

One Bank, One UniCredit.

2. Delegation for capital increase to support the 2019 Group Incentive System Directors' Report

2019

Ordinary and Extraordinary Shareholders' Meeting

Delegation for capital increase to support the 2019 Group Incentive System

2. Delegation to the Board of Directors to carry out a free capital increase for a maximum amount of Euro 131,453,966 in order to execute the 2019 Group Incentive System and consequent amendments to the Articles of Association.

Dear Shareholders,

we have called you in the Shareholders' Meeting in extraordinary session to submit for your approval the following proposals to delegate authority to the Board of Directors, pursuant to section 2443 of the Civil Code, to increase the share capital under section 2349 of the Civil Code (granting of free ordinary shares to employees of UniCredit Group).

It has been submitted to the approval of today's Ordinary meeting the 2019 System based on financial instruments, in order to align shareholders' and management interests, reward long term value creation, share price appreciation and motivate and retain key Group resources.

The 2019 System aims to incentive in a multi-year period the following Group employees: UniCredit Chief Executive Officer (CEO), UniCredit General Manager (GM), Senior Executive Vice Presidents (SEVP), Executive Vice Presidents (EVP), Senior Vice Presidents (SVP), Board members of relevant and identified Group Legal Entities, employees of the Group with total remuneration greater than Euro 500,000 in 2018, employees included within 0.3% of staff with the highest remuneration at Group level, employees whose remuneration is within the remuneration bracket of senior management or other risk takers at Group level, and other selected roles of the Group (including new hires). The total estimated number of beneficiaries is ca. 1,100 based on population identified in the last years.

Individual bonuses will be allocated to the Beneficiaries of 2019 System based on available bonus pool, individual performance evaluation, bonus reference for specific roles/markets and bonus cap as defined by the Ordinary Shareholder's meeting.

Overall incentive payout shall be done over a multi-year period in a balanced structure of "upfront" (following the moment of performance evaluation) and deferred payments, in cash and in shares¹, subject to continuous employment at each date of payment, as shown by the following table:

¹ The table shows the share payments distribution after the shares retention periods (a retention period on upfront and deferred shares of one year)

	2020	2021	2022	2023	2024	2025
Senior Management (EVP and above) with variable remuneration > €430k ²	20% cash	20% shares	12% cash	12% shares	12% cash	12% cash + 12% shares
Senior Management (EVP and above) with variable remuneration ≤ €430k ²	25% cash	25% shares	10% cash	10% shares	10% shares	10% cash + 10% shares
Other identified staff (SVP and other roles) with variable remuneration > €430k	20% cash	5% cash + 20% shares	5% cash + 15% shares	20% cash + 15% shares		
Other identified staff (SVP and other roles) with variable remuneration ≤ €430k	30% cash	30% shares	10% cash	20% cash + 10% shares		

The number of shares to be allocated in the respective installments shall be defined in 2020, on the basis of the arithmetic mean of the official market price of UniCredit ordinary shares during the month preceding the Board resolution that evaluates 2019 performance achievements (the maximum number of shares to service the 2019 System is estimated at 16,000,000).

Considering the number of beneficiaries and the total number of financial instruments to be allocated, the optimal method identified to service the 2019 System is the deliberation – on one or more occasions – by the Board of Directors upon power of attorney delegated by this shareholders' meeting under section 2443 of the Civil Code, of a free capital increase, as allowed by section 2349 of the Civil Code, within five years of the date of the shareholders' resolution, for a maximum amount of Euro 131,453,966 corresponding to up to 14,000,000 UniCredit ordinary shares, to be granted to the aforementioned employees of the Holding Company and of Group banks and companies.

Being understood that, under the provision of section 2443 of the Italian Civil Code, the power of attorney to the Board of Directors for capital increase cannot have a duration higher than five years from the date of the registration of relevant shareholders' resolution, in order to complete the execution of 2019 System – having a 6-year duration – it will be submitted to one of the future Shareholders' meetings approval the proposed assignment of a further power of attorney to the Board of Directors for capital increase to service the aforementioned 2019 System through the allocation of a maximum overall number of 2,000,000, corresponding to a capital increase of a maximum Euro 18,779,138.

It is highlighted that a maximum number of UniCredit ordinary shares of the 2019 System equal to 3,200,000 will be destined to so called "bonus buy-out" to be paid to possible new hires who are entitled to receive previous Incentive Plans assigned by previous Employer. The payout scheme offered in such cases will mirror the one as defined by the previous Employer and in any case in compliance with actual regulations. The free capital increase that will be carried out for the 2019 System could be also used for other variable remuneration (e.g. sign-on / welcome bonus, special awards, retention bonus) and for severance payments to Group employees, for whom the regulatory foresee deferred payments in financial instruments.

