the general principles defined by regulators.

17.1.1 Corporate boards and committees

17.1.1.1 Role of the Remuneration Committee of UniCredit S.p.A.

In order to foster an efficient information and advisory system to enable the Board to better assess the topics for which it is responsible, pursuant to the Supervisory Authority provisions on corporate governance issued by the Bank of Italy and with the ones of the Corporate Governance Code of Listed Companies (“Corporate Governance Code”), the Remuneration Committee has been established by the Board, vested with research, advisory and proposal-making powers.

In particular, the Remuneration Committee is entrusted with the role of providing advice, opinions and proposals submitted to the Board of Directors with regard to the Group remuneration strategy. The Remuneration Committee relies on the support of internal corporate functions and, in particular, of Group Human Capital, Group Risk Management and Group Compliance functions, respectively for the topics under their scope. In particular, the Group Chief Risk Officer is invited, upon need, to attend Committee meetings to ensure that incentive schemes are appropriately updated to take into account all of the risks that the Bank has taken on, pursuant to methodologies in compliance with those adopted by the Bank in managing risk for regulatory and internal purposes.

Moreover, the Committee avails itself of the support of Willis Towers Watson as external advisor, to ensure that remuneration and incentive systems embed the Bank's risk, capital and liquidity profiles (e.g. regarding the remuneration policy for corporate officers) as well as constantly updated on the market evolution, remuneration dynamics and regulatory framework.

The Remuneration Committee was founded in 2000. The members of the Remuneration Committee, which was instituted based on the above mentioned Bank of Italy supervisory arrangements and also in line with the Code's provisions, are all non-executive and the majority of them independent.

The Committee consists of three non-executive and independent members pursuant to the Corporate Governance Code, the Articles of Association and art. 148, paragraph 2 of TUF (the Consolidated Law on Finance). The activities of the Committee are coordinated by the Chairman, chosen among them.

All members meet the requirements of professionalism, in accordance with current normative and regulatory dispositions and ensure that any further corporate offices they hold in other companies or bodies (including foreign ones) are compatible with the commitment and availability required to hold the office of member of the Committee. Some members have specific technical know-how and experience on financial matters or remuneration policies.

The consistency with Risk Appetite Framework and, in general, the collaboration with the other committees are ensured by the presence, in the Remuneration Committee, of one member of the Internal Controls & Risks Committee.

The Committee appoints - on the proposal of the Chairman - a Secretary who is not a member of the Committee itself. The Secretary supports the Chairman of the Committee in the preparation of the meetings and takes care of the minutes. In addition, the Head of Group Human Capital (or his delegate) attends the Committee meetings and, when necessary based on the topic discussed, the members of Senior Management team (e.g. the Head of Group Risk Management, the Group Chief Financial Officer or the Head of Internal Audit) may be invited as well.

Moreover, the Committee members regarding whom the Committee is called upon to express its opinion on their remuneration as a result of their specific assignments shall not attend meetings at which the proposals for such remuneration is determined.

The Chairman of the Remuneration Committee at the earliest available meeting informs the Board of Directors about the activities carried out in the meetings by the Committee itself.

The Remuneration Committee shares, at the end of their meetings, the discussed documentation with the Board of Statutory Auditors, without prejudice to the possibility for the Statutory Auditors to attend the meetings.

The "standard" topics discussed along the year[6] are:

January:

- Yearly Group Incentive System;
- Report on previous year severance payments;

February:

[6] Please consider the timeline and topics as indicative as may vary from year to year. In addition, no extraordinary topics
are shown.

- Bonus pool distribution including approval of capital increase related to previous years incentive plans;
- Evaluation, payout and execution of previous years plans for Executives with Strategic Responsibilities[7];
- LTI status progress and individual allocation;

March:

- Previous year Group Incentive System payout;
- Group Remuneration Policy and Report;

June:

- Group Material Risk Takers – assessment methodology and outcomes;

July:

- Gender Neutral Remuneration;

October:

- Local Adaptations to Group Remuneration Policy;
- Previous year Bonus Payout and Group Salary reviews final update;

November:

- Emerging trends in Market Compensation Practices;
- Competitive assessment of compensation package for CEO and Executives with Strategic Responsibilities;
- Goal Setting for the upcoming year for Executives with Strategic Responsibilities;

December:

- Group Material Risk Takers - Final Outcome;
- Compensation review for Executives with Strategic Responsibilities;
- Preliminary discussion on Bonus pool distribution.

FOCUS - Remuneration Committee of UniCredit S.p.A.

Within the scope of its responsibilities, the Remuneration Committee:

- puts proposals to the Board regarding the remuneration and the performance goals associated with its variable portion, for the members of the Board of Directors, the General Manager, Deputy General Managers, Heads of the corporate control functions and personnel whose remuneration and incentive systems are decided upon by the Board;

[7] The Executives with Strategic Responsibilities are those who have the power and responsibility, directly or indirectly, of the planning, direction and control of the activities of the company, including the directors (executive or otherwise) of the company itself. For further details on the roles of the Executives with Strategic Responsibilities please refer to paragraph 2.2.5.

- exercises oversight on the criteria for remunerating the most significant employees, as identified pursuant to the relevant Bank of Italy provisions, as well as on the outcomes of the application of such criteria;
- issues opinions to the Board of Directors on the remuneration policy for Senior Executive Vice Presidents, the Group Management Team (Executive Vice Presidents) and the Leadership Team (Senior Vice Presidents);
- issues opinions to the Board of Directors on the Group incentive schemes based on financial instruments;
- issues opinions to the Board of Directors on the remuneration policy for corporate officers (members of Board of Directors, Board of Statutory Auditors and Supervisory Board) at Group companies;
- coordinates the process for identifying Material Risk Takers on an on-going basis;
- directly oversees the correct application of rules regarding the remuneration of the Heads of Corporate Control Functions, working closely with the Board of Statutory Auditors;
- works with the other committees, particularly the Internal Controls & Risks Committee, to verify that the incentives included in compensation and incentive schemes are consistent with the Risk Appetite Framework (RAF), ensuring the involvement of the corporate functions responsible for drafting and monitoring remuneration and incentive policies and practices;
- provides appropriate feedback on its operations to the Board of Directors, Board of Statutory Auditors and the Shareholders' Meeting;
- where necessary drawing on information received from relevant corporate functions, expresses its opinion on the achievement of the performance targets associated with incentive schemes, and on the other conditions laid down for bonus payments.

<u>FOCUS – Local (UniCredit Hungary) Remuneration Committee</u>

The local Remuneration and Nomination Committee proposes and supervises the compensation (fixed and variable part) to be paid to each of the Bank's Management Board members and the identified staff population, as well as the rules of remuneration of Head of Risk Management, Head of Legal and Compliance, Head of Internal Audit and other employees responsible for internal control activity.
The Committee also prepares proposals for the Remuneration Policy of the Bank to the Supervisory Board and for the remuneration of the identified staff. The Chairman and members of the local Remuneration and Nomination Committee are elected from the independent members of the Supervisory Board who are not Business Unit Managers in the Bank. One member of the Committee is also member of the local Risk Committee.
The work of the local Remuneration and Nomination Committee is regulated by its official written procedure (Rules of Procedure of the Remuneration and Nomination Committee)
The local Remuneration Committee is set up in UniCredit Bank Hungary, but all decisions are relevant for the Hungarian subsidiaries as well.

17.1.1.2 Role of the Internal Audit and Risk Committee of UniCredit S.p.A.

The Internal Controls & Risks Committee supports the Board of Directors on risk management and control-related issues.

The Internal Controls & Risks Committee, among the other tasks:

- without prejudice to the competencies of the Remuneration Committee, checks that the incentives underlying the remuneration and incentive system comply with the RAF, particularly taking into account risks, capital and liquidity;
- for the Head of Internal Audit function, issues its opinion on setting the remuneration and the performance goals associated with its variable portion in line with the company policies;
- is involved, within its specific remit, in the process of identifying Material Risk Takers on an on-going basis.

FOCUS – Local (UniCredit Hungary) Risk Committee

The Risk Committee continuously monitors the risk strategy and the risk appetite of the Bank.

It is responsible specially to examine the Bank's remuneration policy from the point of view whether the incentive elements of the established remuneration system take into account the Bank's risks, capital and liquidity positions, and the probability and timing of its revenues.

The Risk Committee is composed of three (3) selected independent members of the Bank's Supervisory Board.

17.1.1.3 The role of the Statutory Audit Body of UniCredit S.p.A.

Within the "traditional" management and control system UniCredit has adopted, the Board of Statutory Auditors is responsible for overseeing the effective administration of the company.

The Board of Statutory Auditors, among the other tasks:

- is consulted with regards to the remuneration of UniCredit's Directors holding specific roles with a special focus on the remuneration of the CEO and the approval of Group financial instrument-based incentive schemes;
- issues a mandatory opinion on the appointment, dismissal and compensation of the Manager in charge of drafting company financial reports;
- expresses its opinion on decisions regarding the appointment and dismissal of the Heads of Corporate Control Functions;
- expresses an opinion regarding the remuneration of the Head of Internal Audit in coherence with company policies.

FOCUS – Local (UniCredit Hungary) Audit Committee

The Audit Committee – as consulting body of the Supervisory Board – operates with assessment, consultative and proposing functions, supporting the Supervisory Board in fulfilling its responsibilities related to:

- the adequacy and effectiveness of the Bank’s internal control system including the identification, measurement and management of risks;
- compliance with laws, regulations and policies which govern the Bank’s operations;
- the appropriateness of the accounting principles used to prepare financial statements;
- the adequacy and independence of the Bank’s External Auditor and the resourcing of the Internal Audit Department.

The Committee monitors the effectiveness of the Bank’s internal quality control and risk management systems and its financial reporting process and submit recommendations or proposals where deemed necessary; to assist in drawing up internal control system guide-lines, following a risk-oriented approach, so that the main risks concerning the Bank are correctly identified, and properly measured, managed and monitored.

It gains knowledge about the most significant financial risks and how they are effectively handled by the management; and assesses the periodic reports prepared by the risk management function

17.1.2 Definition of the Group Remuneration Policy

On an annual basis, the Group Remuneration Policy, as proposed by the Remuneration Committee, is defined by the Board of Directors, and then presented to the shareholders’ Annual General Meeting for approval, in line with regulatory requirements.

In particular, the Group Remuneration Policy is drawn up by the Group Human Capital function with the involvement of the Group Risk Management and other relevant functions (e.g. Group CFO) and is validated by the Group Compliance function for all compliance-related aspects, before being submitted to the Remuneration Committee. Once approved at the UniCredit Annual General Meeting, the Group Remuneration Policy is formally adopted by competent bodies in the relevant Legal Entities across the Group in accordance with applicable local legal and regulatory requirements.

The principles of the Group Remuneration Policy are valid across the entire organization and shall be reflected in the remuneration practices applying to employee categories across businesses, including staff belonging to external distribution networks, considering their remuneration peculiarities.

With specific reference to Group Material Risk Takers, the Group Human Capital function establishes guidelines and coordinates a centralized and consistent management of compensation and incentive systems.

In compliance with Group Remuneration Policy and local regulation, Legal Entities, countries and divisions apply compensation framework for all employees.

Furthermore, the elements of the Policy are fully applied across the entire Material Risk Taker population, with local adaptations based on specific regulations and/or business specifics, consistent with the overall Group approach.

Being fully compliant with the principles of the incentive plans, local adaptations allow the achievement of the same results if the implementation of the Group plan should have some adverse effects (legal, tax or other) for the Group companies and/or beneficiaries residing in countries where the Group is present.

Implementation of Group incentive plans for Group Material Risk Takers fully complies with Bank of Italy requirements and European guidelines, and at the same time considers:

- local needs to adopt alternative solutions as necessary according to local regulators;
- Audit outcomes, in each jurisdiction, on the implementation of the incentive systems;
- further needs to introduce corrective measures to address local specificities, with focus on the reconciliation of local differences and home/host regulatory roles.

The main adjustments regarding the implementation of the Group Policy usually concern the use of financial instruments different from the UniCredit shares, the thresholds and deferral schemes, local performance indicators rather than the Group ones, the ratio between variable and fixed remuneration, malus and claw-back procedure, considering an alignment to the regulatory provisions and local peculiarities.

As provided for by Legislative Decree 49/2019, which transposed the Shareholders Rights Directive II into the legal system by amending the Consolidated Law on Finance (TUF), in force since June 2019, UniCredit may, in exceptional circumstances, temporarily derogate from the remuneration policy.

Exceptional circumstances shall cover situations that can be traced back to the general cases provided for by art. 123 ter of TUF, namely in which the derogation from the remuneration policy is necessary to serve the long-term interests and sustainability of the company as a whole or to assure its viability.

In the event of such exceptional circumstances, the Board of Directors, as proposed by the Remuneration Committee and subject to reasoned favorable opinion of the Related Parties Committee (issued in accordance with the Global Policy on transactions with related parties, associated persons and corporate officers pursuant to art. 136 TUB, irrespective of whether there is an exemption under the Global Policy in this case), may resolve on specific temporary derogations, without prejudice to compliance with legal and regulatory constraints, limited to the contents of the Remuneration Policy related to: (i) the reference pay-mix CEO, General Manager and Executives with Strategic Responsibilities, (ii) the reference peer group, (iii) the economic parameters of the Group Incentive System and the Group Long-Term Incentive Plan.

UniCredit provides information on any derogation to the remuneration policy applied in exceptional circumstances within Section II Remuneration Report, in the following year.

Implementation of the Group Remuneration Policy by UniCredit Hungary

The Hungarian Department of Human Resources is responsible for calibrating the local implementation of the Group Remuneration Policy in cooperation with the Risk Management and Compliance Departments.
The calibration is carried out according to the local order in force (CEO Order 11/1997), taking into account the feasibility of the implementation in the light of Hungarian legislation and regulations, and identifying the necessary changes to be made for final approval.
Where justified, a Non-Binding Opinion (NBI) can be initiated for all or part of the implementation.

The proposal for the introduction of a Group Remuneration Policy, prepared by the Human Resources Department, is approved by the local Remuneration and Nomination Committee, the Risk Committee and the Supervisory Board, after prior communication to the Bank's Management Board.

The Board is responsible for implementing the Group Remuneration Policy.

Implementation is monitored by Internal Audit at least annually.

Following the decision of the local Remuneration Committee, the implemented version of the Group Remuneration Policy is submitted to the Management Board of the Bank and its subsidiaries for approval.

Hungarian (local) Remuneration Policy

The Hungarian Department of Human Resources is responsible for preparing the Hungarian Local Remuneration Policy.
The Department of Human Resources takes the following aspects into account and applies them in the local instruction:

- the introduced content of the Group Remuneration Policy
- Hungarian legal provisions and practices
- identifying employees whose activities have a particularly significant impact on the Bank's risk profile (identified individuals) - in close cooperation with the Risk Management and Compliance Departments

The Local Remuneration Policy is reviewed and approved by the Local Risk Committee and the Local Remuneration Committee, whose members are elected from the Supervisory Board. The Committee holds four meetings a year, with the Supervisory Board meeting at the same time.

The main principles of the Local Remuneration Policy are approved by the Supervisory Board.

The Management Board is responsible for implementing the Local Remuneration Policy.
Implementation is monitored by Internal Audit at least annually.

UniCredit Hungary's Remuneration Policy is published in accordance with the local (11/1997) CEO Order

The following local rules apply to the method of disclosure: Act CCXXXVII of 2013 on Credit Institutions and Financial Undertakings, 3/2017 (9 February.) MNB Recommendation, 39/2014 (9 October) MNB Decree 11/2015 (22 July) MNB Recommendation and local orders

17.1.3 The role of Corporate Control Functions

17.1.3.1 The role of Compliance Function

The Compliance function operates in close coordination with the Human Capital function, in order to support the design and the definition of compensation policy and processes and to evaluate them from a compliance standpoint.

In particular, the Compliance function, through its structures, evaluates, in coherence with the goal to be compliant to regulations, the Group Remuneration Policy and the incentive systems for Group personnel as drawn up by Human Capital function. It provides input for the design - by Human Capital functions - of compliant incentive systems, as far as it is concerned.

The Group Incentive System for Material Group Risk Takers is defined by Group Human Capital function, with the involvement and collaboration of Group Risk Management and Finance functions, for the overall qualitative assessment of economic sustainability and of risk, and Compliance function. This is to ensure consistency with the goal of complying with regulations, articles of association and any other code of ethics or other standards of conduct applicable to the bank, so that legal and reputational risks mostly embedded in the relationship with customers are duly contained (ref. Bank of Italy).

The Compliance function is also involved in the assessment process for the definition of the Material Risk Taker population, for all compliance-related aspects.

In accordance with the regulatory framework and the UniCredit governance, the guidelines for the definition of the incentive systems for non-Material Risk Taker population are arranged by Group Human Capital function, in collaboration with Group Compliance function.

At local level, the Human Capital structures define the detailed features of incentive systems and submit them to the reference Compliance structures.

17.1.3.2 The role of Risk Management Function

UniCredit ensures the alignment between remuneration and risk through policies that support risk management, rigorous governance processes based on informed decisions taken by corporate bodies and the definition of compensation plans that include the strategic risk appetite defined by the Risk Appetite Framework, the time horizon and individual behaviors.

The Risk Management function is constantly involved in the definition of the remuneration policy, incentive system and compensation processes, in the identification of objectives, for the performance appraisal as well as for the assessment process to define the Group Material Risk Taker population. This involvement implies explicit link between the Group incentive mechanisms, selected metrics of the Risk Appetite Framework, the validation of performance and pay, so that incentives are linked to the risk taking and management.

17.1.3.3 The role of Internal Audit Function

As part of the remuneration system governance process, the Internal Audit function assesses the implementation of remuneration policies and practices, performing checks on data and internal procedures, in line with its internal policies and procedures. The function evaluates the compensation process, providing recommendations aimed at improving it and bringing to the attention of the relevant functions and bodies any potential weakness, for the adoption of appropriate corrective measures.

Hungarian (local) Corporate Control Functions (Compliance, Risk Management and Internal Audit) have the same tasks and responsibilities as described above.

17.1.4 The process of identification of Identified Persons

Identified staff population (=Material Risk Takers, i.e. those categories of staff whose professional activities have a material impact on an institution’s risk profile) is annually reviewed and on an ongoing basis considering a structured and formalized assessment process both at Group and local level, according to the regulatory requirements related to qualitative and quantitative criteria defined by CRD V and EBA Regulatory Technical Standards (RTS).

This process is internally defined through specific guidelines issued by Group Human Capital function, with the involvement of Group Risk Management and Group Compliance, in order to guarantee a common standard approach at Group level.

Criteria

CRD V and EBA RTS set the regulatory standards concerning qualitative and quantitative criteria to identify categories of staff whose professional activities have a material impact on an institution's risk profile (so called Material Risk Takers). The identification process is based on the Material Business Unit (MBU) definition that, for consolidation purposes at Group level, is calculated as:

- any Legal Entity/ Division with an allocated Group Internal Capital equal or greater than 2%;
- organizational units within a Legal Entity with an allocated capital based on proxies equal or greater than 2% at Group level;
- core business lines.

