



# **ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING**

**DIRECTORS' REPORTS AND PROPOSALS CONCERNING THE ITEMS  
ON THE AGENDA**

**Milan, 4 December 2017**

# **AGENDA**

## **Ordinary Part**

1. Completion of the Board of Statutory Auditors.

## **Extraordinary Part**

1. To grant the Board of Directors with the power to submit its own list of candidates for the Director's office and the increase to two Directors selected from the minority list. Amendment of articles 20 and 24 of the Company's Articles of Association. Pertinent and consequent resolutions;
2. Elimination of the 5% limit for the exercise of the voting right. Amendment of articles 5, 15, 17 of the Company's Articles of Association. Pertinent and consequent resolutions;
3. Mandatory conversion of the savings shares into ordinary shares. Amendment of articles 5, 7 and 32 of the Company's Articles of Association. Pertinent and consequent resolutions;
4. Transfer of the registered office from Rome to Milan. Amendment of article 2 of the Company's Articles of Association. Pertinent and consequent resolutions.

*Update on October 30, 2017, of the document published on October 9, 2017. The update only concerns the Directors' Report regarding the Item 1 on the Agenda of the Ordinary Shareholders' Meeting.*

## ORDINARY PART

### Item 1 on the Agenda

#### Board of Directors' Report

##### Completion of the Board of Statutory Auditors \*

Dear Shareholders,

following the resignation handed in by Mr. Enrico Laghi, permanent Statutory Auditor of your Company, on May 2, 2017, Mr. Guido Paolucci - who was already a stand-in Statutory Auditor chosen in the same list as the outgoing Auditor - replaced him, pursuant to Article 2401 of Italian Civil Code and Clause 30 of the Articles of Association.

Taking into account that, according to the above-mentioned provisions, the new statutory auditors replacing the statutory auditors no longer in office remain in office until the next Shareholders' Meeting - that shall appoint the statutory auditors abiding by the principle regarding the compulsory presence of the minorities and the balance between the genders - you're invited to complete the Board of Statutory Auditors by appointing a permanent Statutory Auditor whose office will expire along with the members of such Board in office (i.e. at the Meeting called for the approval of the 2018 financial statements) and, if needed, a new stand-in Statutory Auditor.

To that regard, may we remind you that, according to Clause 30 of the Articles of Association, if the appointment of the stand-in Auditor *in lieu* of the permanent Auditor is not confirmed by the Shareholders' Meeting, he shall return to his position as stand-in Auditor.

On the Company's web-site there is published the list of the minimum documentation to be provided in connection with possible candidacies for the completion of the Board of Statutory Auditors together with drafts of the declarations to be signed.

##### Resolutions submitted to the Ordinary Shareholders' Meeting

Dear Shareholders,

bearing in mind the contents of this Directors' Report, we ask you to appoint a permanent Statutory Auditor for the completion of the Board of Statutory Auditors (and, if necessary, to appoint, a new stand-in Statutory Auditor), who shall remain in office until the end of term of the current Board of Statutory Auditors and, therefore, until the Shareholders' Meeting called to approve the financial statements for the 2018 financial year.

#### INTEGRATION OF THE DIRECTORS' REPORT

Dear Shareholders,

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\* This Directors' Report, published on the UniCredit S.p.A. website on October 9, 2017, has been subsequently integrated with the section "Integration of the Directors' Report" added below. The new integrated text, to which reference should be made in its entirety, also with regard to the final version of the resolutions proposal to be submitted to the Shareholders' Meeting, has been published on October 30, 2017.

after the publication of the above Directors' Report, on October 9, 2017, the permanent Statutory Auditor Ms. Maria Enrica Spinardi resigned; consequently, pursuant to Article 2401 of the Italian Civil Code and Clause 30 of the Articles of Association, she was replaced by Ms. Antonella Bientinesi, who was already a stand-in Statutory Auditor chosen in the same list as the outgoing Auditor.

Following this new event, the resolutions we propose to you are updated as follows.

### **Resolutions submitted to the Ordinary Shareholders' Meeting**

Dear Shareholders,

bearing in mind the contents of this Directors' Report, as subsequently integrated, we ask you to appoint two permanent Statutory Auditors for the completion of the Board of Statutory Auditors (and, if necessary, to appoint one or two new stand-in Statutory Auditors), who shall remain in office until the end of term of the current Board of Statutory Auditors and, therefore, until the Shareholders' Meeting called to approve the financial statements for the 2018 financial year.

## EXTRAORDINARY SESSION

### Item 1 on the Agenda

#### Board of Directors' Report

**To grant the Board of Directors with the power to submit its own list of candidates for the Director' s office and the increase to two Directors selected from the minority list. Amendment of articles 20 and 24 of the Company's Articles of Association. Pertinent and consequent resolutions.**

Dear Shareholders,

You have been invited to attend the Extraordinary Shareholders' Meeting of UniCredit S.p.A. (the "**Company**" or "**UniCredit**" or the "**Bank**"), to approve the proposed introduction of the right of the Company's Board of Directors to present its own list of candidates in the context of the renewal of the entire Board of Directors, as well as the increase in the number of Directors to be selected from the second list receiving the highest votes (the "**Resolution**"). We also propose that you approve the consequent amendments to the Company's Articles of Association.

This report is designed to illustrate the reasons for this resolution proposals relating to the items on the Agenda, in accordance with Sec. 125-ter of the Italian Legislative Decree no. 58/1998 as amended and supplemented ("**TUF**") and in compliance with the provisions of Sec. 72 and Annex 3A of the Issuers' Regulation – CONSOB resolution no. 11971 of 14 May 1999, as amended and supplemented (the "**Issuers Regulation**" or the "**Regulation**").

#### 1. Reasons underlying the proposal

The amendments to the Articles of Association are aimed at (i) granting the outgoing Board of Directors, in case of renewal of the board, the faculty to present its own list of candidates, as well as (ii) increasing from one to two the number of Directors to be selected from the second list receiving the highest votes, regardless of the total number of Board members. These amendments pursue the goal of aligning the corporate governance of UniCredit with national and international best practices and are in line with the requests coming from major institutional investors, thus attracting their vote.

Granting the Board of Directors the right to present its own list of candidates would improve the candidate selection mechanism in a context where the Board of Directors is already capable of identifying the best qualitative and quantitative features of candidates, and, after their appointment, to verify that they meet those features and the personal and professional characteristics required by law. In addition, these amendments to the Articles of Association pursue the goal of ensuring continuity in the management of the Company, including in relation to the activities carried out by the Board of Directors' internal committees, thus maintaining an appropriate composition of the management body which is also fostered by the presence of highly qualified members and experts in the Company's business. Said right also aims to ensure a better stability of the corporate governance structure, mitigating the risk that there are no lists presented by shareholders in a very fragmented shareholding structure.

Finally, it is worth mentioning that the proposed amendment to the Articles of Association to increase, regardless of the composition of the administrative body, the number of Directors from one to two for the office of Director selected from the second list receiving the highest votes, is aimed at ensuring that the minority shareholders have a greater presence on the Board of Directors.

## 2. Right of withdrawal

The described proposals to amend Clauses 20 and 24 of the Company's Articles of Association do not grant any right of withdrawal to the shareholders who do not vote in favour of these proposals, because the conditions for withdrawal pursuant to Articles 2437 and subsequent of the Italian Civil Code do not apply.

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It should be pointed out that the described amendments to the Articles of Association are subject to the authorization of the relevant Supervisory Authority.

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## 3. Amendments to the Company's Articles of Association

In the light of the above, Clauses 20 and 24 of the Company's Articles of Association will be amended as follows:

<b>SECTION V</b> <b>Regarding the Board of Directors</b>	<b>SECTION V</b> <b>Regarding the Board of Directors</b>
<p data-bbox="405 956 531 987" style="text-align: center;"><u>Clause 20</u></p> <p data-bbox="183 1019 754 1171">1. The Board of Directors is composed of between a minimum of nine and a maximum of twenty-four members. The composition of the Board of Directors must ensure the balance between the genders.</p> <p data-bbox="183 1176 754 1294">2. The members of the Board of Directors must meet the experience and integrity requirements laid down by prevailing regulations and other laws.</p> <p data-bbox="183 1299 754 1507">3. A number of Directors equal to at least the one provided for by the Code on Corporate Governance for Listed Companies must possess the following independence requirements. In particular, a Director may not be considered independent in the following circumstances:</p> <p data-bbox="183 1512 754 1720">a) if he/she controls, directly or indirectly, the issuer also through subsidiaries, trustees or third parties, or is able to exercise a dominant influence over the issuer, or participates in a shareholders' agreement through which one or more persons can exercise a control or dominant influence over the issuer;</p> <p data-bbox="183 1724 754 1955">b) if he/she is, or has been in the preceding three fiscal years, a significant representative of the issuer, of a subsidiary having strategic relevance or of a company under common control with the issuer, or of a company or entity controlling the issuer or able to exercise over the same a considerable influence, also jointly with others through a shareholders'</p>	<p data-bbox="1043 956 1169 987" style="text-align: center;"><u>Clause 20</u></p> <p data-bbox="820 1019 1042 1050">1. <b>UNCHANGED</b></p> <p data-bbox="820 1176 1042 1207">2. <b>UNCHANGED</b></p> <p data-bbox="820 1299 1042 1330">3. <b>UNCHANGED</b></p>

agreement;

c) if he/she has, or had in the preceding fiscal year, directly or indirectly (e.g. through subsidiaries or companies of which he is a significant representative, or in the capacity as partner of a professional firm or of a consulting company) a significant commercial, financial or professional relationship:

- with the issuer, one of its subsidiaries, or any of its significant representatives;

- with a subject who, also jointly with others through a shareholders' agreement, controls the issuer, or – in case of a company or an entity – with the relevant significant representatives;

or is, or has been in the preceding three fiscal years, an employee of the above-mentioned subjects;

d) if he/she receives, or has received in the preceding three fiscal years, from the issuer or a subsidiary or holding company of the issuer, a significant additional remuneration (compared to the "fixed" remuneration of non-executive director of the issuer and to remuneration of the membership in the committees that are recommended by the Code on Corporate Governance also in the form of participation in incentive plans linked to the company's performance, including stock option plans;

e) if he/she was a director of the issuer for more than nine years in the last twelve years;

f) if he/she is vested with the executive director office in another company in which an executive director of the issuer holds the office of director;

g) if he/she is shareholder or quotaholder or director of a legal entity belonging to the same network as the company appointed for the auditing of the issuer;

h) if he/she is a close relative of a person who is in any of the positions listed in the above paragraphs.

For the purposes of the above-mentioned cases, the definitions contained in the Code on Corporate Governance shall apply.

4. The Directors' term in office spans three operating years, except where a shorter term is established at the time they are appointed, and ends on the date of the Shareholders' Meeting convened for the approval of the accounts relating to the last operating year in which they were in office.

5. The Directors are appointed by the Shareholders' Meeting on the basis of lists submitted by legitimate parties in which candidates must be listed using a progressive number. Each list must introduce a number of candidates belonging to the least represented gender such as to ensure abundance by the

#### 4. UNCHANGED

5. The Directors are appointed by the Shareholders' Meeting on the basis of lists. ~~submitted by legitimate parties in which candidates must be listed using a progressive number.~~ **The legitimate parties who are entitled to submit lists are the Board of Directors and the shareholders,**

balance between genders at least in the minimum quantity required by the provisions, also of a regulatory nature, in being.

6. In order to be valid, the lists must be filed at the Registered Office or the Head Office, also through long distance communication means and in accordance with the manner indicated in the notice of the Meeting which allows the identification of the parties that are doing the filing, no later than the twenty-fifth day prior to the date of the Shareholders' Meeting and must be made available to the public at the Registered Office, on the Company's web site and through other channels provided for under prevailing laws at least twenty-one days prior to the date of the Shareholders' Meeting. Each legitimate party may submit or contribute to the submission of only one list and, similarly, each candidate may only be included on one list, on penalty of ineligibility. Those legitimate parties who individually or collectively with others represent at least 0.5% of share capital in the form of ordinary shares with voting rights at ordinary Shareholders' Meetings are entitled to submit lists.

7. The ownership of the minimum number of shares required for filing lists is calculated with regard to the shares registered to each individual shareholder, or to multiple shareholders combined, on the day on which the lists are submitted to the Company. Ownership of the number of shares necessary for filing lists must be proven pursuant to the prevailing laws; such proof can even be submitted to the Company during or after the time when the lists are filed provided that this occurs prior to the deadline for when the Company must make the lists public.

8. By the deadline indicated in paragraph 6 above, parties having the right thereto who filed lists must, together with each list, also file any

**who individually or collectively with others represent at least 0.5% of share capital in the form of ordinary shares with voting rights at ordinary Shareholders' Meetings. The Board of Directors must resolve on the submission of its own list with a resolution being carried out as per the outright majority of votes cast by the Directors in office.**

Each list, **in which candidates must be listed using a progressive number**, must introduce a number of candidates belonging to the least represented gender such as to ensure abundance by the balance between genders at least in the minimum quantity required by the provisions, also of a regulatory nature, in being **at the time**.

6. In order to be valid, the lists must be filed at the Registered Office or the Head Office, also through long distance communication means and in accordance with the manner indicated in the notice of the Meeting which allows the identification of the parties that are doing the filing, no later than the twenty-fifth day prior to the date of the Shareholders' Meeting and must be made available to the public at the Registered Office, on the Company's web site and through other channels provided for under prevailing laws at least twenty-one days prior to the date of the Shareholders' Meeting. Each legitimate party may submit or contribute to the submission of only one list and, similarly, each candidate may only be included on one list, on penalty of ineligibility. ~~Those legitimate parties who individually or collectively with others represent at least 0.5% of share capital in the form of ordinary shares with voting rights at ordinary Shareholders' Meetings are entitled to submit lists.~~

7. **When lists are submitted by the shareholders, the** ownership of the minimum **number of shares shareholding percentage required for filing lists** is calculated with regard to the shares registered to each individual shareholder, or to multiple shareholders combined, on the day on which the lists are submitted to the Company. Ownership of the number of shares necessary for filing lists must be proven pursuant to the **prevailing laws in being at the time**; such proof can even be submitted to the Company during or after the time when the lists are filed provided that this occurs prior to the deadline for when the Company must make the lists public.

8. By the deadline indicated in paragraph 6 above, parties having the right thereto who filed lists must, together with each list, also file any



such further document and declaration required by the provisions, also of a regulatory nature, in being at the time as well as:

- the information on those who filed lists with information on the total percentage of equity investment held;
- information on the personal and professional characteristics of the candidates indicated on the list;
- a statement whereby the individual candidates irrevocably accept the position (subject to their appointment) and attest, under their responsibility, that there are no reasons for their ineligibility or incompatibility respect to candidacy, and that they meet the experience and integrity requirements provided for by current regulatory and other provisions;
- a statement that the independence requirements dictated by these Articles of Association have been met.

Any list that does not meet the above requirements shall be deemed to have not been filed.

