

REPORT OF THE SAVINGS SHAREHOLDERS COMMON REPRESENTATIVE

regarding the Special Meeting of 4th December, 2017 concerning the proposal of conversion of the savings shares into ordinary shares.

Dear Savings shareholders,

with notice of call dated 26th September 2017 the Board of Directors has convened the Extraordinary Shareholders' Meeting, in single call, on 4th December 2017 at 10:00 a.m., to discuss and decide, inter alia, on the 3rd item on the Agenda:

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.”*

At the same time, the Board of Directors of the Company has convened on the same day (4th December 2017) in Milan - at Pavilion, Piazza Gae Aulenti, 10 - in single call **at 4 p.m. (or, if subsequent, at the end of the Ordinary and Extraordinary Shareholders’ Meeting convened on the same place and day)** the Special Meeting of Savings Shareholders to discuss and decide on the same item of the Agenda submitted to the Extraordinary Shareholders’ Meeting, and specifically, on the following item:

1) *“Mandatory conversion of the savings shares into ordinary shares. Amendment to clauses 5, 7 and 32 of the Company’s Articles of Association. Pertinent and consequent resolutions.”*

The Common Representative, having been informed of such notice, has deemed convenient to draw up the present notice, by outlighting the aspects that could be of major interest for the category of Savings shareholders by reserving his right of any initiative and further action, also subsequent and/or during the Meeting.

The proposal submitted to the Special Meeting is of fundamental importance for Savings Shareholders called upon to decide on the mandatory conversion, which if approved, will determine the elimination of the savings shares and their conversion into ordinary shares which will be granted to the savings shareholders on the basis of a conversion ratio together with an additional cash adjustment.

On the basis of the Directors Reports drawn up by the Board of Directors (hereinafter “**Directors’ Reports**”, or with reference to the sole Report concerning the related Special Meeting, “**Director Report**”), the proposal of the mandatory conversion aims at (i) streamlining and simplifying the capital structure of UniCredit and (ii) simplifying the Company’s corporate governance, aligning the rights of all shareholders. The Directors Reports underline that 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 cash adjustment, as an incentive of the proposed conversion (discussed further below), and from a significant increase of the liquidity of the ordinary shares which they will receive - in case of the approval of the proposal – *in lieu* of the savings shares.

The proposal at issue will be realized provided that: (i) it may be approved by the Extraordinary Meeting convened on 4th December, 2017; (ii) it may be approved by the Special Meeting of Savings Shareholders convened on 4th December, 2017, subsequently to the end of the Extraordinary

Meeting; (iii) the Bank of Italy approves of the relevant Articles of Association amendments related to the mandatory conversion proposal, in accordance with the applicable provisions of law; (iv) the European Central Bank preemptively authorizes 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).

As far as concern the mandatory conversion by the Special Meeting of Savings Shareholders, it should be noted that - pursuant to Sec. 146, paragraph 1, let. b), of the Legislative Decree n. 58 of 24 February 1998 ("TUF") for its approval **it is required the favorable vote of a number of shares equal at least to 20% of such category of shares.**

The proposal of the Company provides for a conversion ratio made up partly of **no. 3.82 UniCredit ordinary shares** for each savings share 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 ordinary and savings shares market prices with reference to some historical averages prior to the date of 21st September 2017 (date of the proposal announcement 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 21st September 2017.

More specifically, at the closing of the market of 21st September 2017, the ordinary share price was 68.05 Euro, while the savings share price was 17.82 Euro. As a consequence, the offered cash adjustment for each savings share is equal, taking into account the closing price, to 40,04% (premium percentage: 27.25 Euro x 100/ 68.05 Euro), while the overall amount of the conversion of savings shares offer as of 21st September 2017 amounts to (68.05 + 27.25 Euro) = **95.30 Euro**¹.

As of the date of the Directors' Reports, the UniCredit share capital is equal to 20,880,549,801.81 Euro, 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.

In case the mandatory conversion is approved, 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). It is indeed expected that 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.