Additionally, criteria (here below simplified) are distinguished in:

- qualitative:
  - all members of the management body and senior management (i.e. those who exercise executive functions within an institution and who are responsible, and accountable to the management body, for the day-to-day management of the institution);
  - staff members with managerial responsibility over the institution's control functions (Internal Audit, Risk Management, Compliance and other functions as locally defined) or material business units or for specific topics (e.g. accounting policies, finance, human resources);
  - staff members with managerial responsibilities for specific risk categories, including voting members within relevant Committees, credit risk exposures, authority on certain transactions and authority on the introduction of new products;
- quantitative:
  - staff members entitled to significant total remuneration equal to or greater than EUR 500,000 and equal to or greater than the average remuneration awarded to the members of the institution's management body and senior management, having a significant impact on the MBU's risk profile (i.e. when Credit, Market or Operational RWA proxy is equal or above the 2% of the institution/Group);
  - staff member has been awarded in the preceding financial year a total remuneration that is equal to or greater than EUR 750,000;
  - staff member is within the 0.3% of staff who have been awarded the highest total remuneration in the preceding financial year within an institution with over 1,000 members of staff (for individual identification purposes at Legal Entity level only);
- internal:
  - all Group personnel with "Senior Vice President" & above banding as defined in the Global Job Model (the role clustering system adopted by the Group);

- all personnel awarded in the previous year a Total remuneration higher than Group defined threshold[8];
- all staff receiving UniCredit shares from Non Standard Compensation awards;
- all incumbent with any other additional criteria linked to managerial decision, to be supported by rationale.

The Material Risk Taker identification process is performed at Legal Entity level using the above qualitative, quantitative and internal criteria assessed against the institution's individual risk profile and then consolidated at Group level, applying similar criteria that are assessed against the Group risk profile, as foreseen by the regulatory requirements.

Procedure

Starting from 2010, UniCredit has regularly conducted a self-evaluation to define the Group Material Risk Takers population to whom, according to internal/external regulations, specific criteria for remuneration and incentive requirements are adopted.

Since 2014, UniCredit Group has a Material Risk Takers identification process following the Commission Delegated Regulation (EU) 604/2014. Since 2019, as foreseen by Bank of Italy Circular 285, Material Risk Takers identification process is an integral part of the Group Remuneration Policy and Report. Starting from 2021, UniCredit adopts the identification process embedded in CRD V and in the new EBA RTS regulatory provisions.

The Material Risk Takers identification process is performed annually, on an ongoing basis, at both local and Group level, and it also considers Agents involved in financial activities, Insurance Agents and Financial Advisors.

This Policy regulates the Material Risk Takers identification process and defines the roles and responsibilities of involved functions. In particular:

- Human Capital leads the identification process defining a consistent approach at Group level through specific guidelines;
- Risk Management leads the identification process of positions with material impact on an institution's risk profile of a material business unit;
- Compliance verifies the proper application of what is envisaged by Regulatory Technical Standards, Group Material Risk Takers Internal Guidelines and specific regulation.

Group Legal Entities are actively involved in the identification process of Material Risk Takers coordinated by UniCredit SpA, sharing with the Holding Company all necessary information as per received indications.

Specifically, the Group Legal Entities are obliged to identify Material Risk Takers on an individual basis, in compliance with the local or sector-specific regulations, and will adopt the same Group criteria applied at local level following operational and interpretative guidelines issued by the Group, which assures the overall consistency of the identification process Group wide. In any event, each Legal Entity is responsible to be compliant with the provisions directly applicable to them.

[8] The staff member is within the 0,3% of the Holding Company staff, rounded to the next higher integral figure, who have
been awarded the highest total remuneration in the preceding financial year within the institution.

The Holding Company, considering the outcomes of the evaluation performed by the various entities as specified above, consolidates results with the goal to identify Group Material Risk Takers.

Subsequently, Group Human Capital together with Group Risk Management, after data consolidation and harmonization, presents documentation to the Group Internal Controls and Risks Committee and to the Remuneration Committee for discussion and finally submits for approval to the Group Board of Directors:

- the methodology[9] and evaluation process for Material Risk Takers both at Group and local level;
- the outcomes of the evaluation process;
- the possible exclusion of "high earners" from Group Material Risk Takers.

Indeed, at the end of the evaluation process, if UniCredit determines that some individuals identified under quantitative criteria could not be considered as Material Risk Takers, activates the process for exclusion, involving, where requested, competent authorities.

In particular, UniCredit transmits to the European Central Bank or the Bank of Italy timely, and in any case within six months of the closing of the previous financial year, the request for authorization for personnel with total remuneration amount equal or higher than 750,000 Euro or within the 0.3% of the personnel which was awarded the highest total remuneration in the previous financial year.

Furthermore, the institution informs the European Central Bank or the Bank of Italy in case personnel with total remuneration amount equal or higher than EUR 500,000 and lower than 750,000 Euro have no material impact on Material Business Units (the notification is no more requested).

The identified personnel within the Material Risk Takers perimeter are informed through individual written notice.

Human Capital, Risk Management and Compliance repeat the process of evaluation throughout the year with the goal to update the list of Material Risk Takers based on specific events occurring during the year (e.g. appointment, hiring, organizational changes and any other relevant event), ensuring the process is performed continuously and that the re-evaluation of the Material Risk Takers perimeter is submitted to the Group Board of Directors, after being discussed in the Group Internal Controls and Risks Committee and in the Group Remuneration Committee.

Preliminary results of the UniCredit S.p.A identification process

The 2021 Material Risk Taker population was updated at the beginning of the year based on preliminary application of the new regulatory framework.

In January 2021, the preliminary result of the assessment process to define the Group Material Risk Taker (GMRT) population was broadly in line with the one of last year.

Amongst the total of GMRT belonging to the Business Functions, for whom the adoption of a maximum ratio between variable and fixed remuneration of 2:1 can be applied, it is highlighted that the expected number of GMRT with variable remuneration exceeding the 1:1 ratio is about 100.

In line with EBA and Bank of Italy provisions, UniCredit or the Group Legal Entities will evaluate the possibility to activate, in case of no material impact on Group/institution risks, the exclusion process, as per the foreseen regulatory timeline.

[9] To be presented by end of June 2021 to UniCredit SpA Internal Controls & Risks Committee, Remuneration Committee and Board of Directors.

Preliminary results of the UniCredit Hungary identification process

The Material Risk Takers identification process fully comply with guidelines issued by Group Human Capital function. The Local Human Capital leads the identification process, while Local Risk Management leads the identification process of positions with material impact on the institution's risk profile of a material business unit and Local Compliance verifies the proper application of what is envisaged by Regulatory Technical Standards, Group Material Risk Takers Internal Guidelines and specific regulation.
No additional criteria at local level.
The identification process is fulfilled on consolidated level based on the size of the controlled LEs and /or close leadership attachment of dedicated business lines (CFO for Mortgage Bank, CORP for Leasing)

The 2021 Identified Staff population was updated in April 2021 ensuring full compliance with regulatory provisions.

The list of Identified Staff population is approved on consolidated level by Remuneration Committee and Supervisory Board of the Unicredit Bank Hungary. To Risk Committee only Risk relevant assessment is presented.

In April 2021 the assessment process to define the Identified Staff population identified 51 resources (13 Group Identified Staff, 33 Local Identified Staff and 5 Supervisory Board Members), 3 resources were identified for the first time and 11 resources were excluded, 2 because of exit and 9 because of new criteria introduced from year 2021.

Identified Staff population represents approximately ca. 2.8% of the Hungarian employee population, with this outcome being in line with the results of 2020 process.

At the beginning of 2021, there have been no Agents and Financial Advisors identified within the Material Risk Takers as per EBA qualitative criteria.

17.2 Alignment of performance and performance remuneration, main characteristics of the remuneration system, including information on performance measurement and requirements for establishing the related risks, on deferral policy and eligibility for remuneration

17.2.1 Compliance and sustainability benchmarks

In order to support the development of remuneration and incentive schemes[10], with a particular focus on network roles (including credit intermediaries) and Corporate Governance, the following "compliance and sustainability metrics" have been defined in line with the relevant regulations.

General remuneration principles

[10] Attention is also paid to third party incentives.

- any payment of variable compensation that may eventually be made according to the terms and conditions set forth in present Policy is performance-related and purely voluntary in nature, hence no payment shall be interpreted as the constitution of any right for the addressed employee of the Bank to receive further similar grants in the future (according to § 118 (9) of HU Banking Act)
- Maintain an adequate balance of fixed and variable compensation elements also with due regard to the role and the nature of the business performed. The fixed portion is maintained sufficiently high in order to allow the variable part to decrease, and in some extreme cases to drop down to zero;
- set an appropriate mix between short and long-term variable compensation, consistent with the strategies, market and business practices of reference and in line with the long-term interests of the Group;

Incentive schemes

- Build incentive systems based on profitability, financial stability, sustainability and other drivers of sustainable business practice with particular reference to risk, cost of capital and efficiency;
- design flexible incentive systems so to manage payout levels in consideration of overall Group, country/division performance results and individual achievements, adopting a meritocratic approach to selective performance-based reward;
- design incentive systems which do not, in any way, induce risk-taking behaviors in excess of the Group’s strategic risk appetite; in particular the incentive systems should be coherent to the Risk Appetite Framework (“RAF”);
- design forward-looking incentive plans which balance internal key value driver achievements with external measures of value creation relative to the market;
- design incentive systems to set minimum performance thresholds below which zero bonus will be paid. In order to maintain the adequate independence levels for Corporate Control Functions, for Human Resources and the Manager in Charge of Drafting the Company Financial Reports, provide a maximum threshold for the progressive reduction of the bonus pool, which can be phased out to zero only in presence of exceptionally negative situations with an approval process including a governance step by the Board of Directors;
- subject the remuneration to correction mechanisms that allow it to be reduced (even significantly) or zeroed, for example in the case of behaviors, by relevant persons or credit intermediaries, that have caused or contributed to significant damage to customers or a significant breach of the rules contained in Title VI of the T.U.[11], the relevant implementing provisions or Codes of Ethics or Conduct for the protection of customers applicable to the intermediary.

Targets and performance management

- Maintain an adequate mix of economic and non-economic (quantitative and qualitative) goals, depending on the role, considering also other performance measures as appropriate, for example risk management, adherence to Group values or other behaviors;

[11] Title VI of the Consolidated Banking Act, Transparency of contractual conditions and relations with clients.

- accompany the qualitative measures by an ex-ante indication of objective parameters to be considered in the evaluation, the descriptions of expected performance and the person in charge for the evaluation;
- relate the non-economic quantitative measures to an area for which the employee perceives a direct link between her/his performance and the trend of the indicator;
- include among the non-economic goals (quantitative and qualitative), where relevant, goals related to customer loyalty and level of satisfaction, risk as well as to compliance (e.g. credit quality, operational risks, application of MiFID principles, products sales quality, respect of the customer, Anti Money Laundering requirements fulfillment);
- set and communicate ex-ante clear and pre-defined parameters as drivers of individual performance;
- avoid incentives with excessively short timeframes (e.g. less than three months);
- promote a customer-centric approach which places customer needs and satisfaction at the forefront and which will not constitute an incentive to sell unsuitable products to clients;
- take into account, even in remuneration systems of the external networks (financial advisors), the principles of fairness in relation with customers, management of legal and reputational risks, protection and loyalty of customers, compliance with the provisions of law, regulatory requirements, and applicable self-regulations;
- create incentives that are appropriate in avoiding potential conflicts of interest with customers and in terms of market manipulation, considering fairness in dealing with customers and the endorsement of appropriate business conduct and usage of privileged information (e.g. benchmark contributors);
- consider performance on the basis of annual achievements and their impact over time;
- include elements which reflect the impact of individual's/business units' return on the overall value of related business groups and organization as a whole;
- avoid bonuses linked to economic results for Corporate Control Functions[12], for Human Resources and Manager in Charge of Drafting the Company Financial Reports and set, for the employees in these functions, individual goals that shall reflect primarily the performance of their own function and that will be independent of the results of monitored areas, in order to avoid conflict of interest;
- recommend the approach for Corporate Control Functions also where possible conflicts may arise due to the function's activities. In particular, this is the case of functions (if any) performing only control activities pursuant to internal/external regulations such as in some structures in Accounting/Tax structures[13];

[12] Meaning Internal Audit, Risk Management and Compliance functions, pursuant to Bank of Italy Circular 285 of December 17, 2013, 25th update of October 23, 2018. Where CRO roles cover both Underwriting and Risk Management functions, goals assigned must not represent a source of conflict of interest between Risk Management and Underwriting activities.

[13] Where CFO roles cover also Financial Statements preparation, possible economic measures have to be chosen in a

- ensure independence between front and back office functions in order to guarantee the effectiveness of cross-checks and avoid conflict of interest, with a particular focus on trading activities, as well as ensuring the appropriate independence levels for the functions performing control activities;
- define incentives that are not only based on financial parameters for personnel providing investment services and activities, taking into account the qualitative aspects of the performance; this in order to avoid potential conflicts of interest in the relationship with customers[14];
- avoid incentives on a single product or financial instrument or specific categories of financial instruments, as well as single banking/insurance product;
- avoid an incentive for the joint selling of the optional contract and the financing as opposed to the sale of the financing alone, where the contract offered in conjunction with the financing is optional;
- promote prudent credit growth and appropriate risk-taking behavior, and not encourage excessive risk taking; variable remuneration of the staff involved in credit granting:
    - is linked, among others, to the long-term quality of credit exposures;
    - includes, in terms of performance objectives and targets, credit quality metrics and is in line with credit risk appetite;
- define, for Commercial Network Roles, goals that include drivers o quality/riskiness/sustainability of the products sold, in line with client risk profile. Particular attention shall be paid to the provision of non-economic goals for customer facing roles selling products covered by MiFID. For these employees, the incentives must be defined in a way to prioritize customer loyalty and satisfaction and at the same time avoid potential conflicts of interest towards them;
- foresee, for the staff responsible for handling complaints, indicators taking into account, among other things, the results achieved in handling complaints and the quality of customer relations;
- indicate clearly within all rewarding system communication and reporting phases that the final evaluation of the employee achievements will also rely, according to local requirements on qualitative criteria such as the adherence to compliance and Code of conduct principles;
- put in writing, document and make available for the scrutiny of independent checks and controls the entire evaluation process;
- define *ex-ante* the evaluation parameters, for those cases where individual performance evaluation systems are fully or partially focused on a managerial discretional approach. These parameters should be predetermined, clear and documented to the manager in due time for the evaluation period. Such parameters should reflect all applicable regulation requirements[15] (including the balance between quantitative and qualitative parameters). The results of managerial discretional evaluation should be formalized for the adequate and predefined

conflict - avoidance perspective.

[14] As for example: ESMA requirements, with reference to MiFID remuneration policies and practices; Technical Advice
ESMA on MiFID II (Final Report 2014/1569); MiFID II specific articles regarding remuneration/incentives for relevant
subjects.

[15] Also in line with the regulation references reported in the previous notes

monitoring process by the proper functions and an appropriate repository should be created and maintained (e.g. inspections/request from the Authorities);

- do not link goals, for research management and analysts, to any financial transactions or revenues of single business areas, but for example consider linking them to the quality and accuracy of their reports.

UniCredit Hungary is committed to – in compliance with §120 (1) of HU Banking Act - avoid conflicts of interest and in particular:

- – avoid goals related to economic results for Control Functions[16]
- – ensure that goals for Control Competence Lines are independent of results of monitored areas to avoid conflict of interest (in particular for Finance and CRO) where possible).

UniCredit Hungary is committed to avoiding conflicts of interest in accordance with Section 120 (1) of the Hungarian Banking Act.
– the Control Divisions,[17]
- ensure that, as far as possible, the objectives of the Control Areas are independent from the results of the supervised areas to avoid conflicts of interest (in particular in the case of Finance and CRO).

Payments

- Defer performance-based incentive payout, as foreseen by regulatory requirements, to coincide with the risk timeframe of such performance by subjecting the payout of any deferred component until actual sustainable performance has been demonstrated and maintained over the deferral timeframe, so that the variable remuneration takes into account the time trend of the risks assumed by the bank (i.e. malus mechanisms);
- consider claw-back actions as legally enforceable on any performance-based incentive paid out on the basis of a pretext subsequently proven to be erroneous;
- include clauses for zero bonus in circumstances of non-compliant behavior or qualified disciplinary action, subjecting payout to the absence of any proceeding undertaken by the company for irregular activities or misconduct of the employee with particular reference to risk underwriting, sales processes of banking and financial products and services, internal code of conduct or values breach;
- require employees to undertake not to use personal hedging strategies or remuneration and liability - related insurance to undermine the risk alignment effects embedded in their remuneration arrangements.

FOCUS - Drivers for Commercial Campaigns and for Infra year bonus

Within network roles incentive systems, particular attention is paid to “Commercial Campaigns” and “Infra year bonus”, which may be organized after receiving an opinion on the admissibility from the competent Committee (e.g. Product Committee). They represent business actions aimed at providing

[16] Internal Audit, Compliance, Risk Management (roles performing control activities) or any other role considered as Control Function by the local applicable regulation. Same provision applies to HR roles
and the Manager in charge of drafting the company financial reports.

[17] For Internal Audit, Compliance and Risk Management (functions performing control activities) or any other function that is classified as a Control Division under the relevant local regulation, objectives related to economic results should be avoided. The same applies to HR roles and the Managing Director, who is responsible for the preparation of the company's financial statements.

guidance to the sales network towards the achievement of the period's commercial targets (also intermediate, for instance on a half-year basis) and with a direct impact on the budget and related incentive systems.

Among the distinctive features of the commercial campaigns and of the infra year bonus, there is the expectation of the award - in cash or non-monetary reward. Commercial Campaigns and Infra year bonus can also help the function to accelerate the achievement of certain objectives of the incentive system. The grant of awards must be subordinated to behaviors compliant with the external and internal regulations.

Under no circumstances may the system of remuneration and evaluation of the sales network employees constitute an incentive to sell products unsuitable to the financial needs of the clients.

In particular, the following "compliance and sustainability drivers" have been defined:

- set-up of the incentive mechanisms using criteria which are consistent with the best interest of the client, and which avoid in any case conditions of potential conflicts of interest with customers, and coherently with relevant regulatory provisions (e.g. MiFID, EBA Guidelines on the sale of banking products and services);
- ensure consistency between the Campaign's objectives with the objectives set when defining the budget and when assigning targets to the sales network;
- avoid Commercial Campaigns on a single financial or banking product/financial instrument;
- include clauses for zero bonus payment in case of relevant non-compliant behavior or qualified disciplinary actions;
- avoid Campaigns which - not being grounded on objective and customer interests related basis - may directly or indirectly lead to breaching the rules of conduct regarding clients;
- avoid Campaigns lacking a clear indication of the targets and of the maximum level of incentive to be granted for achieving those targets;
- avoid, in general, Campaigns related to specific commercial objectives that provide benefits for higher hierarchical levels or to the budget of the higher territorial structure.

Locally, UniCredit Hungary has commercial campaigns, which are fully aligned to the principles described above. The business line is responsible for the notice of each competition, which are preliminary aligned and approved by HR, Compliance and Legal. The conditions of the incentives are always determined in accordance with local legal and supervisory requirements, especially with regard to such requirements as avoid conflicts of interest, setting not only quantitative but qualitative criteria as well,

As UniCredit Hungary does not have any infra year bonus so far, in case of introduction and implementation, it would be aligned to the principles described above. Additionally, it would follow the process described here below.

The infra-year Bonus is assigned based on pre-defined rules. It can be assigned only to Non-Material Risk Taker population and is subject to malus conditions in line with local regulation (e.g. Compliance breach, Mandatory Gates). The rules should be aligned with the local Compliance, as well as with other local functions, such as CFO and CRO, and are approved as per local governance process.

The infra-year Bonus Pool is part of the annual Bonus Pool size of the country. The payout of the infra-year bonus can be done upfront or deferred, considering the impact of infra-year Bonus Pool on the annual Bonus Pool of the country. Also, the bonus payment is subject to the essential condition that the employee works in UniCredit Group (if in line with local regulation).

17.2.2 Compensation framework

Within the framework provided by the Group Remuneration Policy, UniCredit Hungary is committed to ensuring fair treatment in terms of compensation and benefits regardless of age, race, culture, gender, disability, sexual orientation, religion, political belief and marital status, as well as any other traits.