9. All those entitled to vote may only vote for one list.

10. The election of Members of the Board of Directors shall proceed as follows:

a) from the list obtaining the majority of votes cast shall be taken - in the consecutive order in which they are shown on the list – as much Directors as to be appointed, decreased of one Director – if the Board of Directors consists in a number lower or equal to 20 members – or decreased of two Directors - if the Board of Directors consists in a number higher than 20 members. The remaining Directors shall be taken - in the consecutive order in which they are shown on the list – from the minority list receiving the highest votes;

b) if the majority list doesn't reach a sufficient number of candidates for the election of the number of Directors to be appointed – following the mechanism pointed out under the previous lett. a) – all the candidates from the majority list shall be appointed and the remaining Directors shall be taken from the minority list receiving the highest votes, in the consecutive order in which they are shown on the such list;

c) if the minority list receiving the highest votes doesn't reach a sufficient number of candidates for the election of the number of

such further document and declaration required by the provisions, also of a regulatory nature, in being at the time as well as:

- **for the shareholders**, the information on those who filed lists with information on the total percentage of equity investment held;
- **UNCHANGED**

- **UNCHANGED**

- **UNCHANGED**

**UNCHANGED**

9. **UNCHANGED**

10. The election of Members of the Board of Directors shall proceed as follows:

a) from the list obtaining the majority of votes cast shall be taken - in the consecutive order in which they are shown on the list – as much Directors as to be appointed, decreased of ~~one~~ **two** Directors ~~—if the Board of Directors consists in a number lower or equal to 20 members— or decreased of two Directors— if the Board of Directors consists in a number higher than 20 members.~~ The remaining **two** Directors shall be taken - in the consecutive order in which they are shown on the list – from the minority list receiving the highest votes **and is not linked in any way, even indirectly, with the shareholders who presented or voted the list which resulted first by the number of votes;**

b) if the majority list doesn't reach a sufficient number of candidates for the election of the number of Directors to be appointed – following the mechanism pointed out under the previous lett. a) – all the candidates from the majority list shall be appointed and the remaining Directors shall be taken from the minority list receiving the highest votes **and is not linked in any way, even indirectly, with the shareholders who presented or voted the list which resulted first by the number of votes**, in the consecutive order in which they are shown on the such list;

c) **UNCHANGED**

<p>Directors to be appointed the remaining Directors shall be taken in succession from the further minorities lists receiving the highest votes, always in the order in which they are shown on the lists;</p> <p>d) if the number of candidates included on the majority as well as minorities lists submitted is less than the number of the Directors to be elected, the remaining Directors shall be elected by a resolution passed by the Shareholders' Meeting by a relative majority ensuring the abidance by the independence and balance between genders principles established by the provisions, also of a regulatory nature, in being. If there is a tie vote between several candidates, a run-off will be held between these candidates by means of another vote at the Shareholders' Meeting;</p> <p>e) if only one list or no list is filed, the Shareholders' Meeting shall deliberate in accordance with the procedures set forth in item d) above;</p> <p>f) if the minimum necessary number of independent Directors and/or of Directors belonging to the least represented gender is not elected, the Directors of the most voted list who have the highest consecutive number and do not meet the requirements in question shall be replaced by the subsequent candidates, who meet the necessary requirement or requirements, taken from the same list. Should it prove impossible, even applying said criterion, to single out Directors possessing said requirements, the above substitution criterion will apply to the minorities lists receiving the highest votes from which the candidates elected have been taken;</p> <p>g) if, even applying the substitution criteria given in the previous lett. f), suitable substitutions have not been found, the Shareholders' Meeting shall resolve by a relative majority. In such circumstances the substitutions shall be effected beginning from the progressively most voted lists and from the candidates bearing the highest progressive number.</p> <p>11. In the event of a Director dying, leaving office or failing to hold it for any other reason or where his term in office is lapsed or losing for any other reason the experience or integrity requirements, the Board of Directors can take steps to co-opt a Director, taking into proper account the right of minority interests to be represented. In the above cases, should the minimum number of independent Directors fall below the level established by the Articles of Association and/or should the number of Directors belonging to the least represented</p>	<p>d) <b>UNCHANGED</b></p> <p>e) <b>UNCHANGED</b></p> <p>f) <b>UNCHANGED</b></p> <p>g) <b>UNCHANGED</b></p> <p>11. <b>UNCHANGED</b></p>
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<p>gender fall below the level established by law, the Board of Directors shall provide for their replacement.</p> <p>12. For the appointment of Directors that need to be added to the Board of Directors, resolutions of the Meeting of Shareholders shall be by relative majority, ensuring abidance by the criteria of independence and balance between genders established by the provisions, also of a regulatory nature, in being.</p>	<p>12. <b>UNCHANGED</b></p>
<p style="text-align: center;"><u>Clause 24</u></p> <p>1. In order for Board resolutions to be valid, the presence of the majority of Directors in office at the time is required.</p> <p>2. The resolutions of the Board are adopted with the majority of the votes of those who have expressed their votes, with the exclusion of those who abstained; in case of equality of votes the Chairman will have a casting vote.</p>	<p style="text-align: center;"><u>Clause 24</u></p> <p>1. <b>UNCHANGED</b></p> <p>2. The resolutions of the Board are adopted with the majority of the votes of those who have expressed their votes, with the exclusion of those who abstained; in case of equality of votes the Chairman will have a casting vote, <b>except for what is provided for in Clause 20.</b></p>

### Disclosure of information

This report is made available to the public in accordance with the law on the website of the Company at [www.unicreditgroup.eu](http://www.unicreditgroup.eu) and on the website of the authorised storage mechanism eMarket STORAGE managed by Spafid Connect S.p.A. at [www.emarketstorage.com](http://www.emarketstorage.com), as well as at the Company's Registered Office and its Head Office and on the website of the market management company Borsa Italiana S.p.A. at [www.borsaitaliana.it](http://www.borsaitaliana.it).

### Resolution proposal

Now, therefore, the Board of Directors submits for your approval the following proposal:

*"The Extraordinary Shareholders' Meeting of UniCredit S.p.A.:*

*- having examined the explanatory report of the Board of Directors drafted pursuant to Section 72 and in accordance with Annex 3A of the CONSOB Regulation no. 11971 of 14 May 1999, and the relevant proposal,*

#### **resolves**

**(1)** *to approve the proposal of the Board of Directors aimed at granting the outgoing Board of Directors of the Company the right to present its own list of candidates in case of renewal of the Board of Directors;*

**(2)** *to approve the proposal of the Board of Directors aimed at increasing the number of Directors to be selected from the second list receiving the highest votes from one to two;*

**(3)** *to amend Clause 20 and Clause 24 of the Company's Articles of Association as follows:*

#### "Clause 20

1. *The Board of Directors is composed of between a minimum of nine and a maximum of twenty-four members. The composition of the Board of Directors must ensure the balance between the genders.*

2. *The members of the Board of Directors must meet the experience and integrity requirements laid down by prevailing regulations and other laws.*

3. *A number of Directors equal to at least the one provided for by the Code on Corporate Governance for Listed Companies must possess the following independence requirements. In particular, a Director may not be considered independent in the following circumstances:*

a) *if he/she controls, directly or indirectly, the issuer also through subsidiaries, trustees or third parties, or is able to exercise a dominant influence over the issuer, or participates in a shareholders' agreement through which one or more persons can exercise a control or dominant influence over the issuer;*

b) *if he/she is, or has been in the preceding three fiscal years, a significant representative of the issuer, of a subsidiary having strategic relevance or of a company under common control with the issuer, or of a company or entity controlling the issuer or able to exercise over the same a considerable influence, also jointly with others through a shareholders' agreement;*

c) *if he/she has, or had in the preceding fiscal year, directly or indirectly (e.g. through subsidiaries or companies of which he is a significant representative, or in the capacity as partner of a professional firm or of a consulting company) a significant commercial, financial or professional relationship:*

- *with the issuer, one of its subsidiaries, or any of its significant representatives;*

- *with a subject who, also jointly with others through a shareholders' agreement, controls the issuer, or – in case of a company or an entity – with the relevant significant representatives;*

*or is, or has been in the preceding three fiscal years, an employee of the above-mentioned subjects;*

d) *if he/she receives, or has received in the preceding three fiscal years, from the issuer or a subsidiary or holding company of the issuer, a significant additional remuneration (compared to the "fixed" remuneration of non-executive director of the issuer and to remuneration of the membership in the committees that are recommended by the Code on Corporate Governance also in the form of participation in incentive plans linked to the company's performance, including stock option plans;*

e) *if he/she was a director of the issuer for more than nine years in the last twelve years;*

f) *if he/she is vested with the executive director office in another company in which an executive director of the issuer holds the office of director;*

g) *if he/she is shareholder or quotaholder or director of a legal entity belonging to the same network as the company appointed for the auditing of the issuer;*

h) *if he/she is a close relative of a person who is in any of the positions listed in the above paragraphs.*

*For the purposes of the above-mentioned cases, the definitions contained in the Code on Corporate Governance shall apply.*

4. *The Directors' term in office spans three operating years, except where a shorter term is established at the time they are appointed, and ends on the date of the Shareholders' Meeting convened for the approval of the accounts relating to the last operating year in which they were in office.*

5. *The Directors are appointed by the Shareholders' Meeting on the basis of lists. The legitimate parties who are entitled to submit lists are the Board of Directors and the shareholders, who individually or collectively with others represent at least 0.5% of share capital in the form of ordinary shares with voting rights at ordinary Shareholders' Meetings.*

*The Board of Directors must resolve on the submission of its own list with a resolution being carried out as per the outright majority of votes cast by the Directors in office.*

*Each list, in which candidates must be listed using a progressive number, must introduce a number of candidates belonging to the least represented gender such as to ensure abidance by the balance between genders at least in the minimum quantity required by the provisions, also of a regulatory nature, in being at the time.*

6. *In order to be valid, the lists must be filed at the Registered Office or the Head Office, also through long distance communication means and in accordance with the manner indicated in the notice of the Meeting which allows the identification of the parties that are doing the filing, no later than the twenty-fifth day prior to the date of the Shareholders' Meeting and must be made available to the public at the*

Registered Office, on the Company's web site and through other channels provided for under prevailing laws at least twenty-one days prior to the date of the Shareholders' Meeting. Each legitimate party may submit or contribute to the submission of only one list and, similarly, each candidate may only be included on one list, on penalty of ineligibility.

7. When lists are submitted by the shareholders, the ownership of the minimum shareholding percentage is calculated with regard to the shares registered to each individual shareholder, or to multiple shareholders combined, on the day on which the lists are submitted to the Company. Ownership of the number of shares necessary for filing lists must be proven pursuant to the laws in being at the time; such proof can even be submitted to the Company during or after the time when the lists are filed provided that this occurs prior to the deadline for when the Company must make the lists public.

8. By the deadline indicated in paragraph 6 above, parties having the right thereto who filed lists must, together with each list, also file any such further document and declaration required by the provisions, also of a regulatory nature, in being at the time as well as:

- for the shareholders, the information on those who filed lists with information on the total percentage of equity investment held;
- information on the personal and professional characteristics of the candidates indicated on the list;
- a statement whereby the individual candidates irrevocably accept the position (subject to their appointment) and attest, under their responsibility, that there are no reasons for their ineligibility or incompatibility respect to candidacy, and that they meet the experience and integrity requirements provided for by current regulatory and other provisions;
- a statement that the independence requirements dictated by these Articles of Association have been met.

Any list that does not meet the above requirements shall be deemed to have not been filed.

9. All those entitled to vote may only vote for one list.

10. The election of Members of the Board of Directors shall proceed as follows:

a) from the list obtaining the majority of votes cast shall be taken - in the consecutive order in which they are shown on the list - as much Directors as to be appointed, decreased of two Directors. The remaining two Directors shall be taken - in the consecutive order in which they are shown on the list - from the minority list receiving the highest votes and is not linked in any way, even indirectly, with the shareholders who presented or voted the list which resulted first by the number of votes;

b) if the majority list doesn't reach a sufficient number of candidates for the election of the number of Directors to be appointed - following the mechanism pointed out under the previous lett. a) - all the candidates from the majority list shall be appointed and the remaining Directors shall be taken from the minority list receiving the highest votes and is not linked in any way, even indirectly, with the shareholders who presented or voted the list which resulted first by the number of votes, in the consecutive order in which they are shown on the such list;

c) if the minority list receiving the highest votes doesn't reach a sufficient number of candidates for the election of the number of Directors to be appointed the remaining Directors shall be taken in succession from the further minorities lists receiving the highest votes, always in the order in which they are shown on the lists;

d) if the number of candidates included on the majority as well as minorities lists submitted is less than the number of the Directors to be elected, the remaining Directors shall be elected by a resolution passed by the Shareholders' Meeting by a relative majority ensuring the abidance by the independence and balance between genders principles established by the provisions, also of a regulatory nature, in being. If there is a tie vote between several candidates, a run-off will be held between these candidates by means of another vote at the Shareholders' Meeting;

e) if only one list or no list is filed, the Shareholders' Meeting shall deliberate in accordance with the procedures set forth in item d) above;

f) if the minimum necessary number of independent Directors and/or of Directors belonging to the least represented gender is not elected, the Directors of the most voted list who have the highest

consecutive number and do not meet the requirements in question shall be replaced by the subsequent candidates, who meet the necessary requirement or requirements, taken from the same list. Should it prove impossible, even applying said criterion, to single out Directors possessing said requirements, the above substitution criterion will apply to the minorities lists receiving the highest votes from which the candidates elected have been taken;

g) if, even applying the substitution criteria given in the previous lett. f), suitable substitutions have not been found, the Shareholders' Meeting shall resolve by a relative majority. In such circumstances the substitutions shall be effected beginning from the progressively most voted lists and from the candidates bearing the highest progressive number.

11. In the event of a Director dying, leaving office or failing to hold it for any other reason or where his term in office is lapsed or losing for any other reason the experience or integrity requirements, the Board of Directors can take steps to co-opt a Director, taking into proper account the right of minority interests to be represented. In the above cases, should the minimum number of independent Directors fall below the level established by the Articles of Association and/or should the number of Directors belonging to the least represented gender fall below the level established by law, the Board of Directors shall provide for their replacement.

12. For the appointment of Directors that need to be added to the Board of Directors, resolutions of the Meeting of Shareholders shall be by relative majority, ensuring abidance by the criteria of independence and balance between genders established by the provisions, also of a regulatory nature, in being."

"Clause 24

1. In order for Board resolutions to be valid, the presence of the majority of Directors in office at the time is required.

2. The resolutions of the Board are adopted with the majority of the votes of those who have expressed their votes, with the exclusion of those who abstained; in case of equality of votes the Chairman will have a casting vote, except for what is provided for in Clause 20."

**(4)** to give the Chairman of the Board of Directors and the Chief Executive Officer, also severally, with power to sub delegate to the Personnel of the Company any power deemed appropriate in order to:

i) provide for implementing the above resolutions under terms of law;

ii) to accept or adopt all amendments or additions (not changing substantially the content of the resolutions) and which should be necessary for registration at the Register of Companies, for any requests of the relevant Supervisory Authorities or for any supervening laws and regulations;

iii) proceed with the deposit and registration, under terms of law, with explicit and advanced approval and ratification of the adopted resolutions and of the text of the Articles of Association updated as aforementioned".