Taking into account that the shares have no par value, the conversion – if approved – will not increase the share capital of UniCredit, which will, therefore, remain unchanged.

As far as concerned the criticalities of the action submitted to the Shareholders' Meetings, the Directors note that:

(a) on the effective date of the mandatory conversion, the owners of savings shares will lose the

¹ As the offer at issue provides for the granting of no. 3.82 of UniCredit ordinary shares for each savings share, in case it would be calculated the market value of what is granted to the savings shares, we should take into account that the ordinary share is subject to the market performance, and therefore, it may increase or decrease. As a consequence, the overall offer of the proposal of mandatory conversion is subject to changes linked to the ordinary shares performance, with the result that as of the date of the Special Meeting, and – in case of the approval of the proposal – at the moment of the assignment of the ordinary shares, the overall offer may be different from the one at the moment of the announcement of the operation (September 21, 2017).

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).

With regard to the procedures for the exercise of the mandatory conversion, if approved, it will be carried out through Monte Titoli S.p.A., which will give instructions to the intermediaries adhering to the centralized 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 available to the public on the website of the Company (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.

Lastly, 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 Meeting of the Savings shareholders will be entitled to exercise the right of withdrawal pursuant to Article 2437, paragraph 1, (g), of the Italian Civil Code, as detailed below.

In the event the mandatory conversion is effective, the liquidation value which will be paid for each savings share object to withdrawal is **61.10 Euro** for each share, calculated in accordance with Article 2437-ter of the Italian Civil Code by making exclusively reference to 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 Meeting whose resolutions legitimate the withdrawal.

As regards the terms and procedures for the exercise of the right of withdrawal refer to the Director Reports. Nevertheless, it should be noted that in the event the mandatory conversion becomes effective, **the exercise of the withdrawal right does not appear to be favorable compared to the allocation as provided for the conversion ratio.** In this sense, also for the shareholders who do not intend to become ordinary shareholders it should be more advantageous to sell the ordinary shares received. For this purpose, in fact, while the liquidation value in case of withdrawal will be 61.10 Euro, the sum which will be paid on the basis of the Conversion Ratio, is far beyond greater (as of September 21 was 95.30 Euro). **It is expected, therefore, in light of the difference between the two values, that also in event of negative performance of the ordinary shares, in case of mandatory conversion, it will be not economically advantageous the exercise of the withdrawal right.**

As the resolution scheme proposed, it is worth referring to what illustrated by the Board of Directors, assuming particular relevance the circumstance that the mandatory conversion proposal shall be approved by the Extraordinary Shareholders' Meeting convened on 4th December 2017 and on condition that the mandatory conversion proposal is also approved by the Special Savings Shareholders' Meeting of the Company.

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As specified, the Conversion Ratio, for each savings share, has been determined by the Board of Directors in **3.82 UniCredit ordinary shares** and in a **cash adjustment of 27.25 Euro**.

Given that the Conversion Ratio appears to have a central role in the economical evaluation of the operation as proposed by the Company's Board of Directors, the Common Representative of Savings Shareholders has appointed an advisor charged with drawing up an opinion concerning the adequacy of the conversion ratio and of the incentive of the conversion. Being understood that the final evaluation of the proposal – with regard to the economic convenience – falls under the competence of the Special savings shareholders' Meeting, the opinion of the advisor (which is made available to the shareholders), confirmed the adequacy of the proposal also in respect of previous similar operations carried out by other companies.

For further details on the above, refer to the above mentioned opinion, and with reference to the evaluation of the conversion ratio, the Savings shareholder called to vote in the next Meeting should consider, the expected dividend, and especially, the circumstance that the mandatory conversion is not approved, to the savings shares next year will be distributed, eventually, a "cumulated dividend"(taking into account that, with reference to the financial years 2015 and 2016, was not distributed any dividend)

of 9.45 Euro for each share.²

In this context, considering that the value of the savings and ordinary shares as of the date of the conversion proposal (September 21st, 2017) and calculating the incentive of the conversion, (as of the same date), with reference to the price of the savings shares and the nominal value with regard of which the privilege has been calculated (63,00 Euro) and, taking into account the expected dividend, we would have the following values:

PREMIUM ON SAVINGS SHARES	= € 95.30 – €68.05 = €27.25
PREMIUM	= €27.27 = 40.04%
SAVINGS SHARE PRICE BEFORE THE ANNOUNCEMENT	€68.05
PREMIUM	= €27.25 = 43.25%
NUMERICAL VALUE FOR THE PRIVILEGE CALCULATION	€63.00

the following table shows the “*net*” conversion incentive, namely that after deducting the expected dividends for a period of three years:

PREMIUM REDUCING THE EXPECTED DIVIDENDS	= €27.25 - €9.45 = €17.80
PREMIUM REDUCING THE EXPECTED DIVIDEND	= €17.80 = 26.16%
SAVINGS SHARE PRICE BEFORE THE ANNOUNCEMENT	€68.05
PREMIUM REDUCING THE EXPECTED DIVIDEND	= €17.80 = 28.25%
NUMERICAL VALUE FOR THE PRIVILEGE CALCULATION	€63.00

As a further element, the following table summarizes the historical Conversion Ratio of the savings and ordinary shares of some listed companies, based on public data, which, due to limited time, we could not verify with the relevant companies, confirm that, as anticipated, the economic conditions of the Conversion Ratio proposed by the Board of Directors result in line with similar previous operations.

COMPANY	ANNOUNCEMENT DATE	TYPE OF CONVERSION	CONVERSION	CASH ADJUSTMENT	PREMIUM CONVERSION
01. TELECOM	05.11.2015	VOLUNTARY MANDATORY	1 : 1 0.87 ORD x 1 sav	CASH €0.095 NO	12.20% 5.80%
02. UNIPOL SAI ASSICURAZIONI	01.12.2014	MANDATORY	100 ORD x 1 sav	NO	25.31%
03. RCS	28.03.2014	VOLUNTARY MANDATORY VOLUNTARY MANDATORY	CAT. A: 1 : 1 CAT. A: 0.77 ord x 1 sav CAT. B: 1 : 1 CAT. B: 0.51 ord x 1 sav	€0.26 NO €0.68 NO	12.70% 2.40% 20.20% 2.10%
04. ITALCEMENTI	07.03.2014	MANDATORY	0.65 ord x sav	NO	19.00%
05. EXOR	11.02.2013	MANDATORY	1 : 1	NO	10.18%
06. FIAT INDUSTRIAL	27.10.2011	MANDATORY	0.725 ord x sav	NO	34%
07. FIAT	27.10.2011	MANDATORY	0.875 ord x sav	NO	19%
AVERAGE					14.81%

² This represents a possibility until the definitive financial statements of year 2017, even though extremely likely given the preliminary results of the Company, which as of the date of this report, in occasion of the third quarter 2017 Group results has reached €838 M - €3.0 BN in the first nine months - adjusted net profit (note they are UniCredit S.p.A. results, but consolidated Group results).

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Notwithstanding the sole competence of the Special Meeting of Savings shareholders to determine the opportunity to approve the proposed mandatory conversion and the adequacy of the proposal, in the opinion of the Common Representative of Savings shareholders, the analysis demonstrate that the premium offered to the Savings shareholders results appropriate compared with similar previous operations.

Lastly, the savings shareholders attention is drawn to the fact that in case the conversions becomes effective, the exercise of the withdrawal does not appear to be convenient. In this respect, while the liquidation value in case of withdrawal will be 61.10 Euro, the sum which will be paid on the basis of the Conversion Ratio, is far beyond greater. As a consequence, for the savings shareholders who did not take part in the approval of the related mandatory conversion resolution and do not wish to become owner of ordinary shares, most probably, it will be economically more advantageous the disposal of the ordinary shares received on the basis of the operation, instead of the the exercise of the withdrawal right.

Kind regards,

Milan, November 9th, 2017

Common Representative of Savings Shareholders

(Mr. Nicola Borgonovo)