The total compensation approach of UniCredit provides for a balanced package of fixed and variable, monetary and non-monetary elements, each designed to impact, in a specific manner the motivation and retention of employees.

In line with the applicable regulations, particular attention is paid to avoid incentive elements in variable compensation which may induce behaviors not aligned with the company's sustainable business results and risk appetite.

As a policy target, Material Risk Takers total compensation is set on the market median as reference, with the possibility to increase (up to market upper quartile) to attract and retain top-class talents, able to improve UniCredit's competitive position, with individual positioning being defined on the basis of specific performance, potential and people strategy decisions, as well as UniCredit's and the Bank's performance over time.

With particular reference to the Material Risk Taker population, the Supervisory Board, on the basis of the proposal made by the Remuneration Committee, establishes the compensation structure for top positions, defining the mix of fixed and variable compensation elements, consistent with market trends and internal analysis performed.

Moreover, the Supervisory Board annually approves the criteria and the features of the incentive plans for Material Risk Takers, ensuring the appropriate balance of variable reward opportunities within the pay-mix structure.

Remuneration can be either:

- fixed (e.g. salary) or
- variable (e.g. short-term incentives, long-term incentives).

Within this section details are provided also with regards to the following topics:

- Continuous Monitoring of Market Trends and Practices;
- Ratio between variable and fixed compensation;
- Share ownership guidelines.

Additionally, according to their peculiarities, further remuneration components can be classified as fixed or variable remuneration as described in this chapter and in line with regulatory framework and more precisely:

- Non-standard compensation;
- Benefits;
- Severance.

At Group level, UniCredit analyzes the overall compensation trends of the market through a continuous benchmarking activity, in order to make informed decisions and adopt competitive reward structures for effective retention and motivation of the key resources.

With specific reference to the Group Executive population, an independent external advisor supports the Remuneration Committee in the definition of the direct competitors that represent the international group-level peers of UniCredit (peer group) with regards to whom compensation benchmarking analysis is performed on market trends, practices and compensation levels.

The peer group is defined by the Remuneration Committee considering the main European competitors in terms of market capitalization, total assets, business scope and dimension.

At country/division level and as appropriate throughout the organization, benchmarking and trends analysis may be conducted considering relevant peer groups to assure competitive alignment with the market of reference.

The peer group of the Holding is subject to annual review to assure its market representativeness.

For 2021, the European peer group, is confirmed and considers: Banco Santander, Banque Populaire CE, Barclays, BNP Paribas, Commerzbank, Credit Agricole, Deutsche Bank, ING, Intesa Sanpaolo, NatWest Group, Nordea Bank, Société Générale, Standard Chartered and UBS.

For 2021, on country level (Hungary), benchmarks and peer group provided by Korn Ferry are used.

17.2.3 Fixed remuneration

Definition

Fixed remuneration is the part of remuneration that is stable and irrevocable, determined and given based on the pre-defined criteria and not discretionary, such as, in particular, the professional experience and responsibility level, that does not create an incentive to risk taking and does not depend on the bank's performance.

Objective

Base salary is appropriate in the specific market for the business in which an individual works and for the skills and competencies that the individual brings to the Group.

The relevance of fixed compensation weight is sufficient to reward the activity rendered even if the variable part of the remuneration package was not paid due to non-achievement of performance goals such as to reduce the risk of excessively risk-oriented behaviors, to discourage initiatives focused on short-term results and to allow a flexible bonus approach.

Features

Specific pay-mix guidelines for the weight of fixed versus variable compensation are defined with respect to each target employee population. With particular reference to the Group Executive population, the UniCredit Remuneration Committee establishes:

- the criteria and guidelines to perform market benchmarking analysis for each position in terms of compensation levels and pay-mix structure, including the definition of specific peer groups at Group, country/divisional level and the list of preferred external "executive compensation providers";
- the positioning of compensation, in line with relevant market's competitive levels, defining operational guidelines to perform single compensation reviews as necessary.

17.2.4 Variable remuneration

Definition

Variable compensation includes any payments that depend on performance, independently from how it is measured (profitability/revenues/other goals) or on other parameters. It includes discretionary pension benefits and mutually agreed payments between the bank and its personnel in case of early termination of the employment relationship or office (excluding the statutory deferred payments and the indemnity in lieu of notice), and the carried interests. Additionally, it is any other form of remuneration that does not specifically qualify as fixed remuneration.

Objective

Variable compensation aims to remunerate achievements by directly linking pay to performance outcomes in the short, medium and long-term. This is then risk adjusted. To strengthen the alignment of shareholders' interest and the interests of management and employees, performance measurement reflects the actual results of the Company overall, the business unit of reference and the individual. As such, variable compensation constitutes a mechanism of meritocratic differentiation and selectivity.

Features

Adequate ranges and managerial flexibility in performance-based payouts are an inherent characteristic of well-managed, accountable and sustainable variable compensation, which may be awarded via mechanisms differing by time horizon and typology of reward.

Incentives remunerate the achievement of performance objectives, both quantitative and qualitative, by providing for a variable bonus payment. An appropriately balanced performance-based compensation element is encouraged for all employee categories, as a key driver of motivation and alignment with organizational goals and is set as a policy requirement for all business roles. The design features, including performance measures and pay mechanisms, avoid an excessive short-term focus by reflecting the principles of the policy, focusing on parameters linked to profitability and sound risk management, in order to guarantee sustainable performance in the medium and long term. In alignment with the overall mission, the characteristics of incentive systems also reflect the requirements of specialized businesses.

More information on the compliance and sustainability drivers related to the design of remuneration and incentive systems, with particular reference to network roles and Corporate Control Functions, are reported in the dedicated section.

With particular reference to trading roles and activities, organizational governance and processes as well as risk-management practices provide the structure for a compliant and sound approach, whereby levels of risk assumed are defined and monitored centrally by the relevant Group functions. This structure reinforces the consistent remuneration approach which adopts performance measures based on profitability rather than revenues, risk-adjusted rather than non risk-adjusted, relative rather than absolute indicators.

Short-term variable remuneration

Short-term remuneration aims to attract, motivate and retain strategic resources and maintain full alignment with the latest national and international regulatory requirements and with best market practices.

Payout is based on a bonus pool approach providing for a comprehensive performance measurement at individual and at Group/country/division level. Reward is directly linked to performance, which is evaluated based on results achieved and on the alignment with the leadership model and values of UniCredit. Performance management for Group Material Risk Takers is managed according to central governance ensuring fair and coherent appraisal process across the organization, leveraging on a unique repository at Group level.

For Material Risk Takers, the payout is phased to coincide with an appropriate risk time horizon. The design features of incentive plans for Material Risk Takers are aligned with shareholder interests and long-term, firm-wide profitability, providing for an appropriate allocation of performance related incentives in cash and in shares, upfront and deferred.

The short-term remuneration for Group Material Risk Takers population is regulated under the Group Incentive System, as described in the Group Remuneration Policy.

Additionally, local incentive systems (e.g. commercial campaigns, incentive systems for local Material Risk Takers) may exist, following the principles included in this Policy, and described within local regulations.

Each year, detailed information about our compensation governance, key figures and the features of Group incentive systems is fully disclosed in the Group Remuneration Policy.

Long-term variable remuneration

Long-term remuneration aims to strengthen the link between variable compensation and Company results and further align the interests of senior management and shareholders.

The long-term remuneration provides for:

- the allocation - subject to the achievement of specific performance conditions - for future incentives based on shares or other instruments reflecting the trend of the share;
- a performance period aligned with UniCredit strategic targets;
- performance conditions based on a comprehensive Scorecard including, for example, financial and sustainability targets plus an overarching Board assessment;
- multi-year deferral with the application of Zero factor conditions, which provides for minimum requirements related to profitability, liquidity and capital;
- the application of a holding period of the actual awards after the deferral period;
- awards subject to individual malus and claw-back conditions, as legally enforceable.

<u>FOCUS</u>

Group common guidelines on the key elements of Executive contracts ensure alignment with regulatory requirements and also with the Internal Audit recommendations, in particular regarding contract elements with specific regulatory provisions, such as variable compensation and severance provisions. Group guidelines provided for the eligibility to variable compensation have to be mentioned in the Executive contracts.

Amounts related to variable pay and any technical details of payments (vehicles used, payment structure and time schedule) are included in separate communication and managed in strict adherence to governance and delegation of authority rules.

17.2.5 Non-conventional compensation

Non-standard compensation are those compensation elements considered as exceptions (e.g. welcome bonus[18], special award, retention bonus, Role-Based Allowance, stability pact and non-competition agreement).

Such awards are limited only to specific situations, as appropriate, to hiring phases, launch of special projects, achievement of extraordinary results, high risk of leaving for Group Executives and mission critical roles and positions covered in specific corporate functions.

As a general rule, non-standard compensation elements are considered variable remuneration. In specific cases of non-standard compensation, for example the Role-Based Allowances for Corporate Control Functions, they are fixed remuneration.

Moreover, awards must in any case be in accordance with regulations in force at the time (e.g. cap on the ratio between variable and fixed remuneration, technical features defined by regulation for bonus payout, if applicable) and subject to UniCredit governance processes, periodically monitored and disclosed for regulatory requirements, as well as subject to capital and liquidity entry conditions, malus conditions and claw-back actions, as legally enforceable. Variable non-standard compensation rules are specified either on the dedicated letter of award or referring to the Group Incentive System rules in force.

17.2.6 Benefits

Definition

Benefits include welfare benefits that are supplementary to social security plans, healthcare and work-life balance benefits and are intended to provide substantial guarantees for the well-being of staff and their family members during their active career as well as their retirement.

In addition, special terms and conditions of access to various banking products and other services may be offered to employees in order to support them during different stages of their lives.

Objective

From a total compensation perspective, benefits aim to reflect internal equity and overall coherence of the remuneration systems, meeting the needs of different categories as appropriate and relevant.

Features

In coherence with the governance framework of UniCredit and the Global Job Model, benefits are assigned by applying general common criteria for each employee category, while types and characteristics of benefits are established on the basis of local regulations and practices.

By way of example, if in line with local laws, regulations and market practices, company cars or equivalent mobility grants, rents or accommodation grants may be assigned to certain categories of

[18] For the recruitment of new staff and limited to the first year of employment. It cannot be granted more than once to the
same person, either by the bank or by another Legal Entity in the Group (Bank of Italy Circular 285 of December 17,
2013, 25th update of October 23, 2018).

employees. Group-wide benefit policies are also in place for staff seconded abroad, defined in line with common market practices for equivalent multinational companies.

Benefits that are not awarded on the basis of the above common criteria are considered variable remuneration.

Furthermore, UniCredit affirms the value of share ownership as a valuable tool for enabling the engagement, affiliation and alignment of interests among shareholders, management and the overall employee population. The possibility is therefore considered, from time to time and as appropriate in light of local legal and tax requirements, to offer employees the opportunity to invest and participate in the future achievements of the Group through share-based plans whereby employees can purchase UniCredit shares at favorable conditions.

Benefits at UniCredit Hungary: current list of the benefit package is available with link to the related internal regulations on Human Department intranet sites:

https://unicredit.sharepoint.com/sites/Welfare/SitePages/Magyar-jóléti-intézkedések.aspx

https://unicredit.sharepoint.com/sites/Reward/SitePages/hu/Remuneration-Policy-%26..aspx

17.2.7 Severance

According to the regulatory requirements included in the Bank of Italy Circular 285, a specific Policy on payments to be agreed in case of early termination of a contract (so called Severance Policy) was firstly submitted for approval to the 2015 Annual General Meeting.

An update of that policy, with more restrictive provisions compared with the previous one, was then approved by the 2017 Annual General Meeting.

On October 23, 2018, Bank of Italy had published the 25th update of the Circular 285 that, inter alia, ruled that all amounts defined upon or in view of the early termination of the employment – with the exception of the notice due by law and the statutory deferred pay (Trattamento Fine Rapporto) - are variable remuneration and are included in the calculation of the cap to the variable remuneration for the Material Risk Takers, with the exception of:

- the consideration for non-competition covenants that do not exceed one annual fixed remuneration for each year of duration of the undertaking;
- the amounts for the settlement of an existing or potential dispute related to the resolution of the employment, as long as calculated on the basis of a predefined formula contained in the Policy.

As a consequence, it had been submitted for approval to the Annual General Meeting of April 11, 2019, a further update of the Severance Policy that, without changing the main criteria and limits, incorporated the new regulatory requirements, foreseeing - inter alia - a predefined formula for the calculation of severance payments that, used for the settlement of a current or potential dispute related to employment termination, allows not to count them within the cap for the variable remuneration.

On April 15, 2021, a further update of the Policy is submitted to the Shareholders' Meeting for approval, aimed at reflecting changes in UniCredit's competitive positioning and managing specific compensation practices in particular situations.

In particular, the main amendment proposed envisages – without prejudice to all the main terms of the current Policy[19] - that only the absolute maximum amount is increased from 7.2 million Euro to 15 million Euro in view of the new competitive positioning.

It is also proposed to specify that:

- in the case of multi-year incentive plans with lump sum disbursement, the reference remuneration for the calculation of severance pay will conventionally consider the disbursement as spread over the vesting/maintenance period;
- in the case of Dirigenti whose total remuneration is paid under various contracts that in any event represent the components of a single overall framework, the reference remuneration for the calculation of severance payments will be the total remuneration received under the various contracts, provided that these contracts are terminated at the same time.

For details on criteria, limits and authorization processes, please refer to the above-mentioned Policy.

Generally, the calculation of any severance payment takes into consideration the long-term performance in terms of shareholder added value, as well as any local legal requirements, collective/ individual contractual provisions, and any individual circumstances, including the reason for termination.

According to the Severance Policy provisions confirmed in the review approved in 2019, severance payments, inclusive of notice, do not exceed 24 months of total compensation (including the base salary and the average amount of the incentives actually received during the last three years prior to the termination, after the application of malus and claw-back, if any. Further elements - such as the value of fringe benefits possibly granted to the employee - may be included in the computation of the above-mentioned basis if this is required or foreseen by regulations, laws, contracts or common practices locally applicable). It is also foreseen that the amount of the payments additional to notice cannot exceed 18 months of compensation. In any case, the termination payments, which consider also the duration of the employment, do not exceed the limits foreseen by the laws and collective labor agreements locally applicable in case of lay-off.

As a rule, discretionary pension benefits are not granted and, in any case, even if they might be provided in the context of local practices and/or, exceptionally, within individual agreements, they would be paid consistently with the specific and applicable laws and regulations.

Individual contracts should not contain clauses envisaging the payment of indemnities, or the right to keep post-retirement benefits, in the event of resignations or dismissal/revocation without just cause or if the employment relationship is terminated following a public purchase offer. In case of early termination of the mandate, the ordinary law provisions would therefore apply.

Local (Hungarian) implementation with signed NBO of Termination Policy was approved in 2019.

Details of the criteria, thresholds and approval processes are set out in the above policy.

[19] In particular, that severance pay, including notice, shall not exceed 24 months of total remuneration, that the additional portion of notice shall in no case exceed 18 months remuneration and that the absolute maximum limit of severance pay shall remain at 6 times fixed remuneration, with no possibility of exceptions.

17.2.8 Ratio between variable and fixed remuneration

In compliance with applicable regulations, it has not changed – for the personnel belonging to the business functions - the adoption of a maximum ratio between variable and fixed remuneration of 2:1 as approved by the Annual General Meeting of May 13, 2014.

Positions entitled to a variable to fixed ratio of potentially up to a maximum of 2:1 are:

- Group Chief Executive Officer;
- Group Heads and Deputies of Commercial Banking, Corporate and Investment Banking, Chief Operating Office function, Finance & Controls function;
- CEO and General Managers of Group Legal Entities;
- Personnel belonging to Business Divisions (e.g. Commercial Banking, Corporate and Investment Banking), excluding control or support roles.

Assumptions upon which the increase of the maximum ratio between variable and fixed remuneration, type of personnel and limit itself were based have not changed (e.g. UniCredit business model kept substantially stable since 2014, the compensation strategy is competitive at international level and basically in line with the one in 2014). Although UniCredit capital ratios satisfy all the applicable regulatory capital requirements with a substantial buffer, under the current circumstances due to the pandemic, ECB issued recommendations, applicable also to the Group, to restrict the distribution of dividends as well to moderate the variable remuneration. In particular, on December 15, 2020, ECB issued a letter reiterating its expectation that the institution will continue to adopt extreme moderation with regard to variable remuneration until September 30, 2021, especially for Material Risk Takers. These supervisory expectations are related to the current exceptional circumstances and will remain valid until the end of September 2021. At that time, in the absence of materially adverse developments, ECB intends to return to assessing banks' remuneration policies and practices in the context of the normal supervisory cycle.

Assuming this condition will occur, UniCredit has set its variable remuneration policy to respect in a forward-looking perspective the regulatory capital recommendations on variable remuneration issued before the pandemic outbreak[20].

In 2021, a preliminary estimation of Group Material Risk Takers belonging to this category which however exceed the 1:1 limit are ca. 100 staff members.

The estimated portion of the 2021 Incentive System that could be awarded to those roles in excess to the 1:1 ratio is less than 8% of the overall estimated pool (approx. € 12 million, of which € 6 million in UniCredit shares), with a potential impact on UniCredit share capital of approximately 0.06%, assuming that all free shares for employees are distributed. This amount of capital (i.e. €12 million) is equivalent to ca. 0.4 bps of UniCredit Group CET1 ratio.

In light of this information, it is set that the decision to maintain a maximum level of variable remuneration of 2:1 of the fixed remuneration for the personnel belonging to the business functions (as approved by the Annual General Meeting on 2014) would not affect the Group maintenance of a sound capital base.

Therefore, the adoption of a ratio of 2:1 between variable and fixed compensation does not have any implications on the bank's capability to continue to respect all prudential rules, in particular capital requirements.

This approach allows UniCredit to maintain a strong link between pay and performance, as well as competitiveness in the market. Our main peers have also taken the same approach in order to limit the

[20] ECB letter - Variable remuneration policy of UniCredit S.p.A., as of January 2020.

effects of the un-even playing field in the market where the cap is not present, to avoid the rigidity of the cost structure derived from a possible increase of fixed costs and to guarantee the alignment with multi-year performance, through deferring a relevant component of the variable compensation.

For the rest of the staff a maximum ratio between the components of remuneration equal to 1:1 is usually adopted, except for the staff of the Corporate Control Functions, for Human Resources and the Manager in Charge of Drafting the Company Financial Reports for which it is expected that fixed remuneration is a predominant component of total remuneration. For these Functions is also foreseen that incentive mechanisms are consistent with the assigned tasks, as well as being independent of results from areas under their control.

For the Corporate Control Functions, in particular, the maximum weight of the variable component will take into account the differences between national rules and regulations in application of Directive 2019/878/EU in the various countries in which the Group operates[21], in order to ensure equal operating conditions in the market and the ability to attract and retain individuals with professional skills and capabilities adequate to meet the needs of the Group.

Consistently with the framework described above, Group Legal Entities set in their remuneration policies the appropriate level of the maximum ratio between the variable and fixed compensation according to the national law, Group approach/Group Remuneration Policy, taking into account the business activities, the risks and the impact that different categories of staff have on the risk profile.

Where allowed by the local law, the Legal Entities manage the request to approve, with a dedicated resolution, a higher maximum level of the ratio between the variable and fixed component of remuneration of up to 200% by the shareholders' General Meeting, in coherence with the approach defined by the Holding Company in terms of positions, and manage the related notification to the competent regulator, as appropriate.