## EXTRAORDINARY PART

### Item 2 on the Agenda

#### Board of Directors' Report

#### Elimination of the 5% limit for the exercise of the voting right. Amendment of articles 5, 15, 17 of the Company's Articles of Association. Pertinent and consequent resolutions

Dear Shareholders,

You have been invited to attend the Extraordinary Shareholders' Meeting of UniCredit S.p.A. (the "**Company**" or "**UniCredit**" or the "**Bank**") to approve the proposed elimination of the 5% limit for the exercise of the voting rights of the ordinary shares as currently provided by Clause 5 of the Company's Articles of Association (the "**Resolution**"). We also propose that you approve the consequent amendments to be made to the Company's Articles of Association.

This Report is designed to illustrate the reasons for these resolution proposals relating to the items on the Agenda, in accordance with Sec. 125-ter of the Italian Legislative Decree no. 58/1998 as amended and supplemented ("**TUF**") and in compliance with the provisions of Sec. 72 and Annex 3A of the Issuers' Regulation – CONSOB resolution no. 11971 of 14 May 1999 as amended and supplemented (the "**Issuers Regulation**" or the "**Regulation**").

As the relevant proposal, if approved, will entitle the holders of the ordinary shares who have not taken part in the resolution pursuant to Art. 2437, par. 1, lett. g) of the Italian Civil Code to exercise the right of withdrawal, this proposal includes the resolution to sell the shares which may have to be bought back by the Company as a consequence and at the end of the liquidation procedure in compliance with Art. 2437-*quater* of the Italian Civil Code.

#### 1. Reasons underlying the proposal

Clause 5, par. 3, of the Company's Articles of Association currently provides that "*No one entitled to vote may vote, for any reason whatsoever, for a number of Bank shares exceeding five per cent of share capital bearing voting rights*".

Such provision dates back to 1993 and was introduced in the Company's Articles of Association of *Credito Italiano* (now UniCredit) at the time controlled by the state-owned holding IRI, pursuant to Sec. 4 of the Law Decree no. 389/1993, applicable to banks controlled by the State. UniCredit has been thereafter subject to a privatization process.

Thereafter the Company has deemed appropriate to keep such clause in the perspective of ensuring, through the Articles of Association, a higher involvement of the shareholders to the possible extent, in particular in certain contexts such as strategic decisions over the Company's control.

Following changes in the relevant applicable laws and regulations as well in the shareholding structure, such corporate mechanism at the Articles of Association level is not in line anymore with the best standards of governance expected by the shareholders and investors.

The proposal aims thus at aligning the UniCredit corporate governance with national and international best practices which favors a voting system proportional to the invested capital (the so-called "one share one vote" principle).

The principle "one share one vote" is generally considered desirable as it aligns economic interests with voting power and supports a higher active role of the shareholders in the decision-making process.

Therefore we believe that the change proposed hereunder would remove a mechanism which is not seen in general favourably by the market. Such change could make it easier for the market to fully appreciate the value of the shares, making them more attractive for investors.

## 2. Conditions to which the effectiveness of the Resolution is subject

The effectiveness of the Resolution relating to the elimination of the 5% limit for the exercise of the voting rights is subject to the condition that the number of shares for which withdrawal rights are actually exercised does not exceed no. 5,564,220 ordinary shares representing 0.25% of the share capital of the Company (the "**Stop-loss Condition**"). The overall value of the shares under the Stop-loss Condition, at the liquidation value, amounts to approximately Euro 90,919,354.

Such condition, being set in the exclusive interest of the Company, may be waived by the same.

The Company will disclose whether the Stop-Loss Condition has been met or not with an ad-hoc notice published on the Company's website and on national and international newspapers after the end of the period for the exercise of the withdrawal rights.

Moreover the Resolution is subject to the Supervisory Authorities' release of the following authorizations:

- Bank of Italy's authorization of the amendments to the Company's Articles of Association pursuant to Sec. 56 of the Legislative Decree 385/93 as subsequently amended and supplemented ("**Bank of Italy's Authorization**");
- ECB's authorization in connection with the possible reduction of the CET1 as a consequence of the exercise of the right of withdrawal by the holders of ordinary shares, and the purchase of own shares by the Company at the end of the liquidation procedure, within the limits of the Stop-Loss Condition, pursuant to EU Regulation no. 575/2013 (CRR) ("**ECB's Authorization**").

## 3. Right of Withdrawal

The elimination of the 5% limit for the exercise of the voting rights, if approved, will result in the amendment of the provisions of the Company's Bylaws that relate to the voting rights of the holders of ordinary shares, and will give rise to a right of withdrawal by the ordinary shareholders who did not take part to the adoption of the Resolution of the Extraordinary Meeting, pursuant to Art. 2437, paragraph 1, lett. g) of the Italian Civil Code.

Pursuant to Sec. 127-*bis*, par. 2, of the TUF, shareholders who have been registered as holders of the shares following the record date pursuant to Sec. 83-*sexies*, par. 2, of the TUF (i.e. 23 November 2017) but before the opening of the Extraordinary Shareholders Meeting, will be considered as not having taken part to the adoption of the Resolution for the purposes of exercising the right of withdrawal.

### 3.1 Liquidation value

The liquidation value of each ordinary share has been calculated in accordance with Article 2437-*ter* of the Italian Civil Code and set by the Board of Directors at Euro 16.340, (equal to the arithmetic average of closing prices of the ordinary shares on the market in the six months before the date of publication of the call notice of the Extraordinary Meeting (i.e., 26 September 2017)). The Company's Articles of Association do not derogate from the above-mentioned legal criteria.

### 3.2 Modalities for exercising the right of withdrawal

The terms and procedures for the exercise of the right of withdrawal and the liquidation procedure for the shares for which the right of withdrawal has been exercised are hereby illustrated in summary.

- A. In accordance with Article 2437-*bis* of the Italian Civil Code, those who are entitled to the right of withdrawal may exercise such right, for all or part of the ordinary shares held, by means of a registered letter (the "**Withdrawal Statement**") that shall be sent to the registered office of the Company within 15



calendar days from the date of registration of the Meeting resolution which triggers the right of withdrawal . Such registration shall be communicated to the public by means of a notice on a national daily newspaper and on the website of the Company at [www.unicreditgroup.eu](http://www.unicreditgroup.eu).

The Withdrawal Statement, in accordance with the modalities provided by the law, must be sent to the registered office of the Company by registered letter.

The Withdrawal Statement shall include the following information:

- the identification details, the tax identification number/fiscal code, the domicile address (including a telephone number and email address if available) of the withdrawing shareholder for the communication concerning the right of withdrawal;
- the number of ordinary shares for which the right of withdrawal is being exercised;
- the details of the current account (including IBAN) of the withdrawing shareholder to which the liquidation value of the shares shall be credited;
- the indication of the intermediary with which the account, where the shares for which the right of withdrawal is exercised are registered, is opened, together with the details of the aforesaid account
- the declaration that such shares are free of pledges or other constraints in favour of third parties.

B. Save the provisions in item A) above, it should be reminded that, according to Sec. 23 of the Regulations of Banca d'Italia-Consob of 22 February 2008 as subsequently amended (the “ **Banca d'Italia-Consob Regulation**”), the entitlement to exercise the right of withdrawal pursuant to Article 2437 of the Italian Civil Code is certified by a communication by the intermediary to the issuer. The holders of ordinary shares who intend to exercise the right of withdrawal shall therefore require the intermediary, authorised to keep the accounts according to the law, to send the aforesaid communication to the Company, pursuant to Sec. 21 of the Banca d'Italia-Consob Regulation.

Such correspondence shall certify the following:

- the continuous ownership, of the withdrawing shareholder, of UniCredit ordinary shares in relation to which the withdrawal right is exercised, from the date of the shareholders' meeting whose resolution entitles the exercise of the right of withdrawal until to the date upon which such right is exercised, taking into account the requirements set forth by Sec. 127-*bis*, paragraph 2, of the TUF;
- the absence of pledges or other liens on ordinary shares of UniCredit in relation to which the withdrawal right is being exercised (otherwise, the withdrawing shareholder shall send to the Company, as a condition for the admissibility of the Withdrawal Statement, a specific declaration by the secured creditor or by such other person who has other liens on the shares, with which such person gives its irrevocable consent to carry out the liquidation of the shares in relation to which the right of the withdrawal is exercised, in accordance with the instructions given by the withdrawing shareholder).

C. As provided for in Article 2437-*bis* of the Italian Civil Code and applicable regulations, the shares in relation to which the communication has been made under Sec. 23 of the Banca d'Italia-Consob Regulation (and therefore the ordinary shares for which the withdrawal right is exercised by the entitled person) are made unavailable by the intermediary, and therefore may not be disposed of, until the time of their liquidation.

D. In case the withdrawal right is exercised by one or more shareholders, the liquidation procedure will be carried out in accordance with the provisions of Article 2437-*quater* of the Italian Civil Code, as explained below.

Article 2437-*quater* of the Italian Civil Code provides that:

- i. the directors of the Company offer for pre-emption (*diritto di opzione*) the shares of the withdrawing shareholders to the other shareholders proportionally to the shareholding held; such pre-emption right may be exercised within a period of at least 30-days from filing of the pre-emption offer with

the competent Companies Register; those shareholders who exercise the pre-emption right have also a pre-emptive right (*diritto di prelazione*) to purchase the shares for which no pre-emption right has been exercised, provided that they make a concurrent request; in the event that any of the shares for which the withdrawal right has been exercised have not been acquired by the Company's shareholders, such shares can be offered by the directors of the Company on the market;

- ii. in the event any of the shares for which the right of withdrawal has been exercised are not being purchased, the Company shall purchase such shares using available reserve even in derogation of the quantitative limits set forth under paragraph 3 of Article 2357 of the Italian Civil Code.

Information on the terms and conditions for the exercise of the right of withdrawal that cannot be defined before the date of the Extraordinary Shareholders' Meeting, including the date of effective registration of the resolution at the Companies' Register, will be disclosed by the Company – together with the details on the terms and conditions for exercising the right - in accordance with the rules laid down by the current regulations, with the related notices published on the Company's website [www.unicreditgroup.eu](http://www.unicreditgroup.eu) as well as on at least one national newspaper.

Also the terms and conditions of the liquidation procedure (including, inter alia, the number of ordinary shares for which withdrawal rights have been exercised, the details of the offer with pre-emption and priority rights and the offer on the market) will be disclosed in accordance with the terms and modalities set forth in the current regulations, with the related notices published on the Company's website [www.unicreditgroup.eu](http://www.unicreditgroup.eu) as well as on at least one national newspaper.

It should be noted that considering that the withdrawal procedure will be finalized at an earlier date than the distribution of any dividend referable to the annual financial statements ending 31 December 2017, shareholders with ordinary shares who would exercise the right of withdrawal will not receive such dividend, if any, which will be distributed, instead, to those who would purchase the ordinary shares possibly withdrawn in the context of the liquidation procedure referred to in Art. 2437-*quater* of the Italian Civil Code.

#### **4. Authorization for the sale of the own shares**

As a consequence of the exercise of the rights of withdrawal, at the end of the liquidation process pursuant to Art. 2437-*quater* of the Italian Civil Code the Company may be required to purchase shares from the withdrawing shareholders at the liquidation value.

The reason for requesting an authorization to sell the shares so purchased lies in the opportunity to liquidate an investment which would be otherwise fully deducted from CET1. Therefore the disposal of own shares would minimize the negative impact on CET1 of the exercise of the rights of withdrawal.

The maximum amount of shares which are the subject matter of this authorization are the number of ordinary shares with no par value which will be purchased by the Company in connection with the withdrawn shares remaining at the end of the pre-emption/priority offer and the offer on the market pursuant to Art. 2437-*quater* of the Italian Civil Code.

The authorization is requested without time limits.

The price for the sale of such own shares (those bought back as a consequence of the liquidation process in connection with withdrawal rights) would be not lower than the market share price at the moment of the execution of each transaction with a discount up to 10%. Such reduction limit has been determined taking into account the average discount applied to similar shares sale transactions such as accelerated bookbuilding offerings.

With reference to the applicable procedures, such sale may be carried out in one or more *tranche*, with any modalities allowed by the applicable law, including on or off the market, spot and/or forward.

## 5 Amendments to the Company's Articles of Association

In the light of the above, Clauses 5, 15 and 17 of the Company's Articles of Association will be amended as follows:

<b>SECTION III</b> <b>Regarding share capital and shares</b>	<b>SECTION III</b> <b>Regarding share capital and shares</b>
<p style="text-align: center;"><u>Clause 5</u></p>	<p style="text-align: center;"><u>Clause 5</u></p>
<p>1. The Bank's share capital, fully subscribed and paid-up, amounts to Euro 20,880,549,801.81 and is divided into 2,225,945,295 shares without nominal value, in turn made up of 2,225,692,806 ordinary shares and 252,489 savings shares.</p> <p>2. Ordinary shares are registered shares.</p> <p>3. No one entitled to vote may vote, for any reason whatsoever, for a number of Bank shares exceeding five per cent of share capital bearing voting rights, to this end, the global stake held by the controlling party, (be it a private individual, legal entity or company), all direct and indirect subsidiaries and affiliates has been taken into consideration; those shareholdings included in the portfolios of mutual funds managed by subsidiaries or affiliates have not, on the other hand, been taken into consideration. Control, including with regard to parties other than companies, emerges in the situations provided for by Article 2359, first and second paragraph, of the Italian Civil Code. Control whereby significant influence is exercised is regarded to be present in the situations provided for by Clause 23, second paragraph, of Legislative Decree no. 385 dated September 1, 1993 (Consolidation Act for Laws Relating to Banking and Lending Activities). An affiliation emerges in the situations referred to in Article 2359, third paragraph, of the Italian Civil Code, for the purposes of computing the stake held, those shares held through custodian companies and/or intermediaries and/or those shares whose voting rights are assigned for any purpose or reason to a party other than their owner, are also taken into consideration. In the event of the above provisions being breached, any shareholders resolution carried may be impugned pursuant to the provisions of Article 2377 of the Italian Civil Code, where the majority required would not have been reached without this breach. Those shares whose voting rights may not be exercised are in any event computed in order for the Meeting to be properly formed.</p> <p>4. Share capital may be increased by way of a shareholders' resolution, also according to Article 2441, fourth paragraph, second period, of the Italian Civil Code, through the issuance of shares bearing various rights, in conformity to legal requirements. Specifically, the Meeting may resolve upon the issuance of savings shares bearing the features and rights provided for by prevailing laws and by these Articles of Association.</p> <p>5. Resolutions carried for the issuance of new savings and/or ordinary shares at the time of a capital increase or the conversion of shares of</p>	<p>1. The Bank's share capital, fully subscribed and paid-up, amounts to Euro 20,880,549,801.81 and is divided into 2,225,945,295 shares without nominal value, in turn made up of 2,225,692,806 ordinary shares and 252,489 savings shares.</p> <p>2. Ordinary shares are registered shares.</p> <p><del>3. No one entitled to vote may vote, for any reason whatsoever, for a number of Bank shares exceeding five per cent of share capital bearing voting rights, to this end, the global stake held by the controlling party, (be it a private individual, legal entity or company), all direct and indirect subsidiaries and affiliates has been taken into consideration; those shareholdings included in the portfolios of mutual funds managed by subsidiaries or affiliates have not, on the other hand, been taken into consideration. Control, including with regard to parties other than companies, emerges in the situations provided for by Article 2359, first and second paragraph, of the Italian Civil Code. Control whereby significant influence is exercised is regarded to be present in the situations provided for by Clause 23, second paragraph, of Legislative Decree no. 385 dated September 1, 1993 (Consolidation Act for Laws Relating to Banking and Lending Activities). An affiliation emerges in the situations referred to in Article 2359, third paragraph, of the Italian Civil Code, for the purposes of computing the stake held, those shares held through custodian companies and/or intermediaries and/or those shares whose voting rights are assigned for any purpose or reason to a party other than their owner, are also taken into consideration. In the event of the above provisions being breached, any shareholders resolution carried may be impugned pursuant to the provisions of Article 2377 of the Italian Civil Code, where the majority required would not have been reached without this breach. Those shares whose voting rights may not be exercised are in any event computed in order for the Meeting to be properly formed.</del></p> <p>4.3. Share capital may be increased by way of a shareholders' resolution, also according to Article 2441, fourth paragraph, second period, of the Italian Civil Code, through the issuance of shares bearing various rights, in conformity to legal requirements. Specifically, the Meeting may resolve upon the issuance of savings shares bearing the features and rights provided for by prevailing laws and by these Articles of Association.</p> <p>5.4. Resolutions carried for the issuance of new savings and/or ordinary shares at the time of a capital increase or the conversion of shares of</p>