The capital increases would be carried out using the special reserve known as "Provisions Linked to the Medium Term Incentive System for Group Employees" set up for this purpose which, if case, may be restored or increased via allocation of profits or a portion of available statutory reserves, formed from

² Including other identified staff assimilated to Senior Management according with applicable regulations

the distribution of company profits that shall be identified by the Board of Directors at the moment of share issuance.

In case it would not be possible to proceed with the issuance (full or partial) of the UniCredit ordinary shares to service the 2019 System (including the case in which the amount of the "Provisions Linked to the Medium Term Incentive System for Group Personnel" would not be sufficient), an equivalent amount in cash will be allocated to the beneficiaries, determined on the basis of the market value of UniCredit shares, considering the arithmetic mean of the official market price of ordinary shares during the month preceding each Board resolution executing the payment of each shares installment after the end of the mandatory retention period.

Should the aforementioned delegation of power of attorney be exercised to its maximum amount, the newly issued shares would represent an overall 0.64% of existing share capital (0.72% considering the maximum number of shares equal to 16,000,000 which includes also the 2,000,000 shares for the allocation of the last installments in shares in 2025).

Under the provisions of section 2349 of the Italian Civil Code, the consequent amendments to the Articles of Association are submitted to the Shareholders' meeting for approval, inserting a new last paragraph in clause 6 with the following text:

"The Board of Directors has the power, under the provisions of section 2443 of the Italian Civil Code, to resolve, on one or more occasions for a maximum period of five years starting from the shareholders' resolution dated April 11th, 2019, to carry out a free capital increase, as allowed by section 2349 of the Italian Civil Code, for a maximum amount of Euro 131,453,966 corresponding to up to 14,000,000 ordinary shares, to be granted to employees of UniCredit and of Group banks and companies who hold positions of particular importance for the purposes of achieving the Group's overall objectives in execution of 2019 Group Incentive System";

The amendments submitted to the approval of the today UniCredit Shareholders' Meeting – which do not trigger the right of withdrawal of the ordinary and savings shareholders pursuant to art. 2437 of the Civil Code - are subject to the authorization of the Supervisory Authorities' pursuant to Sec. 56 of the Legislative Decree 385/93.

Dear Shareholders,

in relation to the above, considering as approved by today's ordinary shareholders' meeting the adoption of the 2019 Group Incentive System, you are invited to approve the following resolution:

"Having heard the directors' report, the extraordinary shareholders' meeting of UniCredit S.p.A,

RESOLVES

- to grant the Board of Directors, under the provisions of section 2443 of the Italian Civil Code, the authority to resolve - on one or more occasions for a maximum period of five years from the date of shareholders' resolution - to carry out a free capital increase, as allowed by section 2349 of the Italian Civil Code, for a maximum amount of Euro 131,453,966 corresponding to up to 14,000,000 ordinary shares, to be granted to employees of UniCredit S.p.A. and of Group banks and companies, who hold positions of particular importance for the purposes of achieving the

Group's overall objectives in execution of the 2019 System approved by today's Ordinary Meeting. Such an increase in capital shall be carried out using the special reserve known as "Provisions Linked to the Medium Term Incentive System for Group Employees" set up for this purpose which, if needed, may be restored or increased via allocation of a portion of profits or available statutory reserves, formed from the distribution of company profits that shall be identified by the Board of Directors at the moment of share issuance;

- further to the resolution passed in the previous point, to insert a new last paragraph in clause 6 of the Articles of Association with the following text:

"The Board of Directors has the power, under the provisions of section 2443 of the Italian Civil Code, to resolve, on one or more occasions for a maximum period of five years starting from the shareholders' resolution dated April 11th, 2019, to carry out a free capital increase, as allowed by section 2349 of the Italian Civil Code, for a maximum amount of Euro 131,453,966 corresponding to up to 14,000,000 ordinary shares, to be granted to employees of UniCredit and of Group banks and companies who hold positions of particular importance for the purposes of achieving the Group's overall objectives in execution of 2019 Group Incentive System";

- to delegate to the Board of Directors all the necessary powers for issuing the new shares as well as consequently amend the Articles of Association;
- to give to the Chairman, to the Chief Executive Officer and to the Head of Group Human Capital, also separately and with the power to further delegate the Executive Staff of the Company, every opportune powers of attorney to:
 - (i) provide for implementing the above resolutions under terms of law;
 - (ii) accept or adopt all amendments and additions (not changing substantially the content of the resolutions) which should be necessary for registration at the Register of Companies;
 - (iii) proceed with the deposit and registration, under terms of law, with explicit and advanced approval and ratification, of the adopted resolution and of the text of the Article of Association updated as aforementioned."