For UniCredit Bank Hungary, it is established - for the personnel belonging to the business functions - a maximum ratio between variable and fixed remuneration of 2:1. For the rest of the staff, the maximum ratio between the components of remuneration is equal to 1:1, except for the staff of the Corporate Control Functions (Internal Audit, Risk Management and Compliance) and Human Capital, for whom the fixed remuneration is the predominant component of the total remuneration, For Corporate Control Functions and Material Risk Takers under Human Capital the variable remuneration is equal or lower than 80% of the fixed one.

In case the ratio between variable and fixed compensation of an employee exceeds 1:1, such compensation has to be reported to National Bank of Hungary for information after the approval by the Remuneration Committee / Supervisory Board and Shareholders meeting according to §118 of the Hungarian Banking Act (Hpt.).

[21] In particular, for the Material Risk Takers of Corporate Control Functions in Italy, the ratio between the variable and the
fixed components of remuneration cannot exceed the limit of one third, as per BankIt provision (Circular 285 of
December 17, 2013, 25th update of October 23, 2018).

17.2.9 Guidelines on share ownership

Share ownership guidelines set minimum levels for company share ownership by relevant Executives[22], aiming to align managerial interests to those of shareholders by assuring appropriate levels of personal investment in UniCredit shares over time.

The ownership of UniCredit shares by Group leaders is a meaningful and visible way to show investors, clients and people the commitment towards UniCredit.

The Board of Directors approved at the end of 2011 the share ownership guidelines applied to the Chief Executive Officer, to General Manager and Deputy General Manager roles, if any, and on March 2017 extended the application to Senior Executive Vice President and Executive Vice President positions:

- 2 x annual base salary for Chief Executive Officer;
- 1 x annual base salary for Senior Executive Vice President
- 0,5 x annual base salary for Executive Vice President.

The established levels should be reached, as a rule, within five years from the appointment to the above indicated Executives categories within the scope of the guidelines and should be maintained until the role is held.

The achievement of the share ownership levels should be accomplished through a pro-rata approach over a 5-year period, granting the minimum amount of shares each year, taking into consideration potential vested plans.

Involved Executives are also expected to refrain from activating schemes or arrangements that specifically protect the unvested value of equity granted under incentive plans (so called "hedging").

Such clauses are contained in all relevant incentive plan rules and apply to all beneficiaries, since involvement in such schemes undermines the purpose of limiting the risk.

Any form of violation of share ownership guidelines as well as any form of hedging transaction shall be considered in breach of Group compliance policies with such consequences as provided for under enforceable rules, provisions and procedures.

Local adaptations based on specific regulations and/or business shall be envisaged consistently with the global approach at Group level.

17.2.10 The 2021 Group Incentive Scheme

In line with past years, the 2021 Group Incentive System, as approved by UniCredit Board of Directors on January 13, 2021, is based on a bonus pool approach which is compliant with the most recent national and international regulatory requirements and links bonuses with company results at Group and country/division level, ensuring a strong connection between profitability, risk and reward. In particular, the system provides for:

[22] Considering the application, from 2016, of the new ratio between the variable and the fixed components of
remuneration (which cannot exceed the limit of one third for the Material Risk Takers within Italian Control Functions,
while fixed remuneration is expected to be the predominant component for the Control Functions of other geographies),
share ownership guidelines are not applied to Executives who are part of Corporate Control Functions.

- the definition of eight bonus pools for each country/division, whose size depends on actual profitability;
- allocation of a variable incentive defined on the basis of the determined bonus pool, individual performance evaluation, internal benchmark for specific roles/markets and maximum ratio between variable and fixed compensation as approved by the Annual General Meeting;
- a malus condition (Zero Factor) which applies in case specific thresholds of profitability, capital and liquidity are not met at both Group and country/division level;
- risk adjusted metrics in order to guarantee long-term sustainability, regarding company financial position and to ensure compliance with regulations;
- definition of a balanced structure of upfront (following the moment of performance evaluation) and deferred payments, in cash and/or shares for Group Material Risk Takers;
- distribution of share payments which take into account the applicable regulatory requirements regarding the application of share retention periods.

2021 Bonus pool clusters	
Commercial Banking Italy	CEE
Commercial Banking Austria	CEO Functions
Commercial Banking Germany	CIB
HVB Subgroup	COO

The 2021 Incentive System is based on the following methodology:

POOL LEVEL — Bonus Pool definition

INDIVIDUAL LEVEL[A]

1. Bonus Pool funding × **2. Entry conditions** × **3. Risk & sustainability adjustment and Cascading** › **4. Individual allocation** › **5. Payout**

1. Bonus Pool funding
- 8 Pools reflecting the UniCredit Organization model
- Size is based on actual operational profitability (neutralizing extraordinary items)
- Risk-adjusted (e.g. Value Creation) or risk related metrics (eg. Net Operating Profit) are used for funding

2. Entry conditions
- Access to each Bonus Pool linked to the achievement of capital, liquidity and profitability both at Group and local level

3. Risk & sustainability adjustment and Cascading
- Bonus Pools revised up/downwards depending on the "quality of performance"
- Adjustment based on yearly Risk Appetite Framework (RAF) and embedding cost of capital considerations via Economic Value Added
- BoD discretion: no limit to downward adjustment; upward limited to 20%
- Bonus Pools cascaded down within each Perimeter/Division using risk-adjusted/ related metrics, whether applicable

4. Individual allocation
- Individual payout based on around 6 goals (min 5-max 8)
- Specific guidelines/ rules defined involving CRO / CFO ("*KPI Bluebook*"):
  - Goals both qualitative/ quantitative aligned with MYP
  - Min 1 risk[B] and around half long-term interest and sustainability goals from *KPI BB* required

5. Payout
- Payout in cash/shares on 4/5 year deferral horizon above a certain threshold
- Bonus payout subject to malus & claw-back
- Additional "gates" to bonus entitlement (i.e. mandatory training, "*Know Your Customer*")
- Introduction of MiFID "gate" to bonus

A. Rules for GMRT population, principles apply to the rest of the organization as well.
B. Risk adjusted or Risk related.

17.2.10.1 Funding the bonus limit

The bonus pools are initially proposed during the budgeting phase for every cluster as a percentage of their respective Funding KPI (e.g. Underlying Net Operating Profit). In such a definition, the following elements are considered: business context and perspectives, previous years amount and forecasts of profitability. The budget is submitted to the approval of UniCredit Board of Directors.

Bonus pools are based on the risk weighted results of each country/division, in line with overall Group performance, considering the assessment of both Group and country risk sustainability.

Furthermore, bonus pool size takes into consideration any recommendation issued by European or local regulators on variable remuneration.

17.2.10.2 Participation conditions

Specific "Entry Conditions" are set at both Group, and country/division[23] level. The combined evaluation of the Entry Conditions at Group and local level defines four possible scenarios that allow the confirmation to increase, reduce or cancel the bonus pool for each cluster.

The malus condition (Zero Factor) will apply in case the specific metrics on profitability, capital and liquidity are not achieved bothat Group, and local level (box A of the matrix included in the scheme "Entry Conditions definition"). Specifically, the Zero Factor is applied to the Group Material Risk Taker

[23] List of the countries included into Divisional results might be subject to review in accordance with the new segment
reporting driven by the new organizational structure of UniCredit Group.

population[24], whereas for the non-Group Material Risk Taker population, a significant reduction will be applied.

In case the Entry Conditions are not met at country/division level, but at Group level they are met (box B of the matrix included in the scheme "Entry Conditions definition"), a floor might be defined for retention purposes and in order to maintain the minimum pay levels needed to play in the market.

In case Entry Conditions are not met at Group level, no bonus pay out is envisaged for the Group CEO and all the Senior Executive Vice Presidents, irrespective of country or area of activity.

Entry conditions in terms of capital and liquidity apply as well to external networks and agents, where applicable, as foreseen by regulation.

In addition to Group and division entry conditions, Legal Entities may consider further local conditions. In particular, Banks introduce local liquidity and capital metrics as further entry conditions.

2021 Entry Conditions for UniCredit Bank Hungary

Currently applicable Entry conditions at Group CEE Division and Country level are the following:

GROUP	CEE DIVISION[6]	COUNTRY
Underlying NOP[1] > 0	Underlying NOP[1] > 0	Underlying NOP[1] > 0
Underlying Net Profit[1] > 0	Underlying Net Profit[1] > 0	Underlying Net Profit[1] > 0
Pillar 1 capital ratios[2] ≥ 2021 RAF "limit"[3]		Pillar 1 capital ratios[2] ≥ 2021 RAF "limit"[7]
Liquidity Coverage Ratio[2,4] ≥ 2021 RAF "limit" (108%)		Liquidity Coverage Ratio[2,4] ≥ 2021 RAF "limit" (107%)
Net Stable Funding Ratio[2,5] ≥ 2021 RAF "limit" (102,5%)		Net Stable Funding Ratio[2,5] ≥ 2021 RAF "limit" (101%)

1. NOP / Net Profit as stated in the Group Financial Statements, adjusted for non-operating items (e.g. disposal / valuation of real estate assets, sale of companies, restructuring costs, Regulatory headwinds) as considered appropriate by the Board of Directors upon Remuneration Committee proposal; Underlying Net Profit is the basis for capital distribution. If Underlying NOP/Net Profit on Country level is not available, relevant NOP / Net Profit indicators will be used.
2. In case of issues with capital and/or liquidity requirements at Legal Entity (LE) level, the related Bonus Pool size could be impacted, even if the Entry Conditions at Group level are fully satisfied
3. CET1 ratio Transitional ≥ 9,95%, Tier 1 ratio Transitional ≥ 11,78%, Total Capital ratio Transitional ≥ 14,22%, Leverage ratio Transitional ≥ 4,25%, TLAC ratio ≥ 21,71%
4. Liquidity Coverage Ratio: it aims to ensure that the bank maintains an adequate level of not restricted "High Quality Liquid Assets" in a sufficient quantity to cover the overall 'Net Cash Outflows', over a period of thirty days, under gravely stressed conditions specified by Supervisors

[24] The bonus pool of 2021 will be zeroed (for Group Material Risk Takers), while an ex-post correction mechanism is
foreseen that determines a reduction of deferrals of previous year systems from 50% to 100% of their value, based on
the entity of loss both at Group & local level and CRO assessment based on positioning vs. Risk Appetite Framework
(next paragraph – Adjustments based on Sustainability and Risk).

5. Net Stable Funding Ratio: is defined as the amount of available stable funding relative to the amount of required stable funding and measures, under a long term perspective, the sustainability terms of maturities between asset and liabilities. In detail: the ratio between Available of Stable Funding – ASF (The amount of ASF is calculated by first assigning the carrying value of an institution's capital and liabilities; the amount assigned to each category is then multiplied by an ASF factor, and the total ASF is the sum of the weighted amounts) and Required Stable Funding – RSF (The amount of required stable funding is calculated by first assigning the carrying value of an institution's assets to the categories listed. The amount assigned to each category is then multiplied by its associated required stable funding (RSF) factor, and the total RSF is the sum of the weighted amounts added to the amount of Off Balance Sheet activity –or potential liquidity exposure- multiplied by its associated RSF factor)
6. In case a Bonus Pool segment (e.g. CEE, CBK Italy) has a budget lower than 0, CEE Division entry conditions would refer to this value, provided that all regulatory requirements (included requirements at LE level) are respected
7. Country level Regulatory Limits for Pillar 1 capital ratios: CET 1 Ratio ≥ 11,04%; Tier 1 ≥ 13,78%; Total Capital ≥ 17,43%;

- if (a) Group Underlying Net Operating Profit is greater than 0 and (b) Group Underlying Net Profit is greater than 0 and (c) Group Common Equity Tier 1 Ratio Transitional is equal or greater than 9,95%, Group Tier 1 ratio Transitional is equal or greater than 11,78%, Group Total Capital ratio Transitional is equal or greater than 14,22%, Group Leverage Ratio Transitional is equal or greater than 4,25% and Group Total Loss Absorbing Capacity ratio is equal or greater than 21,71% (d) Group Liquidity Coverage Ratio is equal or greater than the 2021 RAF "limit" of 108% and (e) Group Net Stable Funding Ratio is equal or greater than the 2021 RAF limit of 102,5%, the Entry Conditions at Group level are met.

- if (a) CEE Division Underlying Net Operating Profit is greater than 0 and (b) CEE Division Underlying Net Profit is greater than 0, the Entry Conditions at CEE Division level are met.

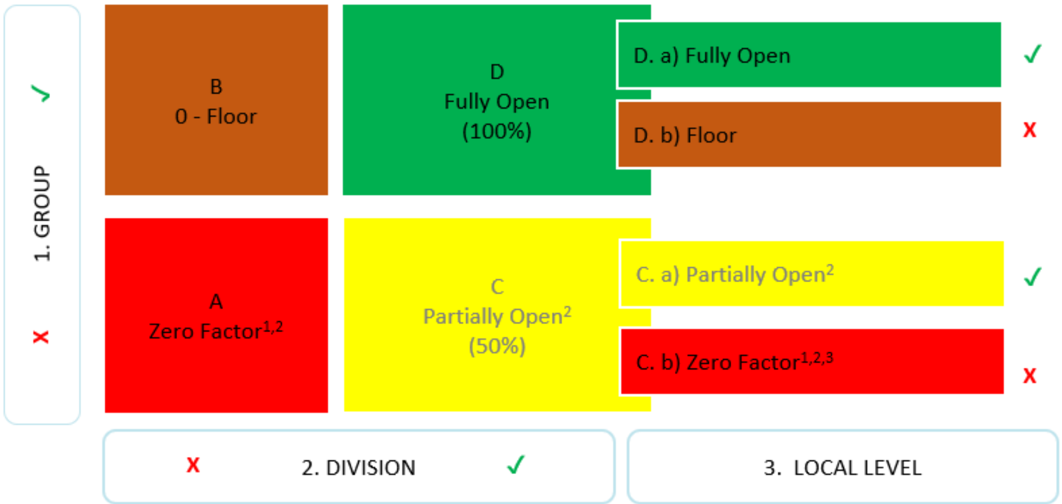
- if (a) Country Net Operating Profit is greater than 0 and (b) Country Underlying Net Profit is greater than 0 and (c) Country CET 1 Ratio is equal or greater than 11,04%, Country Tier 1 Ratio is equal or greater than 13,78%, Country Total Capital is equal or greater than 17,43%, and (d) Country Liquidity Coverage Ratio is equal or greater than the 2021 RAF "limit" of 107% and (e) Country Net Stable Funding Ratio is equal or greater than the 2021 RAF limit of 101%, the Entry Conditions at Country level are met.

The UniCredit Board of Directors will make the final decision on the achievement of the Entry Conditions on Group and CEE Division Level. On the Country local level, the final decision on the achievement of the Entry Conditions will be made by the Remuneration Committee / Supervisory Board of local bank.

The definitions of the Entry Conditions metrics are as follows:

- Underlying Net Operating Profit means the Net Operating Profit (NOP) as stated in the Financial Statements, adjusted for non-operating items as considered appropriate by the Board of Directors upon Remuneration Committee proposal
- Underlying Net Profit means the Net Profit as stated in the Financial Statements, adjusted for non-operating items as considered appropriate by the Board of Directors upon Remuneration Committee proposal; Underlying Net Profit is the basis for capital distribution
- Capital Pillar 1 ratios means the following ratios: CET 1 ratio Transitional, Tier 1 ratio Transitional, Total Capital ratio Transitional, Leverage ratio Transitional, Total Loss Absorbing Capacity (TLAC) ratio
- Liquidity Coverage Ratio (LCR), aims to ensure that banks maintain an adequate level of not restricted "High Quality Liquid Assets" in a sufficient quantity to cover the overall 'Net Cash Outflows', over a period of thirty days, under gravely stressed conditions specified by Supervisors.

-    Net Stable Funding Ratio (NSFR), is defined as the amount of available stable funding relative to the amount of required stable funding and measures, under a long term perspective, the sustainability terms of maturities between asset and liabilities.



2021 Entry Conditions Scenario

– (A) In case the Entry Conditions at both Group and CEE Division levels are not met, regardless of the Country level, the malus condition is activated, triggering the application of Zero Factor for Executives/Group Identified Staff population on both current year bonus and previous years deferrals. For the other employees, a significant reduction will be applied.

– (B) In case the Entry Conditions are met at Group level but are not met at CEE Division level, regardless of the Country level, a floor might be defined for retention purposes and in order to maintain the minimum pay levels needed to play in the market.

– (C) In case the Entry Conditions are met at CEE Division level but are not met at Group level:
  a) If the Entry Conditions at Country level are met, the gate is "partially open", with the possibility to payout a reduced Bonus Pool.
  b) If the Entry Conditions at Country are not met, the Zero Factor scenario is triggered on both current year bonus and previous years deferrals for Executives/Group Identified Staff population. For the other employees, a significant reduction will be applied.

– (D) In case the Entry Conditions are met both at Group and CEE Division levels:
  a) If the conditions at Country level are met, the gate is "fully open", meaning the Bonus Pools may be fully confirmed or even increased, in case of positive performance on Risk & Sustainability dashboard.
  b) If the conditions at Country level are not met, a floor might be defined for retention purposes and in order to maintain the minimum pay levels needed to play in the market.

With reference to the Zero Factor, delivery of the present document shall constitute due notification to the Employee of metrics and conditions applicable pursuant to following paragraphs of the relevant Rules:

a) With reference to any participation of the Employee in the **2020 Group Incentive System**, pursuant the relevant Rules, and referring to the Second Year Conditions defined for the Zero Factor applicable in the Second Year, meaning the year 2022; and

b) With reference to any participation of the Employee in the **2019 Group Incentive System**, pursuant the relevant Rules, and referring to the Third Year Conditions defined for the Zero Factor applicable in the Third Year, meaning the year 2022; and

c) With reference to any participation of the Employee in the **2018 Group Incentive System**, pursuant the relevant Rules, and referring to the Fourth Year Conditions defined for the Zero Factor applicable in the Fourth Year, meaning the year 2022; and

d) With reference to any participation of the Employee in the **2017 Group Incentive System**, pursuant the relevant Rules, and referring to the Fifth Year Conditions defined for the Zero Factor applicable in the Fifth Year, meaning the year 2022; and

e) With reference to any participation of the Employee in the **2016 Group Incentive System**, pursuant the relevant Rules, and referring to the Sixth Year Conditions defined for the Zero Factor applicable in the Sixth Year, meaning the year 2022

The application of the Zero Factor, with regards to previous years Systems, takes into consideration the Bonus Pool (and relative System Rules) each Employee belonged to, in the year the bonus has been defined.

Zero Factor metrics and conditions are those targets and figures set by the UniCredit Board of Directors. In accordance with applicable regulatory requirements, final evaluation of sustainable performance parameters and risk-reward alignment:

- on the Group/CEE Division level, will be reviewed by the Remuneration Committee of UniCredit and defined under the responsibility and governance of UniCredit Board of Directors
- on Country level, will be reviewed by the Remuneration Committee of UniCredit Bank Hungary

1 For Executive & Group Material Risk Takers population. In any case, the Board of Directors can provide the CEO the possibility to allocate a separate and discretional pool for retention purposes only, subject to local relevant governance bodies' decision, eventually including a positive feedback from ECB, if required (e.g. in a scenario of CET1r < threshold, in a context of a capital contingency plan defined with ECB). For the other employees, a significant reduction will be applied

2 In case Entry Conditions are not met at Group Level, no bonus pay out is envisaged for the Group CEO and all Employees with the Band "Senior Executive Vice President", irrespective of Country or area of activity

3 In case Entry Conditions are not met at Country Level, no bonus pay out is envisaged for the Local CEO and Deputy CEO (regardless the Band).

17.2.10.3 Adjustments based on sustainability and risk

In order to ensure consistency with the Group Risk Appetite Framework and the economic sustainability of the Group's and country/ division results over time, the bonus pool may be revised up/downwards, on the basis of the overall "quality of performance".