<p>another class that have already been issued, do not require the approval of a Special Meeting of Savings Shareholders.</p> <p>6. The Special Meeting of Shareholders may resolve upon the allocation of earnings to the employees of the Bank or subsidiaries, in conformity to prevailing laws.</p>	<p>another class that have already been issued, do not require the approval of a Special Meeting of Savings Shareholders.</p> <p><del>6.5.</del> The Special Meeting of Shareholders may resolve upon the allocation of earnings to the employees of the Bank or subsidiaries, in conformity to prevailing laws.</p>
<p style="text-align: center;"><u>Clause 15</u></p> <p>1. Every ordinary share entitles its holder to one vote, the provisions of Clause 5 excepted.</p>	<p style="text-align: center;"><u>Clause 15</u></p> <p>1. Every ordinary share entitles its holder to one vote, <del>the provisions of Clause 5 excepted.</del></p>
<p style="text-align: center;"><u>Clause 17</u></p> <p>1. In order for a Meeting along with the resolutions carried therein to be valid, the relevant legal provisions are to be duly observed, except for what is provided for in Clause 5.</p>	<p style="text-align: center;"><u>Clause 17</u></p> <p>1. In order for a Meeting along with the resolutions carried therein to be valid, the relevant legal provisions are to be duly observed, <del>except for what is provided for in Clause 5.</del></p>

### Disclosure of information

This report is made available to the public in accordance with the law on the website of the Company at [www.unicreditgroup.eu](http://www.unicreditgroup.eu) and on the website of the authorised storage mechanism eMarket STORAGE managed by Spafid Connect S.p.A. at [www.emarketstorage.com](http://www.emarketstorage.com), as well as at the Company's Registered Office and its Head Office and on the website of the market management company Borsa Italiana S.p.A. at [www.borsaitaliana.it](http://www.borsaitaliana.it).

### Resolution proposal

Now, therefore, the Board of Directors submits for your approval the following proposal:

*"The Extraordinary Shareholders' Meeting of UniCredit S.p.A.:*

*- having examined the explanatory report of the Board of Directors drafted pursuant to Sec. 72 and in accordance with Annex 3A of the CONSOB Regulation no. 11971 of 14 May 1999, and the relevant proposal,*

#### **resolves**

**(1)** *to approve the proposal of the Board of Directors aimed at removing the 5% limitation to the exercise of the voting rights set forth in Clause 5 of the current Company's Articles of Association;*

**(2)** *to provide that – subject in any way to the release of the necessary authorizations by the Supervisory Authorities - the elimination of the 5% limit for the exercise of the voting rights set forth in Clause 5 of the Company's Articles of Association (as well as the withdrawals which are exercised if any) is subject to the condition that the number of shares for which withdrawal rights are exercised does not exceed no. 5,564,220 ordinary shares representing 0.25% of the share capital of the Company, provided that such condition, being set in the exclusive interest of the Company, may be waived by the same.*

**(3)** *to amend Clauses 5, 15 and 17 of the Company's Articles of Association as follows:*

*"Clause 5*

- 1. The Bank's share capital, fully subscribed and paid-up, amounts to Euro 20,880,549,801.81 and is divided into 2,225,945,295 ordinary shares without nominal value, in turn made up of 2,225,692,806 ordinary shares and 252,489 savings shares.*
- 2. Ordinary shares are registered shares.*

3. Share capital may be increased by way of a shareholders' resolution, also according to Article 2441, fourth paragraph, second period, of the Italian Civil Code, through the issuance of shares bearing various rights, in conformity to legal requirements. Specifically, the Meeting may resolve upon the issuance of savings shares bearing the features and rights provided for by prevailing laws and by these Articles of Association.

4. Resolutions carried for the issuance of new savings and/or ordinary shares at the time of a capital increase or the conversion of shares of another class that have already been issued, do not require the approval of a Special Meeting of Savings Shareholders.

5. The Special Meeting of Shareholders may resolve upon the allocation of earnings to the employees of the Bank or subsidiaries, in conformity to prevailing laws."

"Clause 15

1. Every ordinary share entitles its holder to one vote."

"Clause 17

1. In order for a Meeting along with the resolutions carried therein to be valid, the relevant legal provisions are to be duly observed."

(4) to authorize the Board of Directors to sell the shares subject to withdrawal and as may be acquired as a result of the liquidation process, with no time limit, at a minimum consideration which shall not be lower than the market share price at the time of the execution of each disposal with a discount up to 10%, specifying that the disposal can be carried out on the market or off the market, spot and/or forward;

(5) to grant to the Board of Directors the power to waive the condition relating to the number of shares for which withdrawal rights are exercised if in the interest of the Company;

(6) to grant to the Chairman of the Board of Directors and to the Chief Executive Officer, also severally, to the extent permitted by the law, with power to sub delegate to the Personnel of the Company, any power to carry out any action deemed necessary or appropriate to fully implement the above resolutions, including without limitation (i) to define the terms and modalities of the procedure relating to the exercise of the rights of withdrawal to which ordinary shareholders are entitled pursuant to Art. 2437, par. 1, lett. g. of the Italian Civil Code; (ii) to carry out the liquidation process of the ordinary shares which are the subject of the withdrawal process, also purchasing if necessary such shares within the limits of the available reserves; (iii) to carry out the disposal of all or part of the purchased own shares and (iv) to carry out any other formality to obtain the necessary authorizations for the above resolutions and, generally, any other authorization to completely execute the resolutions, together with any necessary power thereof, with no exclusion and exemption, including the power to make any amendment and addition to the resolutions (not changing substantially the content of the resolutions) which are deemed to be necessary and/or appropriate for the filing with the Companies' Register or for the implementation of the laws and regulations or which should be requested by any relevant Supervisory Authorities as well as to proceed with the deposit and the registration with the Companies' Register of the approved amendments to the Articles of Association".

## EXTRAORDINARY PART

### Item 3 on the Agenda

#### Board of Directors' Report

#### **Mandatory conversion of the savings shares into ordinary shares. Amendment of articles 5, 7 and 32 of the Company's Articles of Association. Pertinent and consequent resolutions**

Dear Shareholders,

You have been invited to attend the Extraordinary Shareholders' Meeting of UniCredit S.p.A. (the "**Company**" or "**UniCredit**" or the "**Bank**") to approve the proposal concerning the mandatory conversion of the savings shares into ordinary shares (the "**Resolution**"). We also propose that you approve the consequent amendments to the Company Articles of Association and the pertinent and consequent resolutions.

This Report is designed to illustrate the reasons for these resolution proposals relating to the items on the Agenda, in accordance with Sec. 125-*ter* of the Italian Legislative Decree no. 58/1998 as amended and supplemented ("**TUF**") and in compliance with the provisions of Sec. 72 and Annex 3A of the Issuers' Regulation – CONSOB resolution no. 11971 of 14 May 1999 as amended and supplemented (the "**Issuers Regulation**" or the "**Regulation**").

As the aforementioned proposal, if approved also by the Special Meeting, will entitle the holders of savings shares who have not taken part in the resolution pursuant to Art. 2437, par. 1, lett. g) of the Italian Civil Code to exercise the right of withdrawal, this proposal includes the resolution to sell the shares which may have to be bought back by the Company as a consequence at the end of the liquidation procedure in compliance with Art. 2437-*quater* of the Italian Civil Code.

#### **1. Reasons underlying the proposal**

The proposal hereby submitted for your approval provides for the mandatory conversion of all issued and outstanding savings shares of UniCredit into ordinary shares (the "**Mandatory Conversion**"), as a transaction aimed at rationalizing and simplifying the capital structure of UniCredit.

In particular, the Mandatory Conversion is also aimed at simplifying the Company's corporate governance, aligning the rights of all shareholders.

The simplification of the capital structure and the corporate organization of the Company consequent to the Mandatory Conversion carries out benefits for all the shareholders and, with specific reference to the current special savings shares, their holders will benefit from the significant increase of the liquidity of the shares held. Indeed, the conversion of relatively non liquid savings shares will lead them to hold ordinary shares having a significantly higher liquidity.

In addition, the savings shareholders will also benefit from the conversion ratio, for each savings share, made up partly of no. 3.82 UniCredit ordinary shares and a cash adjustment of Euro 27.25 (together defined as the "**Conversion Ratio**"). The Conversion Ratio is higher than the conversion ratios of the market ordinary and savings shares prices with reference to some historical averages prior to the date of 21 September 2017 (date on which this proposal was announced to the market, at the closing of the market) and includes an implied premium of 40% compared to the savings shares price on the same day

of 21 September 2017. For further information on the Conversion Ratio, historical averages of conversion ratios and implied premiums, see paragraphs 8 and 9 below.

Furthermore, the proposal for Mandatory Conversion is subordinated to the condition that such Mandatory Conversion will be approved by the Special savings shareholders' Meeting of the Company convened on a single call on 4 December 2017.

For the purposes of implementing the Mandatory Conversion, the Company may issue new shares and/or use its own shares (at the date of this report the number of own shares of the Company amount to no. 4,760 shares).

## **2. Description of the rights or privileges attached to UniCredit savings shares**

As at the date of this report, the UniCredit share capital is equal to Euro 20,880,549,801.81, divided into no. 2,225,945,295 shares with no par value, of which no. 2,225,692,806 are ordinary shares, equal to approximately 99.99% of the entire share capital, and no. 252,489 are saving shares, equal to approximately 0.01% of the entire share capital of the Bank.

Based on the Company's Articles of Association provisions currently in force, savings shares do not bear any voting rights in the general shareholders meetings.

Any reduction of the share capital due to losses does not have any effect on savings shares, other than for the portion of any loss that eventually exceeds the overall amount of the capital represented by other shares. In the event of the Bank being wound up, savings shares enjoy the right of pre-emption in respect of the redemption of capital, up to Euro 63 per share. In case of capital transactions which modify the ratio between the amount of share capital and the number of shares outstanding, the fixed numerical reference could be amended consequently. In the event of reserves being distributed, savings shares bear the same rights as other shares. A resolution of the Special Meeting of Shareholders may vest the holders of savings shares with the ability to convert said shares into ordinary shares in accordance with the procedures and by the deadlines determined.

Resolutions carried for the issuance of new savings shares with the same characteristics as those already outstanding, at the time of a capital increase or the conversion of shares of another class that have already been issued, do not require approval by a Special Meeting of savings shareholders. Whenever ordinary and/or savings shares are barred from trading, the holder of savings shares may ask for its shares to be converted into ordinary shares, in accordance with the procedures resolved upon by the Extraordinary Meeting of Shareholders, convened as and when the need arises within two months from the shares being barred from trading.

Pursuant to the current law provisions, a Common Representative of the savings shares is appointed. The Common Representative shall remain in office for a period of no more than three financial years and may be re-elected. The Common Representative is entitled to join and take the floor in the Shareholders' Meetings.

In order to ensure that adequate information on transactions that may influence the price of the savings shares are received by the Common Representative, the latter shall be duly informed in this regard in compliance with the time limits and procedures for disclosing information to the market.

On the basis of the Company's Articles of Association in force as at the date of this report, the net profit for the year is allocated as follow:

- a) no less than 10% to the reserve; when the reserve is at the maximum level foreseen by legal provisions, said profit is allocated with priority to the savings shares, at the level set out in point b) below;
- b) the savings shares are allocated up to five per cent of Euro 63 per share; when, in any given operating year, the savings shares are allocated a dividend of less than five per cent of Euro 63 per share, the difference is added to the preferential dividend for the next two years; any earnings that remain after allocating the above dividend to the savings shares are distributed among all shares, in such a way that the savings shares are assigned a higher global dividend than due to ordinary shares, at a level equal to three per cent of Euro 63 per share;
- c) whilst the above provisions regarding the higher overall dividend due to savings shares shall continue to be observed, the ordinary shares are allocated up to five per cent of Euro 63 per share. In case of capital transactions which modify the ratio between the amount of share capital and the number of shares outstanding, the fixed numerical reference referred to in points b) and c) hereunder, could be amended consequently;
- d) any earnings that remain, and in respect of whose distribution the Meeting of Shareholders carries a resolution, are distributed among shares in addition to the allocations referred to in points b) and c) above.

### **3. Specific criticalities and advantages of the Mandatory Conversion**

As a result of the Mandatory Conversion:

- (a) on the effective date of the Mandatory Conversion, the owners of savings shares will lose the economic rights, privileges and the category protections set forth by the applicable laws and regulations and by the Articles of Association of UniCredit for that category of shares. In any case, it has to be noted that the savings shareholders who will not exercise the right of withdrawal will receive ordinary shares of the Company and, therefore, will acquire the voting rights exercisable at any general shareholders' meetings of UniCredit (in ordinary and extraordinary session) and will acquire all the rights and protections attached to the ordinary shares, benefiting *inter alia*, from the higher share liquidity of the market for such category of shares and from the greater float represented by the ordinary shares;
- (b) on the effective date of the Mandatory Conversion, the voting rights of the ordinary shareholders will be diluted pro-rata to the amount of ordinary shares issued for the purposes of the Mandatory Conversion. The aggregate amount of ordinary shares issued before that date will represent about 99.96% of the share capital of the Company following the Mandatory Conversion, while the aggregate amount of ordinary shares at the service of the Mandatory Conversion will represent about 0.04% of the share capital of the Company following the Mandatory Conversion. The holders of ordinary shares will benefit from the removal of privileges and administrative rights attached to the savings shares; shareholders will benefit from the simplification of the Company's capital structure and governance/organization structure; and the former savings shareholders will benefit from the acquisition of all the rights attached to ordinary shares, from the greater float and from the increased liquidity of their securities;
- (c) as a result of the Mandatory Conversion, the holders of savings shares will lose the right to the aggregate privileged dividend relating to the financial years 2015 and 2016 (which in said financial years was not entirely paid due to lack of profits of UniCredit S.p.A. at individual level).

Taking into account that the shares have no par value, the conversion will not result in an increase of the share capital of UniCredit, which will, therefore, remain unchanged. The overall number of outstanding



shares following the Mandatory Conversion will increase as a result of the issue of new ordinary shares to service the Mandatory Conversion.

#### **4. Quantity of savings shares held by the controlling shareholder pursuant to Section 93 of the TUF**

As of the date of this report, no entity controls the Company pursuant to Section 93 of the TUF. Therefore, this section does not apply.

#### **5. Intention of the controlling shareholder to buy and sell savings shares on the market**

As already pointed out, as of the date of this report, no entity controls the Company pursuant to Section 93 of the TUF. Therefore, this section does not apply.

#### **6. Possible conversion commitments by savings shareholders, with particular regard to the controlling shareholder**

Being a Mandatory Conversion, all savings shares will be automatically converted into ordinary shares. Therefore, this section does not apply.

For the sake of completeness, please note that, at the date of publication of this report, based on the information available to the Company and on the information available on the Consob website with respect to shareholders' agreements, no shareholder assumed any commitment to vote in favour of the proposed resolutions concerning the Mandatory Conversion.

#### **7. Dividends distributed to savings shareholders during the past five years**

The table hereunder shows dividends distributed by UniCredit to the savings shareholders, starting from the 2012 financial year:

<b>Gross dividends</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>per savings share</b>	<b>0.090</b>	<b>0.100</b>	<b>1.065*</b>	<b>0.120</b>	<b>-</b>

\*Gross dividend per savings share €0.12 and preferred dividend per savings share €0.315 (2014), plus preferred dividend per savings share €0.630 (2012-2013).

It should be noted that ordinary shares servicing the Mandatory Conversion will bear regular dividend rights and such holders will participate to the distribution of dividend referable to the annual financial statements ending 31 December 2017, if any, as any other holder of ordinary shares.

#### **8. Cash adjustment and relevant calculation criteria**

The Company's Board of Directors resolved upon proposing a conversion of the Company savings shares into ordinary shares based on a Conversion Ratio made up of no. 3.82 UniCredit ordinary shares and a cash adjustment component of Euro 27.25 for each savings share.

The Conversion Ratio component represented by ordinary shares was determined on the basis of the ratio at par between the official market prices of ordinary and savings shares on 21 September 2017 (the announcement date of the proposal, at closing of the market).

As far as the Conversion Ratio component represented by cash is concerned, the Board of Directors intends to propose a cash adjustment that could be considered an appropriate incentive for savings shareholders to approve the Mandatory Conversion.

The cash adjustment component, for each savings share, equal to Euro 27.25, has been determined as follows.

- Also on the basis of an opinion of an independent advisor, the savings shares, due to the mechanism defined in the Articles of Association for determining the special dividends, may be deemed as basically equivalent to perpetual bonds. This comparison is based on the very high probability for a savings shareholder to receive an annual dividend of at least € 3.15 per share (5% of € 63 per share, as provided for in Clause 32 of the Articles of Association). As a matter of fact, on the basis of such comparison, the Mandatory Conversion would change the risk class selected by the investor, from bond to mere equity. Based on current market price and above-said dividend defined in the Article of Association, investing in savings shares allows for a perpetual yield of about 5.38%, equal to the rate of return which makes the current value of the future expected dividends equal to the current market price. To evaluate this performance from the perspective of a retail investor, the above said yield can be compared to the yield of a 30-years BTP, at the date of 21 September 2017, equal to 3.32% (Source: Bloomberg).
- On the basis of the same perspective, the conversion forces the savings shareholders to switch from a segment comparable to a bond to a pure equity segment so changing their risk-profile or, alternatively, to sell the ordinary shares and to reinvest in a security with an equivalent risk-profile. In that respect, it is appropriate to offer a proper incentive to the savings shareholders.
- The measure of the cash adjustment was defined through an estimate of the theoretical value of a savings share as the present value of the expected dividends discounted at the 30-years risk-free yield plus the spread on UniCredit credit default swap. Looking at the spreads in the last 6 and 12 months, the overall yield result between 3.4% and 3.5%. Based on these parameters ( i.e. (i) the minimum dividend of € 3.15 per share per annum as defined in the Articles of Association and (ii) the discount rate equal to the 30-years risk-free yield plus the spread on UniCredit credit default swap (as described above)), the theoretical value of savings shares, obtained by updating the expected dividends to said reference rates, would lead to grant a maximum cash adjustment to savings shareholders not exceeding *circa* 50% with respect to the reference market price.
- Considering the objective interest of the Bank in carrying out the Mandatory Conversion and the limited amount of the premium in absolute terms, a 40% cash adjustment can be considered a proper measure and consistent with the defined aims.

The cash adjustment coincides with an implied premium in the Conversion Ratio which amounts to 40%, taking into account the fact that the financial instrument component of the Conversion Ratio was established at par on the basis of the ratio between the official market prices of ordinary and savings shares at 21 September 2017 (date of announcement of the proposal, at closing of the market).

The cash component will be paid by drawing on funds from the available reserve "Share premium Reserve" ("*Sovrapprezzi di emissione*") as resulting from the financial situation as of 30 June 2017 of UniCredit S.p.A. included in the half-year financial statement approved by the Board of Directors on 2 August 2017.

This reserve as set out in the financial situation as of 30 June 2017 of UniCredit S.p.A. amounts to Euro 13,399,798,681 and is, therefore, sufficient.

## **9. Conversion ratio and relevant calculation criteria**

### *Introduction*

As already anticipated, the Company's Board of Directors resolved upon proposing a conversion of the Company savings shares into ordinary shares based on a conversion ratio, for each savings share, represented by no. 3.82 UniCredit ordinary shares and by a cash adjustment component of Euro 27.25 per savings share.

The Conversion Ratio has been determined by the Board of Directors, on the basis of several considerations, including an independent opinion. In particular, the following factors have been considered:

- (a) the reasons underlying the proposal for the Mandatory Conversion;
- (b) the specific economic and administrative features of the savings shares with respect to ordinary shares;
- (c) the performance of savings shares market prices with respect to ordinary shares market prices over different time periods, including long term historical periods, prior to the announcement of the conversion proposal;
- (d) the implied premium in the Conversion Ratio proposed, based on the analysis of the theoretical value of a savings share as the present value of the expected dividends discounted at the 30-years risk-free yield plus the spread on UniCredit credit default swap.

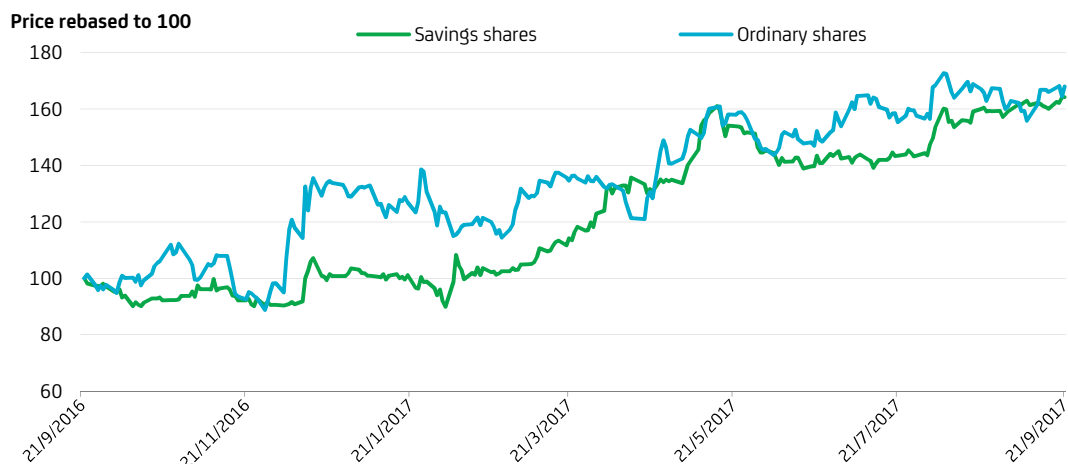
In the assessment of the Conversion Ratio, and in particular in the component made up of ordinary shares, the Board of Directors used the trading day closing on 21 September 2017, i.e. the day of the announcement of the conversion proposal, as last reference date for ordinary and savings share market prices.

Below please find additional details with respect to the mentioned items taken into consideration for purposes of the determination of the conversion ratio.

### *Market performance of the UniCredit ordinary and savings shares*

The graph below shows the market performance of the share prices of each share class in the last 12 months starting from 21 September 2017.

**Graph – Market performance of prices of ordinary and savings shares**



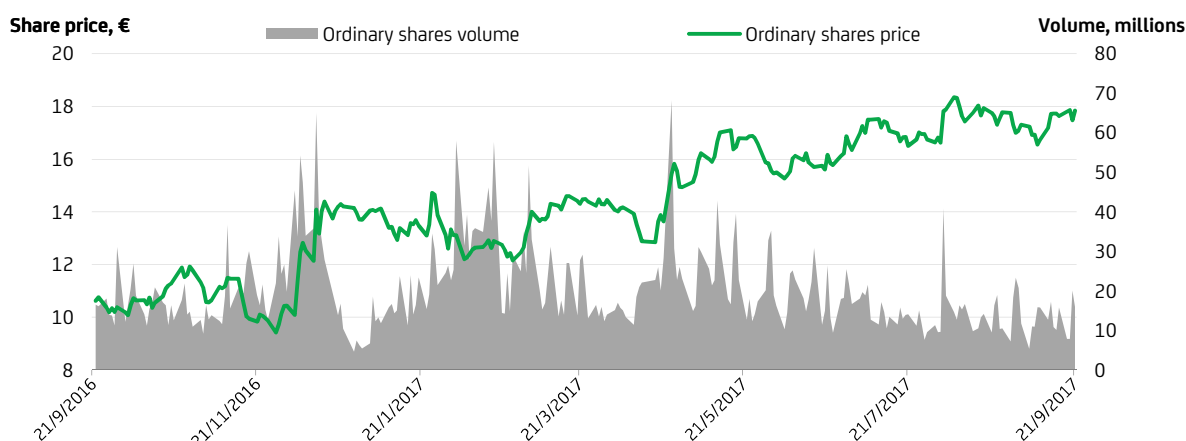
The table below shows the performance of the market prices of the shares of each class with reference to 21 September 2017 and certain historical averages:

**Table - Share price performance: last closing share price vs historical averages**

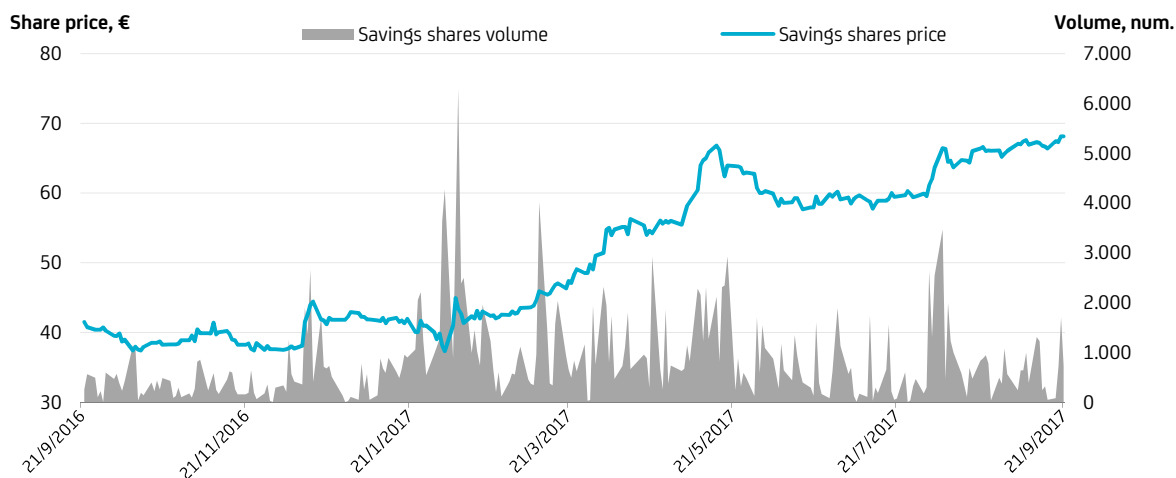
	Ordinary shares price, €	Delta spot price vs average, %	Savings shares price, €	Delta spot price vs average, %
<b>September 21, 2017</b>	<b>17.85</b>	<b>-</b>	<b>68.12</b>	<b>-</b>
Average last 3M	17.25	3.5%	63.04	8.1%
Average last 6M	16.30	9.4%	60.49	12.6%
Average last 9M	15.36	16.2%	54.55	24.9%
Average last 12M	14.30	24.8%	50.65	34.5%

The graphs below show the historical information on trading volumes and market prices for each category of shares:

**Graph - Ordinary shares: trading volumes and share prices**



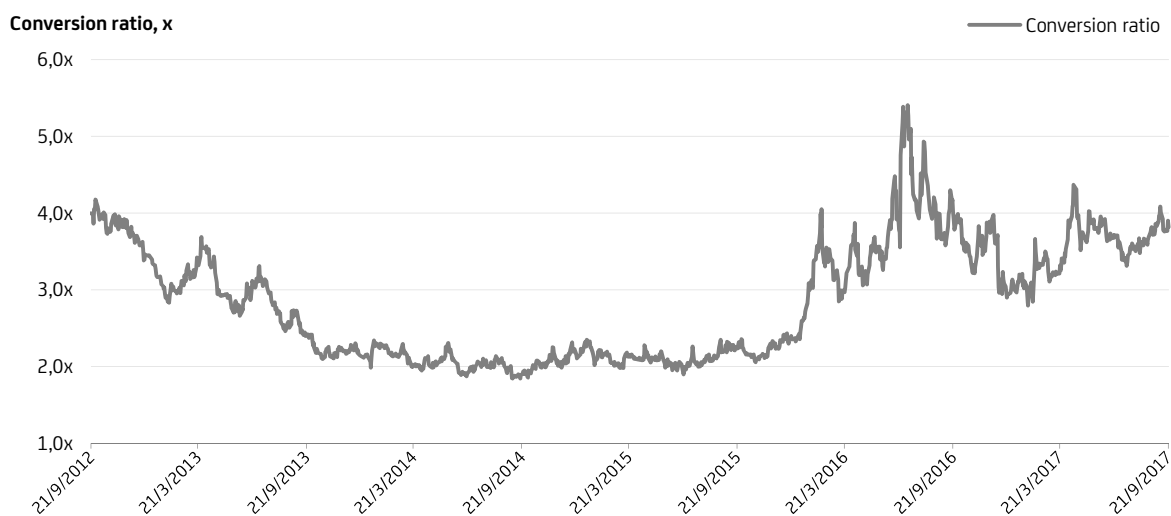
**Graph - Saving Shares: trading volumes and share prices**



Conversion Ratio proposed in the context of the Mandatory Conversion

The chart below shows the performance of the conversion ratio in the market prices of savings and ordinary shares of the Company over a 5 year period from 21 September 2012 to 21 September 2017.