The methodology envisages the assessment performed by Group Risk Management based on specific dashboards at Group and local level. In addition, the Group CFO presents to the Remuneration Committee a specific report providing commentary on Group and segment results.

The CRO dashboards include indicators covering all relevant risks, such as credit, market, liquidity and compliance and the risk position assumed, the adherence to regulatory requirements and the relationship between risk and profitability. The specific metrics are measured with reference to the respective relevant thresholds (limit, trigger and target), established in line to the Group Risk Appetite Framework.

Group Risk Management can either confirm or override the outcome and may exercise the right to override taking into consideration events with a qualitative nature or extraordinary events which are out of the ordinary business of the bank (e.g. significant asset disposals in addition to normal distressed asset management activities, mergers and acquisitions or business restructuring, business dismissals, capital increases, sanctions, goodwill impairment).

For each bonus pool cluster, the Group CRO function provides an overall assessment on the dashboards and the evaluation brings to the definition of a "multiplier" in order to define the adjustment of each bonus pool, which could fall in the range of 50%-120%. Negative and neutral "multipliers" (i.e. 50%, 75% and 100%) are directly applied to bonus pool. In case of positive CRO "multipliers" (i.e. 110% and 120%) the possibility to grant a further growth in the bonus pool is confirmed only in case of positive EVA (profit[25] higher than cost of capital) or EVA greater than budget value, if the latter is negative. Positive "multipliers" are representing the upper bound of the bonus pool theoretical value and subject to managerial evaluation, considering the broader context of the company.

The dashboards, used to evaluate the quality of performance from a risk perspective, are monitored on a quarterly basis.

The application of a further discretional range up to +20% in the faculty of Board of Directors is foreseen with respect to the theoretical value (e.g. based on average bonus per FTE, division relative performance vs peers, role of the perimeter in achieving Group results), while there is no limit to a downward adjustment of the bonus pool[26].

In particular, based on Entry Conditions achievement, in case the CRO assessment reports the maximum positive result, accessibility has been confirmed from positive EVA values and the Board of Directors exercises the maximum discretion, the following scenarios may occur:

- if the Entry Conditions are not met only at Group level, the gate is "partially open", with the possibility to payout a reduced bonus pool with a minimum reduction of 28%[27] of the theoretical value, except for the Group CEO and all the Senior Executive Vice Presidents, irrespective of country or area of activity;

[25] In terms of Net Operating Profit After Taxes (NOPAT).

[26] Divisions and Legal Entities define mechanisms for bonus pool risk adjustment and Board discretion adjustment, to be applied in the breakdown phase, consistently with the framework defined at Group level and properly documented.

[27] Maximum scenario achievable in case of positive CRO assessment and using all the Board of Directors' discretion to approve a bonus pool max +20% of the theoretical one (50%*120% CRO dashboard + 20% BoD discretion).

- if the Entry Conditions are met both at Group and country/division level, the gate is "fully open", meaning the bonus pools may be fully confirmed or even increased (up to max 144%[28]).

In any case, as requested by Bank of Italy regulations, the final evaluation of Group sustainable performance parameters and the alignment between risk and remuneration will be assessed by the Remuneration Committee and defined under the governance and accountability of the Board of Directors.

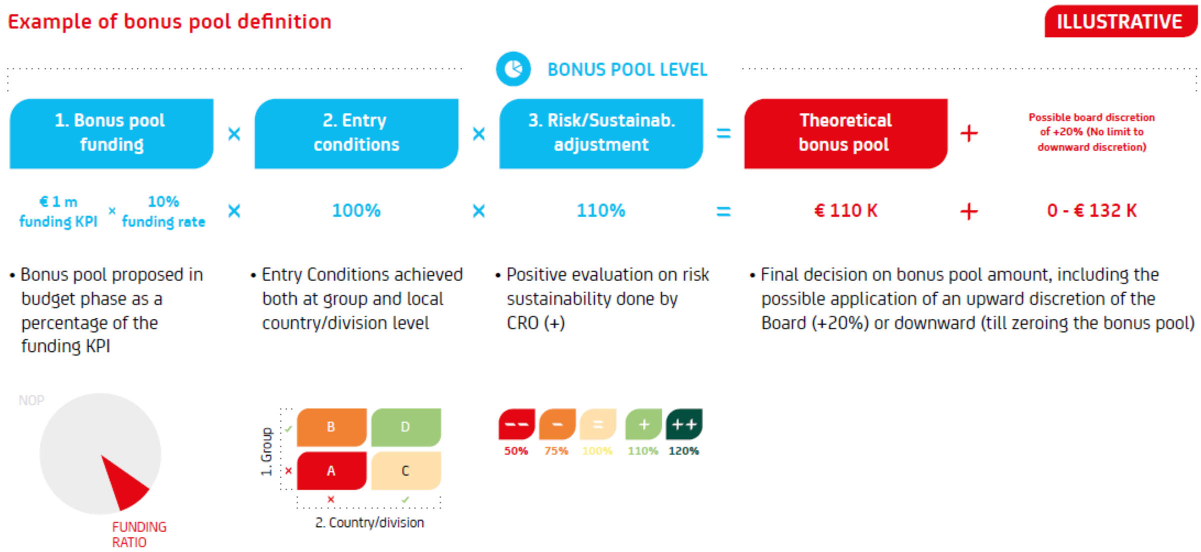
The Board of Directors has the right to disregard, when deciding bonus, balance sheet extraordinary items which do not impact operational performance, regulatory capital and liquidity, therefore considering the Underlying Net Profit (the same metric used for capital distribution).

Once the bonus pools are approved by the Board of Directors, starts the breakdown process to cascade the pools within each perimeter/division starts. The breakdown process takes into account risk adjusted/related indicators that are assessed at year-end, where applicable according to business features (e.g. not for Operations). The year-end assessment takes into consideration the weighted average scoring of the single indicators.

Following potential changes in current regulations and/or in relation to potential extraordinary and/or unpredictable contingencies which can impact the Group, the company or the market in which it operates, the Board of Directors, having heard the opinion of the Remuneration Committee, maintains the right to amend the system and relevant rules, consistently with the overall setup approved by the the Annual General Meeting and to that extent as it is functional to keeping the essential contents of the system substantially unchanged, preserving its main incentive purposes.

Moreover, in order to guarantee adequacy, fairness and internal consistency of the incentive system, in its particular provisions and among these as a whole, the mechanisms and instruments illustrated above must be interpreted as a single and inseparable whole, since the specific provisions envisaged herein may therefore be applied by analogy to further, similar and unregulated situations (or differently regulated), whenever the diversity of regulations would result in an objective inconsistency and unfairness of treatment.

[28] Maximum scenario achievable in case of positive CRO assessment and using all the Board of Directors' discretion to
approve a bonus pool max +20% of the Theoretical one (100%*120% CRO dashboard + 20% BoD discretion).



On the Country local level, final evaluation of sustainable performance parameters and risk-reward alignment is reviewed by the Remuneration Committee / Supervisory Board of local bank, that has the power to apply a further discretional range to the size of the bonus pool, up to +20% (or more in case of exceptional situations properly evaluated, supported and consistent with CEE Division breakdown) based on the indicators within the Bank’s RAF (e.g. RoAC, Total RWA), while there are no limits on the possibility of reduction.

17.2.10.4 Individual allocation

For each Group Material Risk Taker a specific “Reference Value” is defined which considers the internal and/or external benchmarking analysis on similar roles, the seniority, the maximum ratio between variable and fixed compensation as approved by the Annual General Meeting. Such value is adjusted according to the actual available bonus pool and represents the starting point for the individual bonus allocation.

Individual bonus will be allocated managerially, considering the individual performance appraisal and the above-mentioned Reference Value.

At individual level it will be also considered the respect of provisions of law, Group’s compliance rules, Company policies or integrity values, Code of Conduct and the application of claw-back clauses, as legally enforceable.

Moreover, each participant has to complete the mandatory trainings courses and, for impacted roles, the customer due diligence periodic review (Know Your Customer) and the MiFID Customer Profiling, within a pre-defined threshold in order to be entitled to the bonus.

Each Group Material Risk Taker receives the Group Incentive System Rules with a detailed description of the system and its application.

Individual performance appraisal is based on 2021 Scorecard: around six individual goals assigned during the performance year, selected from the catalogue of main key performance indicators (*KPI Bluebook*) and inspired by the “Five Fundamentals”[29].

[29] The “Five Fundamentals” are the main pillars of UniCredit culture and are at the basis of the UniCredit Competency

In particular, for the Group Material Risk Takers it is possible to include from five to eight goals with an adequate economic/non-economic mix, also in terms of number of objectives assigned and the weight given to each objective. The goals are mandatorily selected from the *KPI Bluebook* with the possibility to assign up to two custom goals.

Competencies and behaviors considered as relevant are taken into account by the manager for the overall performance appraisal. Further details are reported in paragraph 5.2.

The performance appraisal system is based on a 5-point rating scale with a descriptive outcome and reflects the evaluation of the individual goals ("what") and of the behaviors acted to achieve them ("how").

Local Identified Persons and employees

The criteria for the payment of the bonus are:

- **a performance** evaluation of at **least level 3**
- **At least 3 months of continuous** employment relationship in 2020
- **no termination** situation **on 31 March 2021**
- **successful completion** of all global e-learning courses (mandatory trainings, KYC, MIFID)

<u>Being over every requirements still do not mean a bonus payout automatically. The rewarded colleagues and the amounts of the payouts are being decided by the managers while considering the following aspects:</u>

- equality between **genders**
- **contribution** to the results
- inner **equity**
- **selectivity**

17.2.10.5 Payment structure

As approved by the Board of Directors on January 13, 2021, with reference to payout structure, the Group Material Risk Taker population will be differentiated into four clusters, using a combined approach of position and compensation:

- for Senior Management (EVP & Above population, as well as CEO, Deputy CEO and Management Board Members) 5-year deferral schemes are applied, consisting in a payout structure of 6 years in total; a higher deferral percentage is applied in case of High Earners (variable remuneration > 92,000,000 HUF[30]);

Model that describes those behaviors that are expected from all UniCredit people and through which all employees are assessed in performance management processes. The "Five Fundamentals" are: Customers First, People Development, Cooperation & Synergies, Risk Management, Execution & Discipline.

[30] 430,000 Euro is the lower amount between 10 times the average Bank total compensation and the 25% of total compensation of Italian High Earner as reported by EBA, as defined in 2019.

- for other Group and Local Material Risk Takers 4-year deferral schemes are applied, consisting in a payout structure of 5 years in total; a higher deferral percentage is applied in case of High Earners (variable remuneration > 92,000,000 HUF).

The payout of incentives will be done through upfront and deferred installments, in cash or in UniCredit ordinary / Phantom shares, over a multi-year period:

- in 2022 the first installment of the total incentive will be paid in cash and/or free UniCredit ordinary / Phantom shares subject to the evaluation of the individual adherence to compliance and conduct principles[31];
- the remaining part of the overall incentive will be paid in cash and/or free UniCredit ordinary / Phantom shares:
  - 2023-2027 for Senior Management (EVP & Above population, as well as CEO, Deputy CEO and Management Board Members) ;
  - 2023-2026 for other Group and Local Material Risk Takers;
  - Each further tranche will be subject to the application of the Zero Factor for the year of reference and in absence of any individual/values compliance breach.

Each share tranche is subject to a 1-year retention period for both upfront and deferred shares, as foreseen by regulation.

All the installments are subject to the application of claw-back conditions, as legally enforceable.

Deferral scheme

	2021	2022	2023	2024	2025	2026	2027
Senior Management (EVP & Above population, as well as CEO, Deputy CEO and Management Board Members) with variable remuneration > HUF 92,000,000	performance year	20% upfront cash	20% upfront shares	12% deferred cash	12% deferred shares	12% deferred shares	12% deferred cash 12% deferred shares
Senior Management (EVP & Above population, as well as CEO, Deputy CEO and Management Board Members) with variable remuneration ≤ HUF 92,000,000	performance year	25% upfront cash	25% upfront shares	10% deferred cash	10% deferred shares	10% deferred shares	10% deferred cash 10% deferred shares
Other Group and Local Material Risk Takers with variable remuneration > HUF 92,000,000	performance year	20% upfront cash	20% upfront shares	15% deferred shares	15% deferred cash 15% deferred shares	15% deferred cash	
Other Group and Local Material Risk takers with variable remuneration ≤ HUF 92,000,000	performance year	30% upfront cash	30% upfront shares	10% deferred shares	10% deferred cash 10% deferred shares	10% deferred cash	

[31] Considering also the severity of any internal/external findings (i.e. Audit, Bank of Italy, Consob and/or analogous local authorities).

At local level, Group Entities may perform calibrations on the length of the deferral schemes and/or the use of financial instruments to be aligned with more restrictive local regulations.

The number of shares to be allocated in the respective installments shall be defined in 2022, on the basis of the arithmetic mean of the official market price of UniCredit ordinary shares during the month preceding the Board of Directors to which the 2021 bonuses are submitted, after having evaluated performance achievements.

The Board of Directors assigns free UniCredit ordinary shares that will be freely transferable at the end of the retention period.

Unicredit ordinary shares will be allocated for Group Material Risk Takers population, while for Local Material Risk Takers population shares allocation will be related to financial instruments - Phantom shares (instruments connected to the price of UniCredit S.p.A shares). The number of financial instruments - Phantom shares to be allocated in the respective installments is defined in 2022, on the basis of the arithmetic mean of the official market price of UniCredit ordinary shares during the month preceding the Board resolution that evaluates 2021 performance achievements.

For Group and Local Material Risk Takers, the annual variable remuneration has to be deferred if it:

- is above 17,500,000 HUF or
- represents more than one third of the total annual remuneration.

Below this threshold no deferral mechanisms will be applied, according to relevant regulatory indications.

The overall dilution for all other current outstanding Group equity-based plans equals 2.50%.

The beneficiaries cannot activate programs or agreements that specifically protect the value of unavailable financial instruments assigned within the incentive plans. Any form of coverage (hedging) will be considered a violation of compliance rules and imply the consequences set out in the regulations, rules and procedures.

With the goal to respect this provision, Corporate Control Functions perform sample checks on custody and administration internal accounts for Material Risk Takers and require them to communicate the existence towards other intermediaries of custody and administration accounts and their performed transactions and financial investments, if any.

As foreseen by the incentive systems of previous years, also for the 2021 Group Incentive System, in case of termination of the employment relationship, the Employee shall keep all rights under the System provided that he/she qualifies as a Good Leaver.

Specifically, in case of Good Leaver, if this occurs during the performance period, the Employee will be entitled to a pro-rata temporis award of the deferrals, subject to the achievement of relevant performance conditions at the end of the performance period and according to the deferred payout scheme and all other terms and conditions under the Rules of the 2021 Group Incentive System. For the purpose of the Rules, a “Good Leaver” is exclusively an Employee who ceases to be an Employee of any Company during the performance period of the System due to the following reasons:

- termination of the employment relationship due to any physical impediment including ill-health, injury or permanent disability, as established by applicable laws;
- retirement, also in case of agreement with the Company and/or enrolment into early retirement or redundancy plans;
- the company employing the Employee ceasing to be a member of the Group;

- a transfer of the undertaking, or the part of the undertaking, in which the Employee works to a person or legal entity which is not a member of the Group.

The status of “Good Leaver” may also be granted, taking into account the specific circumstances and the company’s interest, within the scope of specific agreements entered into with the beneficiary.

FOCUS - Compliance failure, malus and claw back

Compliance breach, Malus and Claw-back

The Group reserves the right to activate malus and claw-back mechanisms, namely the reduction/cancellation and the return respectively of any form of variable compensation.

In case of *ex-ante* risk adjustment, the Malus mechanism (the reduction/cancellation of all or part of the variable remuneration) can be activated to the variable remuneration to be awarded. In addition to the adjustment on the variable remuneration, promotion and merit salary reviews might as well be subject to the compliance breach assessment. In case of *ex-post* risk adjustment, the Malus mechanism (the reduction/ cancellation of all or part of the variable remuneration) can be applied to the deferred components that have already been awarded and have not yet been paid out, for the year in which the breach occurred. If the outstanding variable remuneration is not sufficiently large to ensure an appropriate malus mechanism, the reduction may be applied also to other variable remuneration components (e.g. deferred component from other years than the year in which the breach occurred or the variable remuneration awarded for the year and not yet paid).

Claw-back mechanism (the return of all or part of the variable remuneration) can be activated on the overall variable remuneration already paid, awarded for the time period during which the breach occurred, unless different provisions by local regulations or more restrictive provisions are in force.

The claw-back mechanisms can be activated up to a period of 5 years after the payment of each installment, also after the employee’s contract termination and/or the end of the appointment and take into account legal, social contributions and fiscal profiles and the time limits prescribed by local regulations and applicable practices.

Malus and claw-back mechanisms may apply in the case of verification of behaviors adopted in the reference period (performance period), for which the employee:

- contributed with fraudulent behavior or gross negligence to the Group incurring significant financial losses, or by his/her conduct had a negative impact on the risk profile or on other regulatory requirements at Group or country/division level;
- engaged in misconduct and/or failed to take expected actions which contributed to significant reputational harm to the Group or to the country/division, or which were subject to disciplinary measures by the Authority;
- is the subject of disciplinary measures and initiatives envisaged in respect of fraudulent behavior or characterized by gross negligence during the reference period;
- infringed the requirements set out by articles 26 TUB and 53 TUB, where applicable, or the obligations regarding the remuneration and incentive system.

Malus mechanisms are also applied to take into account the performance net of the risks actually assumed or achieved, the performance related to the balance sheet and liquidity situation.

According to the EBA guidelines[32] and to further strengthen the governance framework, the key rules of compliance breaches management, as well as, their related impact on remuneration components, through the application of both malus and claw-back clauses, are given below.

Specific guidelines about the application of the Malus and Claw-back procedure to be adopted throughout the Group were formalized and provided by the Holding Company to the Legal Entities that apply local adaptations consistent with the overall Group approach and with regulations in the various countries in which the Group operates.

The process is specifically applicable to the Material Risk Takers population, as per regulatory provisions, while general principles are applicable to all individuals within the Group who are beneficiaries of variable remuneration, including external networks and agents, where applicable.

The main elements of the Malus and Claw-back procedure are the following:

- breaches identification, based on the roles and responsibilities of the functions involved according to their ordinary activities. The Identification is based both on internal and external sources (e.g. special investigation, disciplinary sanctions, regulatory sanctions);
- breaches evaluation, based on the assessment of the breach materiality following a scoring system, from lowest to highest value. The drivers of materiality assessment are:
  - severity of the individual conduct, including the circumstances of a law violation;
  - adherence to the “Ethics & Respect” values and “Do the right thing!” principle;
  - nature (fraud or gross negligence) of the trigger event;
  - repetitiveness of the breach;
  - impact on financials;
  - seniority of the individual;
  - organizational role;
  - impact on the group external reputation;
  - other circumstances aggravating or mitigating the reported breach;
- In coherence with the score assigned and the reference period of the breach, the impact on the variable remuneration is defined according to two elements:
  - perimeter of the variable remuneration (upfront or deferred) that can be reduced/cancelled based on predefined scenarios, according to the breach materiality. In case of heavy breaches, fulfilling certain pre-conditions, the claw-back (return) of already paid variable remuneration may be activated;
  - percentage of the variable remuneration that can be reduced/cancelled and/or returned back;
- breaches evaluation and final proposal for measures to be adopted are defined by a dedicated responsible committee composed by CEO, Deputy CEO and Head of HR;
- decision making process and relevant measure adoption are defined according to the internal HR Delegation of Powers.