**Graph - conversion ratios (Saving Share Price / Ordinary Share Price, x)**



The table below shows the performance of the conversion ratios relating to the market share prices of ordinary and savings shares with reference to 21 September 2017 and certain historical averages:

**Table -conversion ratios (Saving Share Price / Ordinary Share Price)**

	Ordinary shares price, €	Savings shares price, €	Conversion ratio, x
	(a)	(b)	(c) = (b) / (a)
<b>September 21, 2017</b>	<b>17.85</b>	<b>68.12</b>	<b>3.82x</b>
Average last 3M	17.25	63.04	3.66x
Average last 6M	16.30	60.49	3.71x
Average last 9M	15.36	54.55	3.55x
Average last 1Y	14.30	50.65	3.54x
Average last 2Y	16.25	52.57	3.24x
Average last 3Y	20.70	55.77	2.69x
Average last 4Y	22.88	57.27	2.50x
Average last 5Y	22.25	58.22	2.62x

### Conclusions

Based on the analysis above, the Board of Directors considers the proposed Conversion Ratio, also based on the support from an independent advisor, to be in the interest of the shareholders and of the Company.

### **10. Procedures for the exercise of the Mandatory Conversion**

The Mandatory Conversion will be carried out through Monte Titoli S.p.A., which will give instructions to the intermediaries adhering to the centralised management system, with which savings shares are deposited. All the necessary transactions for the completion of the Mandatory Conversion shall be carried out by the aforementioned intermediaries and by Monte Titoli S.p.A..

The Mandatory Conversion transactions shall be free of charges for the shareholders.

The intermediaries, keeping the accounts in name of each holder of savings shares, will assign to each holder the number of ordinary shares resulting from the conversion ratio.

For the purposes of managing the fractions of ordinary shares resulting from the conversion ratio of the Mandatory Conversion, the Company will appoint and ad-hoc, authorized intermediary.

The effective date of the Mandatory Conversion shall be agreed with Borsa Italiana S.p.A. and made publicly available on the website of the Company ([www.unicreditgroup.eu](http://www.unicreditgroup.eu)) and in at least one national daily newspaper, in accordance with Section 72, paragraph 5, of the Issuers Regulation. With same notice, the Company will provide details on the modalities of assignment of the ordinary shares and on the management of the fractions resulting from the conversion ratio of the Mandatory Conversion. On the same date, the savings shares shall be revoked from listing on the *Mercato Telematico Azionario*, organised and managed by Borsa Italiana S.p.A., and the ordinary shares resulting from the Mandatory Conversion will be listed on the *Mercato Telematico Azionario*, organised and managed by Borsa Italiana S.p.A..

The cash adjustment component will be paid on the relevant shareholder's account used by the same to receive payments of dividends or the possible different account communicated by the same to the reference intermediary.

### 11. Conditions to the Mandatory Conversion

The Mandatory Conversion, if approved by the Extraordinary Shareholders' Meeting convened on 4 December 2017, on a single call, as the third item on the Agenda of that Meeting, will be effective on condition that the Mandatory Conversion proposal is also approved by the Special savings shareholders' Meeting of the Company convened on a single call on 4 December 2017.

The Mandatory Conversion is also subordinate to the prior approval of the relevant Articles of Association amendments by *Banca di Italia*, in accordance with the applicable provisions of law.

The European Central Bank's preemptive authorization is also necessary to proceed with the reduction of the CET1 as a consequence of the exercise of the right of withdrawal by the holders of savings shares and the purchase of own shares by the Company at the end of the liquidation procedure, pursuant to EU Regulation no. 575/2013 (CRR).

### 12. Number of savings shares to be converted

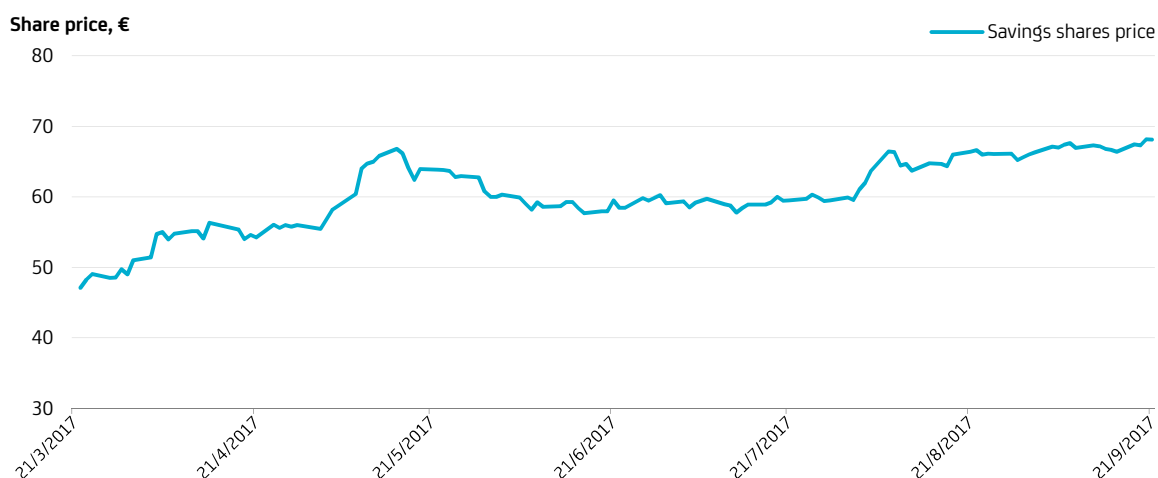
All savings shares (equal to no. 252,489) shall be converted into ordinary shares with the same features as the outstanding ordinary shares on the effective date of the Mandatory Conversion.

On the basis of the Conversion Ratio described above, the total number of ordinary shares to service the Mandatory Conversion will be equal to 964,507.

### 13. Performance of the prices of savings shares in the past semester

The chart below shows savings shares prices in the period between 21 March and 21 September 2017 (i.e. the date of announcement of the proposal for the Mandatory Conversion to be submitted to the Extraordinary Shareholders' Meeting and to the Special savings shareholders' Meeting).

**Graph – Saving share price over the last six months**



#### **14. Incentives for the Mandatory Conversion**

The Company's Board of Directors resolved to propose a conversion of the Company's savings shares into ordinary shares on the basis of a Conversion Ratio represented, for each savings share, by a component of 3.82 UniCredit ordinary shares and by a cash adjustment equal to Euro 27.25 per savings share.

The Conversion Ratio component represented by ordinary shares was determined on the basis of the ratio at par between the official market prices of ordinary and savings shares on 21 September 2017 (the announcement date of the proposal).

In addition, the Board of Directors intends to propose a cash adjustment that could be considered an appropriate incentive for savings shareholders to approve the Mandatory Conversion.

On the basis of the Conversion Ratio, the Mandatory Conversion is featured by an implied premium of 40% in relation to the market price of savings shares as of 21 September 2017. Please see also paragraphs 8 and 9 above on the determination criteria applied with respect to the conversion ratio and implied premium.

In any case, please note that possible different market conditions existing as the time of the execution of the conversion might also have an impact on, or exclude the existence of, a premium implied in the conversion ratio.

#### **15. Effects of the Mandatory Conversion on stock option plans relating to savings shares**

As of the date of this report, there are no stock option plans with underlying savings shares. Therefore, this section does not apply.

#### **16. Breakdown of the Company's capital before and after the Mandatory Conversion**

As at the date of this report, the UniCredit share capital is equal to Euro 20,880,549,801.81, divided into no. 2,225,945,295 shares with no par value, including no. 2,225,692,806 ordinary shares, equal to 99.99% of the entire share capital and no. 252,489 savings shares, equal to 0.01% of the entire share capital.

Following the Mandatory Conversion, the Company share capital shall be divided into no. 2,226,657,313 ordinary shares with no par value, assuming that own shares are not used to carry out the Mandatory Conversion.

#### **17. Significant changes in the ownership structure following the Mandatory Conversion**

Considering the limited amount of savings shares issued by the Bank and currently existing and the small percentage of the share capital they represent, the Mandatory Conversion will not determine any significant change in the ownership structure of the Company.

In case of effectiveness of the Mandatory Conversion, the ordinary share capital representing the existing company share capital will be diluted by almost nothing.



## 18. Main uses to which the Company intends to put the net proceeds of the Mandatory Conversion

The Mandatory Conversion does not envisage the payment of any conversion adjustment in favour of the Company. Therefore, there will be no proceeds in favour of the Company following the Mandatory Conversion.

## 19. Right of Withdrawal

Since the resolution approving the conversion of savings shares into ordinary shares implies an amendment to the Company's Articles of Association regarding voting and participation rights, the savings shareholders who do not take part in the approval of the related resolution of the Special savings shareholders' Meeting will be entitled to exercise the right of withdrawal pursuant to Article 2437, paragraph 1, (g), of the Italian Civil Code, as detailed below.

Pursuant to Sec. 127-*bis*, par. 2, of the TUF, shareholders who have been registered as holders of the shares following the record date pursuant to Sec. 83-*sexies*, par. 2, of the TUF (*i.e.*, 23 November 2017) but before the opening of the Meeting, will be considered as not having taken part to the adoption of the resolution for the purposes of exercising the right of withdrawal.

### 19.1 Liquidation value

The liquidation value of each savings share has been calculated in accordance with Article 2437-*ter* of the Italian Civil Code and set by the Board of Directors at Euro 61.10 (which is the arithmetic average of closing prices of the savings shares on the market in the six months before the date of publication of the call notice of the Extraordinary Meeting (26 September 2017)). The Company's Articles of Association do not derogate from the above-mentioned legal criteria.

### 19.2 Modalities for exercising the right of withdrawal

The terms and procedures for the exercise of the right of withdrawal and the liquidation procedure for the shares for which the right of withdrawal has been exercised are hereby synthetically illustrated.

**A)** In accordance with Article 2437-*bis* of the Italian Civil Code, those who are entitled to the right of withdrawal may exercise such right, for all or part of the savings shares held, by means of a registered letter (the "**Withdrawal Statement**") that shall be sent to the registered office of the Company within 15 calendar days from the date of registration in the Companies Register. Such registration shall be communicated to the public by means of a notice on at least one national daily newspaper and on the website of the Company at [www.unicreditgroup.eu](http://www.unicreditgroup.eu).

The Withdrawal Statement, in accordance with the modalities provided by the law, must be sent to the registered office of the Company by registered letter.

The Withdrawal Statement must contain the following information:

- the identification details, the tax identification number, the domicile address (and, where possible, a telephone number and email address) of the withdrawing shareholder for the communication concerning the right of withdrawal;
- the number of savings shares for which the right of withdrawal is being exercised;
- the details of the current account (including IBAN details) of the withdrawing shareholder to which the liquidation value of the shares shall be credited;

- the indication of the intermediary with which the account, where the shares for which the right of withdrawal is exercised are registered, is opened, together with the details of the aforesaid account;
- the declaration that such shares are free of pledges or other constraints in favour of third parties.

**B)** Save the provisions in item A) above, it should be reminded that, according to Section 23 of the Regulations of Banca d'Italia-Consob of 22 February 2008 as subsequently amended (the “ **Banca d'Italia-Consob Regulation**”), the entitlement to exercise the right of withdrawal pursuant to Article 2437 of the Italian Civil Code is certified by a communication by the intermediary to the issuer. The savings shareholders who intend to exercise the right of withdrawal shall therefore require the intermediary, authorised to keep the accounts according to the law, to send the aforesaid communication to the Company, pursuant to Section 21 of the Banca d'Italia-Consob Regulation.

Such correspondence shall certify the following:

- the continuous ownership, of the withdrawing shareholder, of UniCredit savings shares in relation to which the withdrawal right is exercised, from the date of the Meeting whose resolution entitles the exercise of the right of withdrawal until to the date upon which such right is exercised, taking into account the requirements set forth by Section 127-*bis*, paragraph 2, of the TUF;
- the absence of pledges or other liens on UniCredit savings shares in relation to which the withdrawal right is being exercised; otherwise, the withdrawing shareholder shall send to the Company, as a condition for the admissibility of the Withdrawal Statement, a specific declaration by the secured creditor or by such other person who has other liens on the shares, with which such person gives its irrevocable consent to carry out the liquidation of the shares in relation to which the right of the withdrawal is exercised, in accordance with the instructions given by the withdrawing shareholder.

**C)** As provided for in Article 2437-*bis* of the Italian Civil Code and applicable regulations, the shares in relation to which the communication has been made under Section 23 of the Banca d'Italia-Consob Regulation (and therefore the savings shares for which the withdrawal right is exercised by the entitled person) are made unavailable by the intermediary, and therefore may not be subject to acts of disposal, until the time of their liquidation.

**D)** If one or more shareholders exercise the withdrawal right, the liquidation procedure will be carried out in accordance with the provisions of Article 2437-*quater* of the Italian Civil Code, as explained below.

Article 2437-*quater* of the Italian Civil Code provides that:

- i. the directors of the Company offer for pre-emption (*diritto di opzione*) the shares of the withdrawing shareholders to the other shareholders; such pre-emption right may be exercised within a period of at least 30-days from filing of the pre-emption offer with the competent Companies Register; those shareholders who exercise the pre-emption right have a pre-emptive right (*diritto di prelazione*) to purchase the shares for which no pre-emption right has been exercised, provided that they make a concurrent request; in the event that any of the shares for which the withdrawal right has been exercised have not been acquired by the Company's shareholders, such shares can be offered by the directors of the Company on the market;
- ii. in the event any of the shares for which the right of withdrawal has been exercised are not being purchased, the Company shall purchase such shares using available reserve even in derogation of the quantitative limits set forth under paragraph 3 of Article 2357 of the Italian Civil Code.

Information on the terms and conditions for the exercise of the right of withdrawal that cannot be defined before the date of the Meeting, including the date of effective registration of the resolution at the

Companies' Register, will be disclosed by the Company – together with the details on the terms and conditions for exercising the right - in accordance with the rules laid down by the current regulations, with the related notices published on the Company's website [www.unicreditgroup.eu](http://www.unicreditgroup.eu) as well as on at least one national newspaper.

Also the terms and conditions of the liquidation procedure (including the number of savings shares in relation to which the right of withdrawal was exercised, the offer with pre-emption and priority rights and the offer on the market) will be disclosed in accordance with the terms and modalities set forth in the current regulations, with the related notices published on the Company's website [www.unicreditgroup.eu](http://www.unicreditgroup.eu) as well as on at least one national newspaper.