For Executive Directors and Executives with Strategic Responsibilities specific contractual provisions are envisaged, that allow the Company to ask the return, partially or totally, of the variable remuneration

[32] “Guidelines on sound remuneration policies”, published on June 27, 2016.

components already paid (or retain deferred amounts), defined according to data proved to be manifestly incorrect at a later time and other circumstances which may have been identified by the company.

17.2.11 Performance management framework

Frame

The Group Incentive System, described in paragraph 2.5.1, is supported by an annual performance measurement framework assuring coherence, consistency and clarity of performance objectives with business strategy, while encouraging and rewarding desired behaviors and risk orientation.

Performance is evaluated in terms of risk-adjusted profitability and risk-weighted systems and mechanisms are provided.

The performance management process ensures all Material Risk Takers know what is expected of them and includes a rigorous monitoring of their goals achievements.

For the Group Material Risk Takers, for whom variable remuneration is expected to be more in line with long-term value creation and Group results, the process of setting annual objectives (so-called Goal Setting) is supported by a structured framework that has been consolidated over the years, namely the *KPI Bluebook*.

The *KPI Bluebook* serves as the performance measurement and evaluation framework within the Group Incentive System, which is reviewed and updated annually with the involvement of certain key functions (i.e. Human Capital, Finance, Risk Management, Compliance, Group ESG Strategy & Impact Banking).

The *KPI Bluebook* provides specific guidelines related to:

- the selection of goals based on year-to-year priorities defined by business/division and the assignment of individual goals customized on the single position;
- the indication of measurable goals, both qualitative and quantitative. In case of customized goals, clear and pre-defined parameter for future evaluation performance shall be set and made transparent;
- balanced use of economic and non-economic goals, taking into account the single role's specificities;
- the use of risk-adjusted/related goals (e.g. at least one KPI);
- the use of sustainability objectives for value creation over time (e.g. around half of the goals - among those based on priorities and annual strategies of Group/business/division - shall be related to sustainability);
- the use of goals related to conduct a compliance culture (i.e. KPI "Tone from the Top" mandatory for all Group Material Risk Takers);
- the selection of goals for the Corporate Control Functions, in order to ensure their independence (e.g. avoid KPIs linked to economic measure, use KPIs independent of results of monitored areas to avoid conflict of interests);
- the selection of goals, defined in a perspective of avoidance of conflicts of interest with customers, particularly for Commercial/Network roles.

The different categories of the *KPI Bluebook* represent economic and non economic goals and are mapped into clusters of business, as shown in the picture below, to help identifying the most relevant standardized KPIs (all certified by relevant functions), with specific focus on risk-adjusted, sustainability-driven metrics and economic measures.

Sustainability KPIs (see Focus area) are the goals that meet current needs without compromising the ability of the Company to generate profit in the future and which have an impact on the creation of medium/long-term value for one or more stakeholders.

In general, the *KPI Bluebook*, in addition to being the reference catalogue for the assignment of objectives within the Group Incentive System, can also be applied to the assignment of annual objectives for all Group personnel.

<u>FOCUS</u>

Stakeholder Value and Indicators in UniCredit S.p.A

The *KPI Bluebook* includes also sustainability indicators aiming at measuring client experience, employees' engagement level and Succession Planning. Further details on the sustainability strategy are included in the Integrated Report published on UniCredit website.

CLIENTS - Customer experience & brand reputation benchmarking

- *Definition*: analysis of competitive positioning of UniCredit on strategic KPIs, such as customer experience and brand reputation, assessing brand & business perception among Customers and Prospects;
- *Listening Methodology*: the assessment is conducted in all countries where the group operates as commercial bank, through surveys that involve the Retail and Corporate segment. Respondents are customers of the banks of UniCredit and of the local competitors and are contacted by the Provider randomly in a double blind approach (no list of clients contacts provided by UniCredit and no specification that UniCredit is the commissioner of the study);
- *Used indexes*:
    - Strategic Net Promoter Score (S-NPS) assessing the likelihood of recommendation of the local bank by its customers;
    - Reputation Index assessing the overall reputation of the local bank vs peers by customers & prospects;
- *Supplier*: Kantar.

CLIENTS - Internal service quality

- *Definition*: analysis of an overall satisfaction perceived by the Internal Customer, evaluating the Department which is providing the service. Purpose is to simplify the process and improve its effectiveness. In addition, specific employee experiences may be measured, evaluated by the employee quickly after the experience took place;
- *Listening Methodology*: the assessment is conducted on the major group perimeters, through a periodic web survey, on employees who have used the respective services;
- *Used indexes*: Overall Satisfaction for employees;
- *Supplier*: MaritzCX.

HUMAN CAPITAL – Succession Planning

- *Definition*: the succession planning coverage ratio allowing to calculate the percentage of about 500 senior management group positions for which a successor pipeline has been identified. The aim is to assure a sustainable leadership pipeline;

- *Methodology*: the succession plan analysis follows a structured process based on Executive Development Plan (EDP) outcomes;
- *Provider*: Internal. The Coverage Ratio is yearly shared with the Corporate Governance, Nomination and Sustainability Committee and then with the Board of Directors at the end of the process.

With reference to 2020, as shared with the Board of Directors, 100% of the strategic positions has a formalized succession plan.

EDP AT A GLANCE

EDP is the group Management Review process which allows to plan, manage and develop the group Leadership pipeline:

- ~ 2,200 Executives involved during the EDP session across the Group;
- Local EDP sessions to discuss all the EDP;
- The Top Management positions subject to the discussion with the Group Chief Executive Officer.

HUMAN CAPITAL – Gender Balance

- *Definition*: year-on-year trend in the percentage of women in Executive Vice President and Senior Vice President positions;
- *Methodology*: the research is run for Group employees, through a recurring web survey internal analysis by the Human Capital function of the female representative by levels of the Global Job Model.

WOMEN IN SENIOR LEADERSHIP ROLES

In 2018, UniCredit signed the UK's HM Treasury Women in Finance Charter to pledge its full support to helping improve gender diversity in the financial services sector worldwide. Under this circumstance, UniCredit decided to set up a target of 20% women in Senior Leadership roles (Executive Vice President and above) by 2022. An additional 30% target has been added for the same positions by 2023.

2020 target framework

The annual objectives are defined starting from the business strategy and in compliance with the *KPI Bluebook* framework described above. The process starts with the definition of the objectives of Top Management, which serves as a starting point for the cascading of objectives to Group Executives and lower levels, where applicable.

Economic objectives, with different weightings depending on the role and in compliance with regulations for the Corporate Control Functions, include objectives such as risk-adjusted profitability, return on capital, cost control and asset quality.

Among the non-economic objectives for the Group Material Risk Taker population, a specific KPI "Tone from the Top" is mandatory, related to integrity towards conduct principles and spread of compliance and risk culture (e.g. customer protection, financial crime prevention, cyber-security, climate risks and sustainability) as well as adherence to the values embedded into the "Ethics & Respect – Do the right thing!" Group principle, to enhance overall organization awareness on these topics within the risk management framework.

In addition, to support UniCredit's commitment to people management and inclusion initiatives, including gender representation, as an enabler of the Bank a specific "Human Capital Value & Inclusion" target has been further detailed for Executive Vice President and above population, which can also be assigned to lower levels in order to generate a sustainable pipeline. In addition to the percentage of women in Senior Leadership roles, to gender pay gap/balance targets and gender diversity initiatives, assigned to Top Management, the objective addresses the strategic workforce planning as well as employee safety and well-being during the pandemic and the transition to remote working by fostering people's engagement and providing opportunities for remote social interaction.

Finally, for Top Management an annual objective for the implementation of Group strategies is defined, customized on the specific role and with reference to targets linked for example to the customer experience, automation, digitalization of processes and excellence of their function. Particular focus is given to ESG initiatives, such as the development of business strategy to generate new opportunities, strengthen brand recognition and ESG positioning, or the contribution to the reduction of environmental impact through a strengthened digital approach and remote customer interaction. Strategic initiatives are calibrated and cascaded within the managerial chains.

Each objective is assessed on a 5-point rating scale ranging from a minimum of "below target goal" to a maximum of "greatly exceeds target goal". For economic objectives with quantitative targets, defined by the designated functions (e.g. CFO, Risk Management), "suggested evaluations" are provided in support of the managerial evaluation, based on the percentage of achievement/deviation compared to the target assigned. These suggested evaluations are defined by the competent functions and validated within a process that also involves the Human Capital and Compliance functions.

Locally, for Local Material Risk Takers the yearly goal setting process begins after the approval of local Top Management goals following the cascading process described above. The annual objectives are defined starting from the business strategy and in compliance with the *KPI Bluebook* framework described above. Local Human Capital function drives the process and checks, if the defined goals comply with the internal and external regulations.

17.3 Aggregated information on remuneration

Aggregated quantitative remuneration data by activity:

a) aggregated quantitative data on remuneration, broken down by basic remuneration and performance-related remuneration and by scope of activity:

[Mio Ft]

Total remuneration for 2021	**Management body**		**Investment Bank**		**Retail Bank**		**Corporate Functions**		**Independent Controll Functions**		**Total:**	
	fix payment	**variable payment**	**fix payment**	**variable payment**	**fix payment**	**variable payment**	**fix payment**	**variable payment**	**fix payment**	**variable payment**	**fix payment**	**variable payment**
Unicredit Hungary Zrt.	479,08	424,20	736,43	121,23	8 328,80	1 039,24	3 756,00	481,52	1 601,57	236,22	**14 901,88**	**2 302,41**
Unicredit Jelzálogbank Zrt	20,45	2,75					0,00	2,48	10,06	1,19	**30,50**	**6,42**
Unicredit Operatív Leasing Kft.							0,00	0,00			**0,00**	**0,00**
Unicredit Független Biztosító Kft.					49,92	4,75	0,00	0,00			**49,92**	**4,75**
Unicredit Leasing Zrt.	27,38	8,00			261,57	26,33	188,33	18,78	107,81	9,95	**585,08**	**63,05**
ÖSSZESEN:	**526,90**	**434,95**	**736,43**	**121,23**	**8 640,29**	**1 070,31**	**3 944,33**	**502,77**	**1 719,43**	**247,36**	**15 567,39**	**2 376,63**

b) aggregate quantitative information on remuneration, broken down by senior management and members of staff whose actions have a material impact on the risk profile of the institution:

[mio Ft]

Identified Staff	Headcount	VESTED PORTIONS: Fixed remuneration paid in 2021	VESTED PORTIONS: Variable remuneration awarded for 2021, paid in 2022		UNVESTED PORTIONS: Variable remuneration awarded for 2021, but NOT paid in 2022		2021 remuneration Total
			cash	share	cash	share	
Management body	9,3	487,39	93,82	0,00	73,49	265,14	**919,84**
Investment Bank	6,0	151,10	34,58	0,00	17,50	0,00	**203,18**
Retail Bank	16,0	368,83	102,62	0,00	0,00	0,00	**471,45**
Corporate Functions	5,8	143,06	35,67	0,00	0,00	0,00	**178,74**
Independent Controll Functions	9,0	201,82	75,24	0,00	0,00	0,00	**277,06**
Total:	**46,0**	**1 352,21**	**341,93**	**0,00**	**90,99**	**265,14**	**2 050,27**

For three member of the executive management body with governance powers, the general meeting approved above 100% (103%, 111% and 127%) performance remuneration ratio for 2021 with a 100% vote on 28 April 2022.

new sign-on and severance payments made during the financial year, and the number of beneficiaries of such payments: **12**

the amounts of severance payments awarded during the financial year, number of beneficiaries and highest such award to a single person: 12 persons, HUF 19,8 million

the number of individuals being remunerated EUR 1 million or more per financial year, for remuneration between EUR 1 million and EUR 5 million broken down into pay bands of EUR 500,000 and for remuneration of EUR 5 million and above broken down into pay bands of EUR 1 million: **no such persons.**

18 Leverage (Article 451)

18.1 Leverage ratio and how the institution applies Article 499(2) and (3)

Consolidated data

LRSum table: Summary reconciliation of the exposures used for calculating the accounting assets and the leverage ratio		
		Applicable amount
1	Total assets according to the disclosed financial statements	4 234 147
2	Adjustment due to organisations consolidated for accounting purposes but not subject to regulatory consolidation	0
3	(Adjustment during the establishment of the exposure value used for calculating the leverage ratio due to assets managed in fiduciary management and to be recognised on balance sheet pursuant to the applicable accounting regulations but disregarded pursuant to Article 429(13) of the 575/2013 EU Regulation) 4 Adjustment due to derivative financial	0
4	Adjustment due to derivative financial instruments	-36 927
5	Adjustment due to securities financing transactions	0
6	Adjustment due to off-balance sheet items (conversion factor of off-balance sheet exposures)	310 912
EU-6a	(Adjustment during the establishment of the total exposure value used for calculating the leverage ratio due to intra-group exposures disregarded pursuant to Article 429(7) of the 575/2013 EU Regulation)	0
EU-6b	(Adjustment during the establishment of the total exposure value used for calculating the leverage ratio due to exposures disregarded pursuant to Article 429(14) of the 575/2013 EU Regulation)	0
7	Other adjustments	-12 631
8	**Total exposure value used for calculating the leverage ratio**	4 681 920

LRSum table: Leverage ratio standard data table		
		Exposure used for calculating the leverage ratio according to the CRR
Breakdown of on balance exposures (without derivative exposures and securities financing transactions)		
1	On balance sheet assets (without derivative assets, securities financing transactions and assets managed in fiduciary management, yet with collateral)	4 234 147
2	(Asset value deducted during the calculation of the T1 capital)	-12 631
3	**Total on balance sheet assets (without derivative assets, securities financing transactions and assets managed in fiduciary management) (total of rows 1 and 2)**	4 221 516
Derivative exposures		
4	Total replacement costs relating to derivative transactions (without eligible variable cash deposits)	183 398
5	Surplus due to potential future exposure relating to derivative transactions (mark-to-market method)	96 099
EU-5a	Exposures established with the original exposure method	0
6	Asset value reduction reversed under the applicable accounting rules due to collateral attached to derivative transactions	0

7	(Deduction of assets representing receivables in the form of variable cash deposits provided for derivative transactions)	-109 164
8	(Exempted trading exposures towards central counterparties, recognised by the customer)	0
9	Adjusted actual nominal value of sold credit derivatives	0
10	(Actual nominal value offsetting and additional deductions adjusted in relation to sold credit derivatives)	0
11	**Total derivative exposures (total of rows 4–10)**	170 333
	Securities financing exposures	
12	Gross (not netted) assets representing securities financial transactions adjusted with transactions recognised as sales	
13	(Netted cash liabilities and receivables of gross assets representing securities financing transactions)	
14	Counterparty exposure of assets representing securities financing transactions	
EU-14a	Derogation relating to securities financing transactions: counterparty exposure pursuant to Article 429b.(4) and Article 222 of 575/2013/EU Regulation	
15	Exposure of agent transactions	
EU-15a	(Exempted securities financing exposures towards central counterparties, recognised by the customer)	
16	**Total securities financing exposures (total of rows 12–15a.)**	
	Other off-balance sheet exposures	
17	Off-balance sheet exposures at nominal value	1 355 303
18	(Conversion factor adjustment)	-1 044 392
19	**Other off-balance sheet exposures (total of rows 17 and 18)**	310 912
	Exposures exempted pursuant to Article 429 (7) and (14) of 575/2013/EU Regulation (on balance sheet and off-balance sheet exposures)	
EU-19a	(Intra-group exposures exempted pursuant to Article 429 (7) of 575/2013/EU Regulation (on individual basis) (on balance sheet and off-balance sheet exposures)	
EU-19b	Exposures exempted pursuant to Article 429 (14) of 575/2013/EU Regulation (on balance sheet and off-balance sheet exposures)	
	Capital and total exposure	
20	**T1 capital**	347 148
21	**Total exposure value used for calculating the leverage ratio (total of rows 3., 11., 16., 19., EU-19a. and EU-19b.)**	4 681 920
	Leverage ratio	
22	**Leverage ratio**	8,49%
	Decision on a temporary measure relating to the establishment of capital and amount of managed and derecognised fiduciary items	
EU-23	Decision on a temporary measure relating to the establishment of capital	
EU-24	Amount of managed and derecognised fiduciary items pursuant to Article 429 (11) of 575/2013/EU Regulation	

LRSum table: Breakdown of on balance exposures (without derivative transactions and securities financing transactions)		
		Exposure used for calculating the leverage ratio according to the CRR
EU-1	Total of on balance exposures (without derivative transactions and securities financing transactions), of which	4 223 275
EU-2	Exposures included in the Trading Book	0
EU-3	Exposures included in the Banking Book, of which	4 223 275
EU-4	Covered bonds	0
EU-5	Exposures management as government	1 719 678

EU-6	Exposures to regional governments not managed as governments, multilateral development banks, international organisations and public sector institutions	30 867
EU-7	Institutions	538 485
EU-8	Secured by immovable property	323 103
EU-9	Retail exposures	216 775
EU-10	Corporate	1 215 153
EU-11	Exposures in default	20 574
EU-12	Other exposures (e.g. shares, securitisation and other non credit-obligation assets)	158 640

LRQua table: Free field text boxes for the disclosure of quality items		
1	A description of the processes used to manage the risk of excessive leverage;	
2	Description of the factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers	

18.2 Amount of derecognised fiduciary items

The Bank has no derecognised fiduciary items.

18.3 Processes used to manage the risk of excessive leverage

The Bank monitors its leverage ratio on a quarterly basis. The analysis of the indicator also checks whether the indicator reaches the target, trigger (early warning) or limit (measure level) values specified as part of the Risk Appetite Framework (RAF). When the indicator reaches the trigger level, the Bank takes measures to manage the risks arising from the size of the leverage ratio.

18.4 Description of the factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers

The MNB has requested to postpone dividend payments in view of the exceptional circumstances caused by the coronavirus epidemic, as a result dividend paid out after the result of 2020 reduced the Tier 1 capital at year-end 2021. UniCreditBank Hungary Zrt.'s consolidated leverage ratio was 7,41% at the end of 2021, which is mainly explained by the increase in exposures to central governments and banks, as well as corporates. This value indicates that the institution has a stable capital position, as the indicator is much higher than the regulatory requirement.

19 Use of the IRB Approach to credit risk (Article 452)

19.1 The competent authority's permission of the approach or approved transition

On 1 July 2011 the Bank received permission to apply the IRB Approach to the following portfolios:

- Hungarian medium and large enterprises
- multinational large enterprises
- commercial banks

The introduction of the internal ratings based approach to various portfolios has been temporarily suspended by UniCredit Group. A new roll-out plan is being elaborated.

19.2 Structure of internal rating systems and relation between internal and external ratings

The Bank applies internal rating systems to measure risks in the following exposure classes.

Exposure classes managed by applying the IRB Approach, and their sub-portfolios	Medium and large corporate rating model	Multinational corporate rating model	Bank rating model
Credit institutions and investment firms			x
Corporates			
Large companies	x	x	
Small and medium enterprises	x		

The rating systems used by the Bank were developed in line with the General Guidelines of the UniCredit Group and with the Hungarian regulations. The UCI Group and the Bank validate the rating models annually. The ratings are established in electronic systems.

The Bank rates all clients towards whom any risk has been assumed by applying its own rating systems even if external rating is available. The Bank uses external ratings only from the credit rating companies Standard&Poors, Moody's, and Fitch Ratings. If a client has an external rating and, in particular, if the rating agency has access to a wider range of information, then the client's rating may be modified by taking into account the external rating.

19.3 Application of an internal estimate for purposes other than establishing the risk weighted exposure value

The Bank calculates the risk parameters established by applying internal estimates not only for the purposes of calculating the capital requirement, but their use is important, i.e. they are integrated into the internal bank processes.

The rating results affect the following components of the corporate lending process:

- credit proposal,
- approval levels,
- collateral structure/coverage,
- pricing (pricing strategy),
- monitoring and review,
- impairment allocation (IFRS),
- sector and customer limits

19.4 Process for the recognition and management of credit risk mitigation

In the course of calculating the capital requirement, the Bank uses the complex method of collaterals for financial collaterals in order to mitigate credit risks and applies the volatility correction factors specified

by law. The guarantees are calculated by applying the simple replacement method. The Bank does not have any credit derivative transactions.
Further information on credit risk mitigation is contained in Section 9.2.

19.5 Control mechanisms for rating systems

The Bank complies with the corporate governance and control requirements needed for applying the internal rating based method in terms of its exposures managed by means of internal rating, which the Bank had certified in the HFSA validation process prior to receiving the IRB permission, including a description of independence, accountability, and rating systems review.

19.6 Description of the internal ratings process

The Bank uses separate rating systems to credit institutions as well as large and medium enterprises. The rating systems assess quantitative and qualitative criteria, but the final rating of the client may be modified by warning signals, expert overrides and group relations.
All ratings are established in compliance with the four eyes' principle; the rating prepared by the business is checked and may be approved by Risk Management. The account manager and the risk manager update the client rating regularly. Any change in the data and information relevant to solvency always triggers a new rating assignment process.
The following models are used for rating clients falling into categories of exposure to credit institutions or investment firms and corporates.

Bank rating model
For exposures to commercial banks, the bank rating model developed by the UniCredit Group shall be used for client rating. The rating system is a statistical model based on the combination of quantitative, qualitative and country risk criteria. The model distinguishes between developed and developing countries. For developed countries the model combines 8 quantitative and 9 qualitative, while for the banks of developing countries the model combines 9 quantitative and 8 qualitative criteria. The rating components assess country and bank specific characteristics.
The rating result is shown on a scale of 18. The individual categories correspond with the ratings of Standard&Poors, an external credit rating agency.
Depending on the client relationship management, either UCI Holding or Bank Austria is responsible for establishing the rating. The Bank is not involved directly in the rating.

Multinational enterprise rating model
It is a rating system developed and used by the UniCredit Group for companies if based on the consolidated (or if it is not available, then on the standalone) financial statements of the company, the sales revenues are higher than EUR 500 million. The rating system is a statistical model based on a combination of quantitative and qualitative components. The quantitative module, consisting of 6 factors, uses country risk, the activities of the company, the external rating and financial data. The qualitative module contains a total of 12 questions, giving answers to which is the responsibility of the competent sales officer.
Similarly to the Bank rating model, the rating result is also shown on a scale of 18, where the individual categories correspond with the ratings of Standard&Poors, an external credit rating agency.
Within the UniCredit Bank Group, the client rating is performed by the subsidiary responsible for the customer group.

Medium and large enterprise rating model
It is a local rating model for companies having their registered seats in Hungary and keeping their books according to the rules of double entry bookkeeping if the annual net individual or consolidated net sales

revenues of the company exceed HUF 500 million, but are lower than EUR 500 million in two consecutive years. The model consists of a financial, quality and behavioural module. The financial module is based on the assessment of the customer’s financial data, which are estimated on statistical basis. The qualitative module assesses the company with respect to the business environment and the organisational efficiency of the business model, considering four factors (soft facts) which are not included in the former financial data.The behavioural module assesses the behaviour of companies with at least 1 year history in the Bank.

The balance sheet, quality and behavioural module results are combined, but if any warning sign or negative information occurs, the rating must be downgraded in compliance with the provisions of the internal regulations. The final client rating may be modified by other overruling reasons and ownership relations or economic dependencies.

The stand-alone client rating is submitted by the account manager to the risk manager (proposed rating). The rating scale consists of 10 rating groups and contains altogether 26 rating categories, of which 23 refer to performing companies and 3 refer to companies to be classified into the default category according to the relevant definition.

Participations

In the participations exposure class the Bank applies the simple weighting method for calculating the value of the risk weighted exposure.

19.7 Value of total exposure by exposure class

The values of exposures to credit institutions, investment firms or corporates and the values relating to participations were presented in Section 9.6. The Bank uses the Standardised Approach for exposures to central governments or central banks and retail exposures.

Consolidated data (HUF million)

Client category	Exposures to central governments or central banks	Exposures to credit institutions and investment firms	Exposures to corporates	Participations under the IRB Approach	Total
1	0	0	0		**0**
2	0	469	0		**469**
3	0	1.015	49.451		**50.466**
4	0	846	44.538		**45.384**
5	0	9.675	46.901		**56.575**
6	0	130.783	136.700		**267.483**
7	0	327.496	158.909		**486.405**
8	0	113.548	195.430		**308.977**
9	0	1.805	271.285		**273.090**
10	0	49	174.222		**174.271**
11	0	0	85.232		**85.232**
12	0	0	156.499		**156.499**
13	0	218	84.463		**84.681**
14	0	11.770	86.479		**98.248**
15	0	0	89.537		**89.537**
16	0	450	52.869		**53.318**
17	0	15	64.159		**64.174**
18	0	0	47.237		**47.237**
19	0	0	26.341		**26.341**
20	0	0	7.541		**7.541**
21	0	0	11.501		**11.501**
22	0	0	10.318		**10.318**
23	0	0	895		**895**
24	0	0	44.909		**44.909**
SIMPLE RISK WEIGHTING METHOD: 370%	0	0	0	1.600	**1.600**
Total	**0**	**598.138**	**1.845.415**	**1.600**	**2.445.152**

19.8 Exposure-weighted average risk weight by exposure class

Consolidated data

Exposure class	Average risk weight
Exposures to central governments or central banks	0.00%
Exposures to credit institutions and investment firms	24,63%
Exposures to corporates	9,37%
Capital requirements for participations under the IRB Approach	370.00%

19.9 Amount of undrawn commitments and credit limit, and exposure-weighted average exposure values for each exposure class

Not relevant.

19.10 For the retail exposure class and for each of the categories, either the disclosures outlined in point e), or an analysis of exposures

Not relevant, the Bank manages such exposures and participations under the Standardised Approach.

19.11 The actual specific credit risk adjustments in the preceding period for each exposure class and how they differ from past experience

Consolidated data

IRB exposure (IFRS)

Exposure classes under the IRB Approach	31.12.2020			31.12.2021		
	Exposure	Expected loss	Provision and impairment	Exposure	Expected loss	Provision and impairment
	HUF million			HUF million		
Credit institutions and investment firms	636 283	213	-1 686	598.138	266	-607
Enterprises	901 776	16 966	-38 429	1.845.415	15.587	-42.311
Residents	0	0	0	0	0	0
Participations*	1 511	36	0	1600	38	
Total	**2 495 669**	**17 646**	**-31 785**	**2.443.553**	**15.853**	**-42.918**

19.12 Description of the factors that impacted on the loss experience in the preceding period

In 2021, the Bank had the following methodological changes:

- Introduction of industrial adjustment
- FLI

- Introduction of manageri overlay
- Introduction of PI PD floor
- New stage 2 triggers

In addition to the above, the accounting for impairment was based on the legal requirements and supervisory expectations, in particular the requirements for clients under moratorium.

19.13 The institution's estimates against actual outcomes over a longer period

Consolidated data

IRB supplementary use + direct write-off (IFRS) Exposure classes under the IRB Approach	31.12.2021				
	Exposure	Expected loss	Provision and impairment	Use of impairment 2020	Direct write-off 2020
	HUF million				
Credit institutions and investment firms	598 138	266	-607		
Enterprises	1 845 415	15 587	-42 311	607	136
Residents	0	0	0		
Participations*	1 600	38	0		
Total	2 445 153	15 891	-42 918	607	136

Exposure weighted average PD (%)
Consolidated data

Country	Exposures to corporates (IRB portfolio)	Exposures to credit institutions and investment firms (IRB portfolio)
Hungary	1,92%	0,19%

19.14 Loan risk exposures by exposure class and PD tiers

EU CR 10 - IRB (Specialized lending and equities)

Specialised lending								
	Regulatory categories	**Remaining maturity**	**On-balance sheet amount**	**Off-balance sheet amount**	**Risk Weight**	**Exposure amount**	**RWAs**	**Expected losses**
010	Category 1	Less than 2.5 years	0	0	50%	0	0	0
020		Equal to or more than 2.5 years	0	0	70%	0	0	0
030	Category 2	Less than 2.5 years	0	0	70%	0	0	0
040		Equal to or more than 2.5 years	0	0	90%	0	0	0
050	Category 3	Less than 2.5 years	0	0	115%	0	0	0
060		Equal to or more than 2.5 years	0	0	115%	0	0	0
070	Category 4	Less than 2.5 years	0	0	250%	0	0	0
080		Equal to or more than 2.5 years	0	0	250%	0	0	0
090	Category 5	Less than 2.5 years	0	0	-	0	0	0
100		Equal to or more than 2.5 years	0	0	-	0	0	0
110	**Total**	Less than 2.5 years	0	0		0	0	0
120		Equal to or more than 2.5 years	0	0		0	0	0

Equities under the simple risk-weighted approach							
	Categories	**On-balance sheet amount**	**Off-balance sheet amount**	**Risk Weight**	**Exposure amount**	**RWAs**	**Capital Requirements**
130	Private equity exposures	0	0	190%	0	0	0
140	Exchange-traded equity exposures	0	0	290%	0	0	0
150	Other equity exposures	1.600	0	370%	1.600	5.921	38
160	**Total**	1.600	0		1.600	5.921	38

UniCredit Bank

Consolidated data

Template CR6 - IRB approach – Credit risk exposures by exposure class and PD range		a	b	c	d	e	f	g	h	i	j	k	l
	PD-scale	Original exposure - On balance	Original exposure pre conversion factor - Off balance	AVERAGE CCF	Exposure after CRM substitution effects pre conversion factors	Average PD	Number of obligors	Exposure weighted average LGD	Exposure-weighted average maturity value (days)	Risk weighted exposure amount after SME-supporting factor	Average factors Wheighting	Expected loss amount	(-) Value adjustments and provisions
FIRB - Institutions													
	0,00 – <0,15	363.231.339.468,57	27.284.861.138,07	0,28	208.450.473.828,70	0,00	-	0,44	2,50	97.476.518.887,24	311,15	124.701.604,78	- 91.029.719,23
	0,15 – <0,25	126.510.779.393,59	27.230.873.130,56	0,28	134.064.934.259,03	0,00	-	0,24	2,50	35.913.097.866,08	311,15	61.546.898,00	- 162.992.590,49
	0,25 – <0,50	358.484.072,13	15.000.000,00	0,20	361.484.072,13	0,00	-	0,45	2,50	201.870.385,20	311,15	460.430,33	- 364.711,83
	0,50 – <0,75	-	-	-	-	-	-	-	-	-	311,15	-	-
	0,75 – <2,50	12.138.046.634,17	-	0,23	15.982.594.554,30	0,01	-	0,36	2,50	10.788.498.359,80	311,15	49.325.929,97	- 345.801.677,47
	2,50 – <10,00	-	15.000.000,00	0,20	2.812.597.240,62	0,04	-	0,45	2,50	1.854.898.455,00	-	7.701.047,59	- 228.849,87
	10,00 – <100,00	-	-	-	151.955.066,92	0,25	-	0,45	2,50	60.892.336,99	-	100.072,69	-
	100,00 (default)	-	-	0,20	73.967.214,39	1,00	-	-	2,50	55.869.673,03	-	186.972,10	-
	Partial sum	**502.238.649.568,46**	**54.545.734.268,63**	**1,39**	**361.898.006.236,09**	**0,26**	**-**	**0,48**	**3,50**	**146.351.645.963,34**	**311,15**	**244.022.955,46**	**- 600.417.548,89**
FIRB - Corporates - SME													
	0,00 – <0,15	42.753.740,73	1.219.510.219,44	0,04	71.156.751,03	0,00	-	0,42	2,50	11.854.850,32	8,24	25.427,76	- 774.877,03
	0,15 – <0,25	11.460.104.644,60	11.887.534.746,85	0,17	13.181.450.175,83	0,00	-	0,42	2,50	3.843.023.520,03	8,24	10.778.685,11	- 66.247.820,13
	0,25 – <0,50	40.807.098.220,31	62.550.321.077,63	0,16	47.571.404.471,54	0,00	-	0,41	2,50	18.781.866.632,47	8,24	74.517.448,15	- 402.846.300,59
	0,50 – <0,75	55.528.446.109,45	36.491.857.197,15	0,22	57.003.767.201,84	0,01	-	0,42	2,50	30.165.041.870,39	8,24	153.232.370,12	- 512.197.267,19
	0,75 – <2,50	104.596.766.094,84	77.537.795.175,70	0,14	89.030.263.749,85	0,01	-	0,43	2,50	61.052.332.892,99	8,24	510.507.547,89	- 1.750.262.177,91
	2,50 – <10,00	79.749.606.166,72	41.917.533.573,43	0,28	63.967.653.472,47	0,05	-	0,40	2,50	64.252.805.319,50	8,24	1.323.146.267,75	- 4.477.407.508,40
	10,00 – <100,00	7.257.425.511,89	5.132.502.381,89	0,16	6.347.691.815,22	0,14	-	0,42	2,50	10.093.233.469,74	8,24	385.035.320,64	- 1.978.494.765,74
	100,00 (default)	17.446.084.674,34	4.824.610.720,18	0,04	14.625.257.952,86	1,00	-	-	2,50	-	8,24	6.197.142.164,48	- 12.283.124.485,71
	Partial sum	**316.888.285.162,88**	**241.561.665.092,27**	**1,21**	**291.798.645.590,64**	**0,15**	**-**	**0,37**	**2,50**	**188.200.158.555,44**	**8,24**	**8.654.385.231,90**	**- 21.471.355.202,70**
FIRB - Corporates - other													
	0,00 – <0,15	124.391.156.385,72	224.051.107.024,65	0,20	166.994.001.505,52	0,00	-	0,45	2,50	43.107.659.018,53	41,88	55.962.679,38	- 382.233.713,28
	0,15 – <0,25	108.939.531.761,64	219.756.985.232,64	0,18	148.412.348.217,55	0,00	-	0,44	2,50	61.296.222.148,83	41,88	106.824.452,13	- 567.209.750,45
	0,25 – <0,50	104.877.862.134,37	215.813.446.729,37	0,33	174.860.377.759,66	0,00	-	0,43	2,50	101.039.831.226,96	41,88	237.347.977,70	- 746.928.904,85
	0,50 – <0,75	27.421.420.526,71	52.563.610.871,47	0,17	36.212.156.551,77	0,01	-	0,44	2,50	29.516.941.495,11	41,88	99.673.357,86	- 624.182.765,50
	0,75 – <2,50	62.980.495.647,65	67.468.716.848,15	0,26	76.071.132.090,79	0,01	-	0,42	2,50	74.926.097.836,56	41,88	415.209.274,44	- 1.339.893.783,46
	2,50 – <10,00	20.912.743.449,33	24.617.345.804,29	0,05	19.477.404.209,55	0,04	-	0,42	2,50	27.004.379.501,33	41,88	336.157.101,58	- 1.530.674.239,77
	10,00 – <100,00	1.015.435.308,83	1.000.112.544,88	0,23	1.034.403.061,96	0,13	-	0,41	2,50	2.011.135.946,83	41,88	54.403.220,63	- 29.421.987,95
	100,00 (default)	12.206.367.700,73	10.191.577.443,79	0,16	12.773.689.294,95	1,00	-	-	2,50	-	41,88	5.476.178.278,47	- 15.626.904.462,31
	Partial sum	**462.745.012.914,98**	**815.462.902.499,24**	**1,58**	**635.835.512.691,75**	**0,15**	**-**	**0,38**	**2,50**	**338.902.267.174,15**	**41,88**	**6.781.756.342,19**	**- 20.847.449.607,57**
Sum of portfolios		**1.281.871.947.646,32**	**1.111.570.301.860,14**	**1,39**	**1.289.532.164.518,48**	**0,19**	**-**	**0,41**	**2,83**	**673.454.071.692,93**	**120,42**	**15.680.164.529,55**	**- 42.919.222.359,16**

19.15 Post-testing of PD by exposure class

Consolidated data

EU CR9 – IRB-módszer – A PD utótesztelése kitettségi osztályonként									
a	b	c	d	e	f	g	h	i	j
					A kötelezettek száma				
Kitettségi osztály	PD-sáv	Külső minősítési egyenérték	Súlyozott átlagos PD	A PD számtani átlaga kötelezettenként	Előző év vége	Aktuáli év vége	Nemteljesítő kötelezettek az év során	Ebből új kötelezettek	Átlagos múltbéli éves nemteljesítési arány
Intézmények	1		0,0000%	0,0000%	0	0	0	0	0%
	2		0,0333%	0,0000%	5	3	0	0	0%
	3		0,0365%	0,0001%	1	2	0	0	0%
	4		0,0604%	0,0001%	7	7	0	0	0%
	5		0,0675%	0,0011%	12	12	0	0	0%
	6		0,1024%	0,0224%	8	19	0	0	0%
	7		0,1468%	0,0804%	25	15	0	0	0%
	8		0,2078%	0,0394%	4	6	0	0	0%
	9		0,2475%	0,0007%	8	3	0	0	0%
	10		0,3602%	0,0000%	2	1	0	0	0%
	11		0,0000%	0,0000%	1	0	0	0	0%
	12		0,6212%	0,0000%	0	0	0	0	0%
	13		0,9395%	0,0003%	1	2	0	0	0%
	14		1,1202%	0,0220%	1	3	0	0	0%
	15		0,0000%	0,0000%	5	0	0	0	0%
	16		2,2417%	0,0017%	1	1	0	0	0%
	17		2,8324%	0,0001%	0	1	0	0	0%
Vállalkozások - KKV	1		0,0000%	0,0000%	0	0	0	0	0%
	2		0,0000%	0,0000%	2	0	0	0	0%
	3		0,0451%	0,0001%	0	1	0	0	0%
	4		0,0490%	0,0000%	0	1	0	0	0%
	5		0,0723%	0,0000%	6	4	0	0	0%
	6		0,0925%	0,0000%	0	1	0	0	0%
	7		0,1586%	0,0004%	8	10	0	0	0%
	8		0,1871%	0,0051%	71	48	0	0	0%
	9		0,2594%	0,0115%	71	98	0	0	0%
	10		0,3632%	0,0361%	157	121	0	0	0%
	11		0,4907%	0,0492%	205	167	0	0	0%
	12		0,6850%	0,0939%	195	134	0	0	0%
	13		0,9260%	0,0685%	187	111	0	0	0%
	14		1,1935%	0,1013%	180	103	0	0	0%
	15		1,6736%	0,1940%	184	140	0	0	0%
	16		2,2873%	0,0876%	138	83	0	0	0%
	17		3,1726%	0,2846%	205	88	0	0	0%
	18		4,2169%	0,2368%	153	79	0	0	0%
	19		5,9648%	0,2492%	68	40	0	0	0%
	20		7,5786%	0,0743%	63	58	0	0	0%
	21		9,8547%	0,1787%	36	27	0	0	0%
	22		14,6882%	0,2661%	7	7	0	0	0%
	23		19,5445%	0,0091%	11	4	0	0	0%
	24		100,0000%	3,9635%	149	118	118	27	7,11%
Vállalkozások - Egyéb	1		0,0000%	0,0000%	0	0,00	0	0	0%
	2		0,0000%	0,0000%	31	0,00	0	0	0%
	3		0,0403%	0,0015%	6	9,00	0	0	0%
	4		0,0552%	0,0019%	3	17,00	0	0	0%
	5		0,0787%	0,0029%	65	26,00	0	0	0%
	6		0,1002%	0,0107%	42	31,00	0	0	0%
	7		0,1406%	0,0173%	52	44,00	0	0	0%
	8		0,1932%	0,0271%	62	52,00	0	0	0%
	9		0,2757%	0,0530%	109	61,00	0	0	0%
	10		0,3559%	0,0328%	81	46,00	0	0	0%
	11		0,4820%	0,0108%	83	40,00	0	0	0%
	12		0,6650%	0,0411%	101	38,00	0	0	0%
	13		0,9087%	0,0303%	43	29,00	0	0	0%
	14		1,1079%	0,0334%	64	27,00	0	0	0%
	15		1,7775%	0,0336%	55	28,00	0	0	0%
	16		2,1097%	0,0515%	31	16,00	0	0	0%
	17		3,0961%	0,0329%	57	30,00	0	0	0%
	18		4,4283%	0,0539%	31	10,00	0	0	0%
	19		5,8521%	0,0128%	11	5,00	0	0	0%
	20		7,7880%	0,0122%	21	6,00	0	0	0%
	21		10,4047%	0,0104%	7	4,00	0	0	0%
	22		14,5493%	0,0012%	1	3,00	0	0	0%
	23		35,7274%	0,0176%	6	4,00	0	0	0%
	24		100,0000%	1,7610%	26	17,00	17,00	2	2,63%
Részvényjellegű kitettségek	1		370,00%	370,00%	3	3	0	0	0%

20 Use of credit risk mitigation techniques (Article 453)

20.1 The policies and processes for on- and off-balance sheet netting

In calculating the capital requirement and the exposure used for internal limit management, contractual netting may be recognised as risk mitigation, the criteria for which are set out in the CRR. The Bank meets these criteria, typically mitigating counterparty credit risk through off-balance sheet netting. Depending on the type of customer, ISDA or local treasury framework agreements are established. Market Risk Management gains assurance of the customers eligible for netting and then sets up the netting in the Legal Database. This provides the basis for the systems used for internal limit management and capital requirement calculations.