## **20. Authorization for the sale of own ordinary shares**

As a consequence of the exercise of the rights of withdrawal, at the end of the liquidation process pursuant to Art. 2437-*quater* of the Italian Civil Code the Company may be required to purchase shares from the withdrawing shareholders at the liquidation value.

The reason for requesting an authorization to sell the shares so purchased lies in the opportunity to liquidate an investment which would be otherwise fully deducted from CET1. Therefore the disposal of own shares would minimize the negative impact on CET1 of the exercise of the rights of withdrawal.

The maximum amount of shares which are the subject matter of this authorization are the number of ordinary shares with no par value which will be purchased by the Company in connection with the withdrawn shares remaining at the end of the pre-emption/priority offer and the offer on the market pursuant to Art. 2437-*quater* of the Italian Civil Code.

The authorization is requested without time limits.

The price for the sale of such own shares cannot be lower than the market share price at the moment of the execution of each transaction with a discount up to 10%. Such reduction limit has been set up taking into account the average discount applied to similar shares sale transactions such as accelerated bookbuilding offering.

With reference to the applicable procedures, such sale may be carried out in one or more tranche, with any modalities allowed by the applicable law, including on or off the market, spot and/or forward.

## **21. Amendments to the Articles of Association**

In light of the above, it is necessary to amend Clauses 5 and 32 and to remove Clause 7 of the Company's Articles of Association, in order to reflect the Mandatory Conversion. After the removal of Clause 7, in order to keep unchanged the numeration of the following Clauses of the Articles of Association, we also propose to renumber as new Clause 7 the first three paragraphs of the current Clause 8 of the Company's Articles of Association and as new Clause 8 the fourth paragraph of the same current Clause 8. The table below shows the proposed amendments to the Articles of Association connected to the Mandatory Conversion, assuming that the proposal resolution under previous item 2 on the Agenda is approved.

CURRENT WORDING	PROPOSED AMENDMENTS
<p style="text-align: center;"><b>SECTION III</b> <b>Regarding share capital and shares</b></p> <p style="text-align: center;"><u>Clause 5</u></p> <p>1. The Bank's share capital, fully subscribed and paid-up, amounts to Euro 20,880,549,801.81 and is divided into 2,225,945,295 shares without nominal value, in turn made up of 2,225,692,806 ordinary shares and 252,489 savings shares.</p> <p>2. Ordinary shares are registered shares.</p> <p>3. No one entitled to vote may vote, for any reason whatsoever, for a number of Bank shares exceeding five per cent of share capital bearing voting rights, to this end, the global stake held by the controlling party, (be it a private individual, legal entity or company), all direct and indirect subsidiaries and affiliates has been taken into consideration; those shareholdings included in the portfolios of mutual funds managed by subsidiaries or affiliates have not, on the other hand, been taken into consideration. Control, including with regard to parties other than companies, emerges in the situations provided for by Article 2359, first and second paragraph, of the Italian Civil Code. Control whereby significant influence is exercised is regarded to be present in the situations provided for by Clause 23, second paragraph, of Legislative Decree no. 385 dated September 1, 1993 (Consolidation Act for Laws Relating to Banking and Lending Activities). An affiliation emerges in the situations referred to in Article 2359, third paragraph, of the Italian Civil Code, for the purposes of computing the stake held, those shares held through custodian companies and/or intermediaries and/or those shares whose voting rights are assigned for any purpose or reason to a party other than their owner, are also taken into consideration. In the event of the above provisions being breached, any shareholders resolution carried may be impugned pursuant to the provisions of Article 2377 of the Italian Civil Code, where the majority required would not have been reached without this breach. Those shares whose voting rights may not be exercised are in any event computed in order for the Meeting to be properly formed.</p> <p>4. Share capital may be increased by way of a shareholders' resolution, also according to Article 2441, fourth paragraph, second period, of the Italian Civil Code, through the issuance of shares bearing various rights, in conformity to legal requirements. Specifically, the Meeting may resolve upon the issuance of savings shares bearing the features and rights provided for by prevailing laws and by these Articles of Association.</p> <p>5. Resolutions carried for the issuance of new savings and/or ordinary shares at the time of a capital increase or the conversion of shares of another class that have already been issued, do not require the approval of a Special Meeting of Savings Shareholders.</p> <p>6. The Extraordinary Meeting of Shareholders may resolve upon the allocation of earnings to the employees of the Bank or subsidiaries, in conformity to prevailing laws.</p>	<p style="text-align: center;"><b>SECTION III</b> <b>Regarding share capital and shares</b></p> <p style="text-align: center;"><u>Clause 5</u></p> <p>1. The Bank's share capital, fully subscribed and paid-up, amounts to Euro 20,880,549,801.81 and is divided into <del>2,225,945,295</del> <b>X.XXX.XXX.XXX ordinary</b> shares without nominal value, <del>in turn made up of 2,225,692,806 ordinary shares and 252,489 savings shares.</del></p> <p>2. <b>Ordinary S</b> shares are registered shares.</p> <p><del>3. No one entitled to vote may vote, for any reason whatsoever, for a number of Bank shares exceeding five per cent of share capital bearing voting rights, to this end, the global stake held by the controlling party, (be it a private individual, legal entity or company), all direct and indirect subsidiaries and affiliates has been taken into consideration; those shareholdings included in the portfolios of mutual funds managed by subsidiaries or affiliates have not, on the other hand, been taken into consideration. Control, including with regard to parties other than companies, emerges in the situations provided for by Article 2359, first and second paragraph, of the Italian Civil Code. Control whereby significant influence is exercised is regarded to be present in the situations provided for by Clause 23, second paragraph, of Legislative Decree no. 385 dated September 1, 1993 (Consolidation Act for Laws Relating to Banking and Lending Activities). An affiliation emerges in the situations referred to in Article 2359, third paragraph, of the Italian Civil Code, for the purposes of computing the stake held, those shares held through custodian companies and/or intermediaries and/or those shares whose voting rights are assigned for any purpose or reason to a party other than their owner, are also taken into consideration. In the event of the above provisions being breached, any shareholders resolution carried may be impugned pursuant to the provisions of Article 2377 of the Italian Civil Code, where the majority required would not have been reached without this breach. Those shares whose voting rights may not be exercised are in any event computed in order for the Meeting to be properly formed.</del></p> <p>43. Share capital may be increased by way of a shareholders' resolution, also according to Article 2441, fourth paragraph, second period, of the Italian Civil Code, through the issuance of shares bearing various rights, in conformity to legal requirements. <b>Specifically, the Meeting may resolve upon the issuance of savings shares bearing the features and rights provided for by prevailing laws and by these Articles of Association.</b></p> <p><del>54. Resolutions carried for the issuance of new savings and/or ordinary shares at the time of a capital increase or the conversion of shares of another class that have already been issued, do not require the approval of a Special Meeting of Savings Shareholders.</del></p> <p><del>65</del>4. The Extraordinary Meeting of Shareholders may resolve upon the allocation of earnings to the employees of the Bank or subsidiaries, in conformity to prevailing laws.</p>

<p style="text-align: center;"><u>Clause 7</u></p> <p>1. Savings shares do not bear any voting rights. Any reduction of share capital due to losses does not have any effect on savings shares, other than for the portion of any loss that eventually exceed the overall amount of the capital represented by other shares; in the event of the Bank being wound up, savings shares enjoy the right of pre-emption in respect of the redemption of capital, up to Euro 63 per share. In case of capital transactions which modify the ratio between the amount of share capital and the number of shares outstanding, the above fixed numerical reference could be amended consequently. In the event of reserves being distributed, savings shares bear the same rights as other shares.</p> <p>2. A resolution of the Special Meeting of Shareholders may vest the holders of savings shares with the ability to convert said shares into ordinary shares in accordance with the procedures and by the deadlines determined.</p> <p>3. Whenever the Bank's ordinary shares or savings shares are barred from trading, the holder of savings shares may ask for its shares to be converted into ordinary shares, in accordance with the procedures resolved upon by the Shareholders' Meeting, convened as and when the need arises within two months from shares being barred from trading.</p> <p>4. Savings shares, when fully paid-up, are bearer shares, unless provided for otherwise by law. At the request and expense of the Shareholder, they may be transformed into registered savings shares and vice versa.</p> <p>5. Pursuant to the current law provisions a Common Representative of the saving shares bearers is appointed. The Common Representative shall remain in office for a period of no more than three financial years and may be re-elected. The Common Representative is entitled to join and take the floor in the Shareholders' Meetings.</p> <p>6. In order to ensure that adequate information on transactions that may influence the price of the saving shares are received by the Common Representative, the latter shall be duly informed in this regard in compliance with the time limits and procedures for disclosing information to the market.</p>	<p style="text-align: center;"><u>Clause 7</u></p> <p><del>1. Savings shares do not bear any voting rights. Any reduction of share capital due to losses does not have any effect on savings shares, other than for the portion of any loss that eventually exceed the overall amount of the capital represented by other shares; in the event of the Bank being wound up, savings shares enjoy the right of pre-emption in respect of the redemption of capital, up to Euro 63 per share. In case of capital transactions which modify the ratio between the amount of share capital and the number of shares outstanding, the above fixed numerical reference could be amended consequently. In the event of reserves being distributed, savings shares bear the same rights as other shares.</del></p> <p><del>2. A resolution of the Special Meeting of Shareholders may vest the holders of savings shares with the ability to convert said shares into ordinary shares in accordance with the procedures and by the deadlines determined.</del></p> <p><del>3. Whenever the Bank's ordinary shares or savings shares are barred from trading, the holder of savings shares may ask for its shares to be converted into ordinary shares, in accordance with the procedures resolved upon by the Shareholders' Meeting, convened as and when the need arises within two months from shares being barred from trading.</del></p> <p><del>4. Savings shares, when fully paid-up, are bearer shares, unless provided for otherwise by law. At the request and expense of the Shareholder, they may be transformed into registered savings shares and vice versa.</del></p> <p><del>5. Pursuant to the current law provisions a Common Representative of the saving shares bearers is appointed. The Common Representative shall remain in office for a period of no more than three financial years and may be re-elected. The Common Representative is entitled to join and take the floor in the Shareholders' Meetings.</del></p> <p><del>6. In order to ensure that adequate information on transactions that may influence the price of the saving shares are received by the Common Representative, the latter shall be duly informed in this regard in compliance with the time limits and procedures for disclosing information to the market.</del></p>
<p style="text-align: center;"><b>SECTION IV</b> <b>Regarding Meetings of Shareholders</b></p> <p style="text-align: center;"><u>Clause 8</u></p> <p>1. A General Meeting of Shareholders is convened at least one a year within 180 days of the end of the financial year, in order to resolve upon the issues that the prevailing laws and the Articles of Association make it responsible for.</p> <p>2. In particular, the Meeting of Shareholders, besides establishing the remuneration of members of the bodies it has appointed, approves: (i) the remuneration and incentive policies for the members of the supervisory, management and control bodies as well as for the rest of employees; (ii) equity-based compensation schemes; (iii) the criteria to determine the compensation to be granted in the event of early termination of employment or early retirement from office including the limits set for said compensation in terms of number of years of fixed remuneration as well as the maximum amount deriving from their application. An</p>	<p style="text-align: center;"><b>SECTION IV</b> <b>Regarding Meetings of Shareholders</b></p> <p style="text-align: center;"><u>Clause <del>8</del> 7</u></p> <p>1. UNCHANGED</p> <p>2. UNCHANGED</p>

<p>adequate information shall be provided to the Shareholders about the enforcement of the remuneration policies.</p> <p>3. Furthermore, the Ordinary Shareholders' Meeting can exercise, on the occasion of the remuneration policies' approval, the faculty to determine a ratio of variable to fixed remuneration of employees higher than 1:1, but in any case not exceeding the ratio of 2:1 being understood that the proposal shall be recognized as validly approved:</p> <ul style="list-style-type: none"> <li>- with favorable vote of at least 2/3 of the company share capital represented in the Shareholders' Meeting, in case the Meeting itself is constituted with at least a half of the company share capital;</li> <li>- with favorable vote of at least 3/4 of the company share capital represented in the Shareholders' Meeting, whatever is the company share capital constituting the Meeting.</li> </ul> <p>4. A Special Meeting of Shareholders is convened whenever it is necessary to resolve upon any of the matters that are exclusively attributed to it by the prevailing laws.</p>	<p>3. UNCHANGED</p> <p style="text-align: center;"><b>Clause 8</b></p> <p><del>4.1.</del> A Special Meeting of Shareholders is convened whenever it is necessary to resolve upon any of the matters that are exclusively attributed to it by the prevailing laws.</p>
<p style="text-align: center;"><b>SECTION IX</b> <b>Regarding the accounts, dividend and reserve fund</b></p> <p style="text-align: center;"><u>Clause 32</u></p> <p>1. The net profit reported in the accounts is allocated as follows:</p> <ul style="list-style-type: none"> <li>a) no less than 10% to the reserve; when the reserve is at the maximum level foreseen by legal provisions, said profit is allocated with priority to the savings shares, at the level set out in point b) below;</li> <li>b) the savings shares are allocated up to five per cent of Euro 63 per share; when, in any given operating year, the savings shares are allocated a dividend of less than five per cent of Euro 63 per share, the difference is added to the preferential dividend for the next two years; any earnings that remain after allocating the above dividend to the savings shares are distributed among all shares, in such a way that the savings shares are assigned a higher global dividend that due to ordinary shares, at a level equal to three per cent of Euro 63 per share;</li> <li>c) whilst the above provisions regarding the higher overall dividend due to savings shares shall continue to be observed, the ordinary shares are allocated up to five per cent of Euro 63 per share. In case of capital transactions which modify the ratio between the amount of share capital and the number of shares outstanding, the fixed numerical reference referred to in points b) and c) of this paragraph 1, could be amended consequently;</li> <li>d) any earnings that remain, and in respect of whose distribution the Meeting of Shareholders carries a resolution, are distributed among shares in addition to the allocations referred to in points b) and c) above;</li> <li>e) the Meeting of Shareholders resolves upon the distribution of any undistributed earnings, further to a proposal from the Board of Directors.</li> </ul> <p>2. The Meeting of Shareholders, further to a proposal from the Board of Directors, may assign to the ordinary and savings shareholders the right to require that the dividends referred to in points b), c) and d) above are settled, in whole</p>	<p style="text-align: center;"><b>SECTION IX</b> <b>Regarding the accounts, dividend and reserve fund</b></p> <p style="text-align: center;"><u>Clause 32</u></p> <p>1. The net profit reported in the accounts is allocated as follows:</p> <ul style="list-style-type: none"> <li>a) no less than 10% to the reserve<del>;</del>, <b>when until</b> the reserve is at the maximum level foreseen by legal provisions<del>;</del>, <b>said profit is allocated with priority to the savings shares, at the level set out in point b) below;</b></li> <li><del>b) the savings shares are allocated up to five per cent of Euro 63 per share; when, in any given operating year, the savings shares are allocated a dividend of less than five per cent of Euro 63 per share, the difference is added to the preferential dividend for the next two years; any earnings that remain after allocating the above dividend to the savings shares are distributed among all shares, in such a way that the savings shares are assigned a higher global dividend that due to ordinary shares, at a level equal to three per cent of Euro 63 per share;</del></li> <li><del>c) whilst the above provisions regarding the higher overall dividend due to savings shares shall continue to be observed, the ordinary shares are allocated up to five per cent of Euro 63 per share. In case of capital transactions which modify the ratio between the amount of share capital and the number of shares outstanding, the fixed numerical reference referred to in points b) and c) of this paragraph 1, could be amended consequently;</del></li> <li><del>d) any earnings that remain, and in respect of whose distribution the Meeting of Shareholders carries a resolution, are distributed among shares in addition to the allocations referred to in points b) and c) above;</del> <b>d)b) for</b> any earnings that remain, and in respect of whose distribution the Meeting of Shareholders carries a resolution <b>further to a proposal from the Board of Directors, to ordinary shares as dividend, are distributed among shares in addition to the allocations referred to in points b) and c) above;</b></li> <li><del>e) the Meeting of Shareholders resolves upon the distribution of any undistributed earnings, further to a proposal from the Board of Directors.</del> <b>e)c) the Meeting of Shareholders resolves upon the distribution of any undistributed earnings, further to a proposal from the Board of Directors.</b></li> </ul> <p>2. The Meeting of Shareholders, further to a proposal from the Board of Directors, may assign to the <b>ordinary and savings</b> shareholders the right to require that the dividends <del>referred to in points b), c) and d) above</del> are settled, in</p>

or in part, in cash or by delivery of ordinary and/or savings shares, having the same entitlements of the shares outstanding at their time of assignment.