Annually and in the event of legislative changes, the Legal Department reviews and reissues its written legal opinion on the validity and enforceability of contractual netting agreements.

The Bank also uses on-balance sheet netting as a risk mitigating tool.

20.2 Policies and processes for collateral valuation and management

In contracts concluded for active and certain off-balance sheet transactions (involving exposure), the Bank may order its clients to provide collateral for the purpose of risk mitigation and for ensuring the recovery of the loans.

The principles and methods used to evaluate coverage accepted by the Bank to secure its transactions representing risk, the legal provisions concerning collateral and monitoring principles are set out in an internal policy which is harmonised with the local legal environment and UniCredit's group level risk mitigation techniques.

All collaterals must be legally binding and collectible, and they must also be suitable for liquidation and direct access in time. In order to ensure enforceability, the Legal Department reviews the collateral agreement templates each year. The Bank applies standard collateral agreements for collateral items, individual collateral agreements may be signed subject to the legal opinion of the Bank's lawyers or an individual legal opinion prepared by an external law office acceptable to the Bank.

Collateral agreements applied by the Bank allow the Bank to keep or liquidate the collateral, i.e. to enforce its claim directly and obtain the counter-value for the collateral within a reasonable time in case the debtor goes into default, becomes insolvent, or goes bankrupt. It is a general requirement set by the Bank for collaterals that they shall also cover counterparty risk and country risk. The exceptions from this rule include certain export credit insurance policies during the valuation of which the covered risks shall be analysed.

The Bank takes into account collaterals only for those exposures, the contracts for which have been assigned to the transactions. It is a general principle that the Bank assigns each collateral to each exposure (i.e. preference is given to the establishment of collaterals on a blanket basis, unless it clearly does not serve the Bank's interests).

The collateral structure of a given transaction must be in line with the client's credit rating and with the type and tenor of the underlying transaction. The rules of minimum coverage for the specific exposure category are described in internal regulations. In the case of certain products and schemes, other requirements set out in specific regulations regarding coverage must also be observed.

During loan assessment the Bank obtains all documents/deeds necessary for defining the value and verifying the enforceability of the coverage. The correlation between the value of the provided collateral and the debtor's credit rating must not be high.

Before the decision on a loan/exposure or the entry into force of the contract, in relation to assets and rights concerned and the individuals undertaking commitments, the following are reviewed by the Bank:

- existence in legal terms
- whether it physically exists;
- whether the asset is provided by the owner and/or the person jointly authorized to dispose thereof;
- whether the obligor is a person of legal capacity and is entitled to make the given legal statement;
- whether the collateral is freely enforceable.

The Bank regularly checks and assesses the existence of the collaterals specified in the collateral agreement (value preservation, enforceability), the debtor's solvency and performance according to the loan agreement within the framework of regular monitoring and on a regular basis within the framework of annual reviews during the tenor of the loan.
If it is a tangible collateral, the Bank establishes the existence and value of the collateral by site inspection involving a separately empowered valuation expert. The person conducting the valuation of the collateral may not be a party to the decision on the exposure. The value used for the valuation of the coverage may be:

(a) the market value if it has a market value reflecting a fair value judgement,

(b) a value established by applying a general valuation procedure or method and reviewed by a valuation expert or an appraisal company if the collateral does not have a market price reflecting a fair value judgement.

In the Bank's interpretation, the market value may only be the market value established by an appraisal company acceptable to the Bank. For other assets, the market price means the following:

- the listed value or the value stated in the catalogue of registered assets (vehicles, pieces of arts, ships, airplanes);
- the price estimated by an expert or appraisal company;
- for products listed on the stock exchange, the price listed on one of the recognised stock exchanges;
- for commodities not listed on the exchange, and for semi-finished and finished inventories, an estimate prepared by an expert or an appraisal company.

In the case of guarantee, joint and several guarantee or deposited security, the valuation of the collateral is attached to the rating of the guarantor, joint and several guarantor or issuer. In the case of bail deposited in another financial institution, the rating of the credit institution shall be taken into account, and the deposit shall be charged to the free limit of the institution.
Should the joint and several guarantee or the guarantee appearing as a joint and several guarantee not cover the full exposure, during the valuation of additional collateral account is taken of the fact that upon the enforcement of the guarantee or joint and several guarantee, the recovery from the additional collateral will be divided between the guarantor/joint and several guarantor and the credit institution in proportion to the claim.
The acceptance values defined for the valuation of certain tangible collateral items basically apply to collateral items located in Hungary. In the case of a personal collateral situated outside the European Union, a foreign legal opinion shall be obtained in regard to the enforceability of the statement.

The Bank applies the following haircuts in the valuation of collateral items:

- Collateral haircut: the expected loss in the market value from the realisation by the Bank of the collateral provided.
- Currency mismatch haircut: there is a currency mismatch if the exposure, the amount charged to the collateral (pledge) and the currency of the liquid market of the collateral, or two of these three factors are different. The currency of the collateral must essentially be the same as the currency of the exposure.
- Maturity mismatch haircut: The collateral shall exist during the entire tenor of the exposure. A maturity mismatch occurs if the tenor of the collateral/collateral agreement is shorter than that of the agreement for the commitment.

20.3 A description of the main types of collateral taken by the Bank

A. Collateral provided in advance: by nature, they are such collaterals in relation to which the institution may obtain the asset forming the collateral or may satisfy its claim from the proceeds from the sale of the asset if a risk event occurs. The coverage provided in advance must be liquid and its value must be stable.

   - Financial collateral
   - Tangible collateral
   - Assignments
   - Insurance policies

B. Collaterals not provided in advance: they represent risk mitigation techniques where the institution may satisfy its claim from amounts paid by independent third parties if a risk event occurs. In the case of collateral not provided in advance, the party granting protection shall be reliable and shall fall within the scope of contractual law.

   - Direct personal collateral
   - Indirect personal collateral
   - Credit derivatives (within the UniCredit Group the Bank is currently not entitled to enter into credit derivative transactions on its own)

The Bank applies the simple replacement method to the recognition of guarantees. Prior to the acceptance of any collateral not provided in advance, the Bank rates the guarantors and joint and several guarantors according to its internal regulations and according to the requirements of the law.
Certain members of the local group apply a smaller group of the above categories due to their limited activities.

The Bank accepts surety bonds or guarantees from the following collateral providers:

- Central governments and central banks
- Regional governments and local authorities
- Multilateral development banks and international organisations assigned a risk weight of 0% when calculating the regulatory capital requirement
- Public sector entities whose receivables are classified as receivables from sovereigns or sovereign institutions when calculating the regulatory capital requirement
- Banks
- Enterprises
- Natural persons

EU CR4 - Standard method - Credit risk exposure and the impact of credit risk mitigation (in millions of HUF)

Consolidated data

EU CR4 - Standard method - Credit risk exposure and the impact of credit risk mitigation (in millions of HUF)		a	b	c	d	e	f
		Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs and RWA density	
	Exposure classes	On-balance-sheet amount	Off-balance-sheet amount	On-balance-sheet amount	Off-balance-sheet amount	RWAs	RWA density
1	Central government or central banks	1 719 678	0	1 999 553	6 488	2	0,00%
2	Regional government or local authorities	16 434	37 561	6 802	281	1 417	20,00%
3	Public sector entities	8 420	4 055	8 369	8	369	4,40%
4	Multilateral development banks	6 013	0	16 690	1 153	3 007	16,85%
5	International organisations	0	0	0	0	0	0,00%
6	Institutions	34 574	751	1 170	150	713	54,02%
7	Corporates	544 003	188 317	458 198	46 448	458 559	90,87%
8	Retail	215 946	17 114	170 704	4 460	120 430	68,75%
9	Secured by mortgages on immovable property	255 312	423	255 312	146	90 418	35,39%
10	Exposures in default	5 843	386	5 440	27	6 070	111,02%
11	Exposures associated with particularly high risk	0	0	0	0	0	150,00%
12	Covered bonds	0	0	0	0	0	0,00%
13	Institutions and corporates with a short-term credit assessment	2 723	0	2 723	0	619	22,73%
14	Collective investment undertaking	0	0	0	0	0	0,00%
15	Equity	0	0	0	0	0	0,00%
16	Other items	4 154	0	4 154	0	4 154	100,00%
17	**Total**	**2 813 101**	**248 607**	**2 929 117**	**59 162**	**685 758**	**100,00%**

EU CR5 - Standard method - Risk weights for exposure classes

Consolidated data

Template CR5: Standardised approach – exposures by asset classes and risk weights	Exposure classes	Risk Weights																	
		0%	**2%**	**4%**	**10%**	**20%**	**35%**	**50%**	**70%**	**75%**	**100%**	**150%**	**250%**	**370%**	**1250%**	**Other**	**Deducted**	**Total**	**of which unrated**
1	Central governments or central banks	2 006 037	0	0	0	0	0	4	0	0	0	0	0	0	0	0	0	**2 006 041**	2 006 041
2	Regional government or local authorities	0	0	0	0	7 083	0	0	0	0	0	0	0	0	0	0	0	**7 083**	0
3	Public sector entities	8 009	0	0	0	0	0	0	0	0	369	0	0	0	0	0	0	**8 378**	0
4	Multilateral development banks	11 830	0	0	0	0	0	6 013	0	0	0	0	0	0	0	0	0	**17 843**	17 843
5	International organisations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**	0
6	Institutions	0	0	0	0	201	0	818	0	0	301	0	0	0	0	0	0	**1 320**	1 001
7	Corporates	0	0	0	0	0	0	69	0	0	504 578	0	0	0	0	0	0	**504 647**	6 800
8	Retail	0	0	0	0	0	0	0	0	175 164	0	0	0	0	0	0	0	**175 164**	0
9	Secured by mortgages on immovable property	0	0	0	0	0	240 555	14 902	0	0	0	0	0	0	0	0	0	**255 458**	0
10	Exposures in default	0	0	0	0	0	0	0	0	0	4 263	1 205	0	0	0	0	0	**5 468**	0
11	Higher-risk categories	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**	0
12	Covered bonds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**	0
13	Institutions and corporates with a short term credit assessment	0	0	0	0	2 475	0	248	0	0	0	0	0	0	0	0	0	**2 723**	2 723
14	Collective investment undertakings	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**	0
15	Equity	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**	0
16	Other items	0	0	0	0	0	0	0	0	0	4 154	0	0	0	0	0	0	**4 154**	0
17	**Total**	**2 025 876**	**0**	**0**	**0**	**9 759**	**240 555**	**22 054**	**0**	**175 164**	**513 665**	**1 205**	**0**	**0**	**0**	**0**	**0**	**2 988 279**	**2 034 409**

20.4 The main types of guarantor and credit derivative counterparty and their creditworthiness

The following tables apply only to guarantors and sureties having regard to the fact that the Bank does not apply credit derivatives as collateral securing credit risks.

Consolidated data

Asset class		Exposure (million Ft)	Risk weight	Number of Collateral providers
Standard approach	Central governments or central banks (CRSA)	296 166	0,00%	1
	Central governments or central banks (CRSA)	4	50,00%	1
	Multilateral development banks (CRSA)	12 983	0,00%	1
TOTAL		**309 153**	**-**	**3**

Asset class		Exposure (million Ft)	IRB Risk weight (PD)	Number of Collateral providers
IRB approach	Institutions (CRIRB)	10 263	0,38%	10
	Corporates (CRIRB)	131 615	7,92%	7
TOTAL		**141 878**	**-**	**17**

20.5 Information about market or credit risk concentrations within the credit mitigation taken

Consolidated data

Fedezet	Arány
Engedményezés	0,02%
Ingatlanfedezet	14,42%
Ingó jelzálog	0,11%
Pénzügyi biztosíték	11,62%
Értékpapír	0,23%
egyéb	73,59%
Összesen	**100,00%**

Deviza	Arány
CHF	0,55%
EUR	16,35%
GBP	43,32%
HUF	1,15%
USD	38,63%
Összesen	**100,00%**

20.6 Risk-weighted exposure, total exposure covered by eligible financial collateral and other eligible collateral

Consolidated data

Coverage	Exposure (HUF million)
1 Guarantees or surety bonds by budgetary agencies and central banks	169 572
2 Debts secured by Hitelgarancia Zrt. and other Hungarian guarantee funds	72 884
3 Bank guarantees	25 624
4 Surety bonds and guarantees by companies	123 336
5 EIF Guarantees	10 854
Total:	402 271

20.7 Total exposure covered by guarantees or credit derivatives

Consolidated data

EU CR3 - Credit risk mitigation techniques (million HUF)		a	b	c	d	e
		Unsecured exposures - book value	Secured exposures - book value	Exposures secured by collateral	Exposures secured with financial guarantees	Exposures secured by credit derivatives
1	Total credits	3.011.582	565.528	351.119	214.409	
2	Total debt securities	758.651	58.000	-	58.000	-
3	***Total exposures***	***3.770.233***	***623.528***	***351.119***	***272.409***	**-**
4	Of which non-performing	18.576	6.639	5.789	850	-

21 Use of the Advanced Measurement Approaches to operational risk (Article 454)

The more advanced the method used by a credit institution, the more accurately it can define the capital requirement, because the risk sensitivity of the individual methods increases in parallel with the complexity of the methodology. The application of the Advanced Measurement Approach (AMA) covers both the expected and the unexpected risks[33] although an unreasonably high capital requirement, resulting in additional cost for the Bank, should be avoided. The less advanced methods (basic indicator, standard, alternative standard) provide a conservative and, therefore, in principle higher estimates for the capital requirement.

Since 1 July 2009 UniCredit Bank Hungary Zrt. has calculated the operational risk capital requirement by applying the Advanced Measurement Approach (AMA). For the subsidiaries included in the Bank's scope of consolidation, UniCredit Jelzálogbank's operational risk capital requirement is determined using the standardised method, while for UniCredit Leasing Hungary Zrt., UniCredit Független Biztosításközvetítő Kft. and UniCredit Operative Lízing Kft. the basic indicator method is used.

With the AMA method, the capital requirement is calculated by UniCredit Group for the whole UCI Group, which is then allocated to each subsidiary. For standalone capital requirement the UniCredit Group uses also the gross income, because it is one of the basic parameters of the allocation of capital requirement to the individual group members.
The UCI Group takes into account the following factors, with different weights, for the calculation of the capital requirement:

- the operational risk events of the UCI Group booked in the previous ten years and retrieved from the internal loss database,
- loss data of international data consortium summarising operational risk events between banks (ORX),
- estimated scenario analyses prepared for potential operational risk events,
- key risk indicators.

For the allocation of AMA capital requirement to subsidiaries, the Parent Company uses the following elements:

- gross income
- data of operational loss events (frequency, severity)
- scenario estimations

For subsidiaries in the Hungarian UC Group, with both the standard and basic indicators method, capital requirement is based on only the gross income.

22 Use of Internal Market Risk Models (Article 455)

The Bank does not apply an internal market risk model.

[33] at a specific significance level

23 Disclosure COVID-19

23.1 Disclosure of exposures covered by the measures taken in response to the COVID-19 crisis

Template 1: Overview of EBA-compatible (statutory and non-statutory) moratoria

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk							Gross carrying amount
			Performing			Non performing				Performing			Non performing			
				Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days			Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days	Inflows to non-performing exposures
1	Loans and advances subject to moratorium	240 409	225 154	64 362	129 580	15 255	14 796	13 754	-16 569	-6 871	-3 809	-5 957	-9 698	-9 464	-8 558	0
2	of which: Households	85 513	82 000	37 781	75 917	3 512	3 062	2 209	-5 489	-3 209	-2 099	-3 174	-2 280	-2 057	-1 309	0
3	*of which: Collateralised by residential*	61 715	59 077	31 959	58 188	2 638	2 276	1 617	-4 367	-2 748	-1 845	-2 728	-1 619	-1 447	-884	0
4	of which: Non-financial corporations	154 461	142 719	26 503	53 585	11 742	11 733	11 545	-11 078	-3 661	-1 710	-2 783	-7 417	-7 406	-7 249	0
5	*of which: Small and Medium-sized Enterprises*	47 282	39 553	8 094	18 238	7 729	7 719	7 675	-5 430	-722	-169	-486	-4 708	-4 697	-4 671	0
6	*of which: Collateralised by commercial*	104 537	99 122	11 968	28 375	5 416	5 416	5 273	-5 070	-1 701	-372	-1 002	-3 369	-3 369	-3 238	0

Template 2: Information on loans and advances subject to EBA-compatible moratoria (statutory and non-statutory)

		a	b	c	d	e	f	g	h	i
		Number of obligors	Gross carrying amount							
				Of which: legislative moratoria	Of which: expired	Residual maturity of moratoria				
						<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year
1	Loans and advances for which moratorium was offered	28.291	635.997							
2	Loans and advances subject to moratorium (granted)	28.291	635.997	635.997	0	635.997	0	0	0	0
3	of which: Households		125.479	125.479	0	125.479	0	0	0	0
4	*of which: Collateralised by residential immovable property*		91.480	91.480	0	91.480	0	0	0	0
5	of which: Non-financial corporations		389.030	389.030	0	389.030	0	0	0	0
6	*of which: Small and Medium-sized Enterprises*		104.734	104.734	0	104.734	0	0	0	0
7	*of which: Collateralised by commercial immovable property*		189.758	189.758	0	189.758	0	0	0	0

Template 3: Information on new loans and advances covered by state guarantee schemes related to the Covid19 crisis

		a	b	c	d
		Gross carrying amount		Maximum amount of the guarantee that can be considered	Gross carrying amount
			of which: forborne	Public guarantees received	Inflows to non-performing exposures
1	**Newly originated loans and advances subject to public guarantee schemes**	65 140	436	51 443	2 012
2	of which: Households	808			0
3	of which: Collateralised by residential immovable property	125			0
4	of which: Non-financial corporations	64 332	415	50 776	2 012
5	of which: Small and Medium-sized Enterprises	58 260			773
6	of which: Collateralised by commercial immovable property	34 919			0