In case of assignment of such right, the Meeting of Shareholders, further to a proposal from the Board of the Directors, shall determine the criteria for the calculation and assignment of the shares, establishing the form of settlement of the dividend payment in case of non-exercise of such right by the shareholders.

Provided that the privilege on the dividend pertaining to the saving shares in accordance with the preceding letter b) will be paid in cash, except that the shareholder elects otherwise.

3. The Meeting of Shareholders, further to a proposal from the Board of Directors, may also resolve upon the formation and increase of reserves of an extraordinary and special nature, which are to be sourced from net profit before or after the allocations referred to in points b) and c), d) and e) above.

4. The Meeting of Shareholders, further to a proposal from the Board of Directors, may allocate a portion of the annual net profit to projects of a social, welfare and/or cultural nature, with any such donations to be made as per the judgment of the Board of Directors.

5. The Bank may resolve upon the distribution of advance dividend payments in those situations, by those procedures and within those limits permitted by prevailing laws.

whole or in part, in cash or by delivery of ordinary ~~and/or savings~~ shares, having the same entitlements of the shares outstanding at their time of assignment.

In case of assignment of such right, the Meeting of Shareholders, further to a proposal from the Board of the Directors, shall determine the criteria for the calculation and assignment of the shares, establishing the form of settlement of the dividend payment in case of non-exercise of such right by the shareholders.

~~Provided that the privilege on the dividend pertaining to the saving shares in accordance with the preceding letter b) will be paid in cash, except that the shareholder elects otherwise.~~

3. The Meeting of Shareholders, further to a proposal from the Board of Directors, may also resolve upon the formation and increase of reserves of an extraordinary and special nature, which are to be sourced from net profit before or after the allocations referred to in points **b) and c), d) and e)** above.

4. The Meeting of Shareholders, further to a proposal from the Board of Directors, may allocate a portion of the annual net profit to projects of a social, welfare and/or cultural nature, with any such donations to be made as per the judgment of the Board of Directors.

5. The Bank may resolve upon the distribution of advance dividend payments in those situations, by those procedures and within those limits permitted by prevailing laws.

## Disclosure of information

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## Resolution proposal

Now, therefore, the Board of Directors submits for your approval the following proposal:

*"The Extraordinary Shareholders' Meeting of UniCredit S.p.A.*

*□ having examined the explanatory report of the Board of Directors drafted pursuant to Sec. 72 and in accordance with Annex 3A of the CONSOB Regulation no. 11971 of 14 May 1999, and the relevant proposal,*

### **Resolves**

**(1)** *subject to the approval of the competent Special savings shareholders' Meeting pursuant to Sec. 146, paragraph 1, lett. b) of the Legislative Decree no. 58 of 24 February 1998, to approve and proceed to the mandatory conversion of the outstanding savings shares into ordinary shares of the Company with regular economic rights and having the same features of the ordinary shares outstanding at the date of the transaction, at a conversion ratio, for each savings share, equal to no. 3.82 ordinary shares, assigning newly issued ordinary shares and/or own shares held by the Company itself and a cash payment in the amount of Euro 27.25, this latter to be allocated to the available reserve "Share*

premium Reserve” (“Sovrapprezzi di emissione”) as resulting from the financial situation as of 30 June 2017 of UniCredit S.p.A. included in the half-year financial statement approved by the Board of Directors on 2 August 2017;

- (2) to authorize the Board of Directors to sell its own shares that may be bought as a consequence of the exercise of the rights of withdrawal, at the end of the liquidation process pursuant to Art. 2437-quater of the Italian Civil Code, with no time limit, for a consideration which shall not be lower than the market price of the shares at the time of the execution of each disposal with a discount up to 10%, specifying that the disposal can be carried out on the market or off the market, spot and/or forward;
- (3) to amend, in the event of effective purchases and if the resolution for conversion provided for in point 1 above is executed, and assuming that the resolution proposal under previous item 2 on the Agenda is approved, the current Clauses 5 and 32 of the Company’s Articles of Association, to eliminate Clause 7 of the Company’s Articles of Association, and to renumber as new Clause 7 the first three paragraphs of current Clause 8 of the Company’s Articles of Association and as new Clause 8 the fourth paragraph of the said current Clause 8 as follows:

“Clause 5

1. The Bank’s share capital, fully subscribed and paid-up, amounts to Euro 20,880,549,801.81 and is divided into x.xxx.xxx.xxx ordinary shares without nominal value.
2. Shares are registered shares.
3. Share capital may be increased by way of a shareholders’ resolution, also according to Article 2441, fourth paragraph, second period, of the Italian Civil Code, through the issuance of shares bearing various rights, in conformity to legal requirements.
4. The Special Meeting of Shareholders may resolve upon the allocation of earnings to the employees of the Bank or subsidiaries, in conformity to prevailing laws.”

“Clause 7

1. A General Meeting of Shareholders is convened at least one a year within 180 days of the end of the financial year, in order to resolve upon the issues that the prevailing laws and the Articles of Association make it responsible for.
2. In particular, the Meeting of Shareholders, besides establishing the remuneration of members of the bodies it has appointed, approves: (i) the remuneration and incentive policies for the members of the supervisory, management and control bodies as well as for the rest of employees; (ii) equity-based compensation schemes; (iii) the criteria to determine the compensation to be granted in the event of early termination of employment or early retirement from office including the limits set for said compensation in terms of number of years of fixed remuneration as well as the maximum amount deriving from their application. An adequate information shall be provided to the Shareholders about the enforcement of the remuneration policies.
3. Furthermore, the Ordinary Shareholders’ Meeting can exercise, on the occasion of the remuneration policies’ approval, the faculty to determine a ratio of variable to fixed remuneration of employees higher than 1:1, but in any case not exceeding the ratio of 2:1 being understood that the proposal shall be recognized as validly approved:
  - with favorable vote of at least 2/3 of the company share capital represented in the Shareholders’ Meeting, in case the Meeting itself is constituted with at least a half of the company share capital;
  - with favorable vote of at least 3/4 of the company share capital represented in the Shareholders’ Meeting, whatever is the company share capital constituting the Meeting.”

“Clause 8

1. A Special Meeting of Shareholders is convened whenever it is necessary to resolve upon any of the matters that are exclusively attributed to it by the prevailing laws.”

“Clause 32

1. The net profit reported in the accounts is allocated as follows:



a) no less than 10% to the reserve, until the reserve is at the maximum level foreseen by legal provisions;

b) for any earnings that remain, and in respect of whose distribution the Meeting of Shareholders carries a resolution further to a proposal from the Board of Directors, to ordinary shares as dividend;

c) the Meeting of Shareholders resolves upon the distribution of any undistributed earnings, further to a proposal from the Board of Directors.

2. The Meeting of Shareholders, further to a proposal from the Board of Directors, may assign to the shareholders the right to require that the dividends are settled, in whole or in part, in cash or by delivery of ordinary shares, having the same entitlements of the shares outstanding at their time of assignment.

In case of assignment of such right, the Meeting of Shareholders, further to a proposal from the Board of the Directors, shall determine the criteria for the calculation and assignment of the shares, establishing the form of settlement of the dividend payment in case of non-exercise of such right by the shareholders.

3. The Meeting of Shareholders, further to a proposal from the Board of Directors, may also resolve upon the formation and increase of reserves of an extraordinary and special nature, which are to be sourced from net profit before or after the allocations referred to in points b) and c) above.

4. The Meeting of Shareholders, further to a proposal from the Board of Directors, may allocate a portion of the annual net profit to projects of a social, welfare and/or cultural nature, with any such donations to be made as per the judgment of the Board of Directors.

5. The Bank may resolve upon the distribution of advance dividend payments in those situations, by those procedures and within those limits permitted by prevailing laws.”

- (4) to grant powers and mandate to the Chairman of the Board of Directors and to the Chief Executive Officer, also severally, to the extent permitted by the law, with power to sub delegate to the Personnel of the Company, to carry out actions deemed necessary or appropriate to fully implement the above resolutions, including without limitation, (i) to define any additional term and condition of the Mandatory Conversion, including, inter alia, the date on which such conversion will be effective upon agreement with Borsa Italiana S.p.A.; (ii) to define the terms and modalities of the procedure relating to the exercise of the rights of withdrawal to which savings shareholders are entitled pursuant to Art. 2437, par. 1, lett. g. of the Italian Civil Code; (iii) to carry out the liquidation process of the savings shares which are the subject matter of the withdrawal process, also purchasing if necessary such shares using the available reserves; (iv) to carry out the sale of all or part of the so purchased own shares; (v) to include in the Company Articles of Association the exact number of ordinary shares at the end of the Mandatory Conversion and (iv) to carry out any other formality to obtain the necessary authorizations for the above resolutions and, generally, any other authorization to fully implement the resolutions, together with any necessary power thereof, with no exclusion and exemption, including the power to make any amendment and addition to the resolutions (not changing substantially the content of the same resolutions) which are deemed to be necessary and/or appropriate for the filing with the Companies' Register or for the implementation of the laws and regulations or which should be requested by any relevant Supervisory Authorities as well as to proceed with the deposit and the registration with the Companies' Register of the approved amendments of the Articles of Association.”

## EXTRAORDINARY PART

### Item 4 on the Agenda

#### Board of Directors' Report

#### Transfer of the registered office from Rome to Milan. Amendment of article 2 of the Company's Articles of Association. Pertinent and consequent resolutions

Dear Shareholders,

You have been invited to attend the Extraordinary Shareholders' Meeting of UniCredit S.p.A. (the "**Company**" or "**UniCredit**" or the "**Bank**"), to approve the proposed transfer of the Company's registered office from Rome to Milan (the "**Resolution**"). We also propose that you approve the consequent amendments to the Company's Articles of Association.

This report is designed to illustrate the reasons for this resolution proposals relating to the items on the Agenda, in accordance with Sec. 125-*ter* of the Italian Legislative Decree no. 58/1998 as amended and supplemented ("**TUF**") and in compliance with the provisions of Sec. 72 and Annex 3A of the Issuers' Regulation – CONSOB resolution no. 11971 of 14 May 1999 as amended and supplemented (the "**Issuers Regulation**" or the "**Regulation**").

#### 1. Reasons underlying the proposal

In the context of the merger by incorporation of Capitalia S.p.A. into UniCredit S.p.A., the registered office of the Company was transferred to Rome, maintaining the Head Office in Milan.

As at today's date, the progressive centralization of the decision-making to Milan, the program of reducing operating points and the dismissal / release of non-strategic properties, make it less appropriate to keep the Company's registered office in a place other than the Head Office.

Moving the Company's registered office to Milan also aims at improving the process of delivering documents being served on the Company, given that those documents would arrive directly in the same place where most of the offices of final destination are located.

Consequently, the transfer of the registered office of the Company to Milan pursues the goal of enhancing operational efficiency and rationalising costs.

#### 2. Right of withdrawal

The described proposal to amend Clause 2 of the Company's Articles of Association does not grant any right of withdrawal to the shareholders who do not vote in favour of this proposal, because the conditions for withdrawal pursuant to Articles 2437 and subsequent of the Italian Civil Code do not apply.

\* \* \*

It should be pointed out that the described amendment to the Articles of Association is subject to the authorizations of the Supervisory Authority.

\* \* \*

### 3. Amendments to the Company's Articles of Association

In the light of the above, Clause 2 of the Company's Articles of Association will be amended as follows:

SECTION I	SECTION I
<b>Establishment, registered office and duration of the Bank</b>	<b>Establishment, registered office and duration of the Bank</b>
<u>Clause 2</u>	<u>Clause 2</u>
1. The registered office of the Bank is located in Rome while its Head Office is located in Milan. It may establish and close down, both in Italy and abroad, secondary offices, branches, however named, and representative offices.	1. The registered office <b>and the Head Office</b> of the Bank <b>is are</b> located in <del>Rome while its Head Office is located in</del> Milan. It may establish and close down, both in Italy and abroad, secondary offices, branches, however named, and representative offices.

#### Disclosure of information

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#### Resolution proposal

Now, therefore, the Board of Directors submits for your approval the following proposal:

*"The Extraordinary Shareholders' Meeting of UniCredit S.p.A.:*

*- having examined the explanatory report of the Board of Directors drafted pursuant to Sec. 72 and in accordance with Annex 3A of the CONSOB Regulation no. 11971 of 14 May 1999, and the relevant proposal,*

#### **resolves**

- (1)** *to approve the proposal of the Board of Directors aimed at transferring the Company's registered office from Rome to Milan;*
- (2)** *to amend Clause 2 of the Company's Articles of Association as follows:*

#### "Clause 2

*1. The registered office and the Head Office of the Bank are located in Milan. It may establish and close down, both in Italy and abroad, secondary offices, branches, however named, and representative offices."*

**(3)** *to give the Chairman of the Board of Directors and the Chief Executive Officer, also severally, with the power to sub delegate the Personnel of the Company any power deemed appropriate in order to:*

*i) provide for implementing the above resolutions under terms of law;*

*ii) to accept or adopt all amendments or additions (not changing substantially the content of the resolutions) and which should be necessary for registration at the Register of Companies, for any requests of the relevant Supervisory Authorities or for any supervening laws and regulations;*

*iii) proceed with the deposit and registration, under terms of law, with explicit and advanced approval and ratification of the adopted resolutions and of the text of the Articles of Association updated as aforementioned”.*