

# One Bank, One UniCredit.

## 9. Authorisation to purchase and dispose of treasury shares. Consequent and inherent resolutions

Director's Report

2019

Ordinary and Extraordinary Shareholders' Meeting

# Authorisation to purchase and dispose of treasury shares. Consequent and inherent resolutions

Messrs Shareholders,

the Board of Directors has called you to an ordinary shareholders' meeting to resolve, among others, on a proposal to authorise (i) the purchase of a maximum of 20,000,000 ordinary shares of UniCredit S.p.A. ("**UniCredit**" or the "**Company**") (equal to 0.90% of the share capital of UniCredit at the drafting date of this report) to be carried out, in one or more transactions, within 18 (eighteen) months from the date of approval by the Shareholder's Meeting and (ii) disposal, in one or more transactions, of the shares thus purchased, respectively pursuant to Article 2357 of the Italian Civil Code and Article 132 of Legislative Decree 58/1998 ("**Italian Consolidated Financial Act**"), and the relative implementing regulations, and Article 2357-ter of the Italian Civil Code.

We submit to your attention this report, prepared in compliance with and according to the structure of Appendix 3A, table n. 4, of CONSOB Regulation 11971 of 14 May 1999, as subsequently amended (the "**Issuers' Regulation**").

## **1 Reasons for the proposed authorisation for purchase and disposal**

The request for authorisation to purchase of issued ordinary shares of the Company is aimed at granting the Board of Directors of UniCredit with the power to initiate – if so decided by the Board of Directors of UniCredit taking into account the markets trends and the strategy that the Company intends to pursue – the procedure aimed at obtaining the delisting of the UniCredit shares from the trading on the Warsaw Stock Exchange (the "**WSE**").

As communicated to the market on 21 September 2017, following the disposal of the controlling interest held by UniCredit in Bank Pekao S.A. completed in June 2017, UniCredit initiated the discussions with the Polish Financial Supervision Authority (the "**PFSA**", *Komisja Nadzoru Finansowego*) in order to finalise the analysis on the delisting procedure from the WSE, considering that Polish regulations do not thoroughly regulate delisting of foreign issuers with multiple listings and that few delisting procedures regarding foreign issuers listed on more than one regulated market (including on the WSE) have been carried out in Poland.

Following the aforementioned discussions, the PFSA has confirmed that, in order to obtain the delisting from the WSE, UniCredit is required to launch a tender offer covering all the UniCredit's shares acquired on the WSE and registered with the Polish National Depository of Securities (the "**NDS**", *Krajowy Depozyt Papierów Wartościowych S.A.*) in accordance with applicable Polish law provisions (the "**Polish Tender Offer**"), it being understood that, according to Polish regulations, the Polish Tender Offer does not require a minimum number of UniCredit shares to be purchased in the Polish Tender Offer and that

UniCredit will be authorized to apply to the PFSA requesting the consent for the delisting following the Polish Tender Offer regardless of the number of the acceptances received.

The authorisation to purchase of issued ordinary shares of the Company is therefore requested for the abovementioned purposes. Instead, the request for authorisation to dispose the UniCredit's shares eventually acquired under the Polish Tender Offer – if effectively launched by the Board of Directors of UniCredit – is aimed at granting the Board of Directors of UniCredit with the regular and ordinary power to dispose the UniCredit's shares so acquired (if any) in line with the strategy that the Company intends to pursue or in any case with the needs that may arise in the future (including by way of sales on the Mercato Telematico Azionario and/or the Frankfurt Stock Exchange).

Without prejudice to the above, any purchase and/or disposal made under this request for authorisation will be made in compliance with applicable laws and regulations and with the indications given by the relevant Supervisory Authorities.

## **2 Maximum number, category and nominal value of the shares covered by the authorisation**

At the drafting date of this report, the share capital of UniCredit is made up of Euro 20,940,398,466.81 and is comprised of 2,230,176,665 ordinary shares without nominal value and, at the same date, approximately no. 13,5 million ordinary shares are registered with the NDS, equal to approximately 0.61% of the share capital of UniCredit.

In compliance with the purposes described under Paragraph 1 above and taking into account the number of UniCredit's ordinary shares registered with the NDS at the drafting date of this report, the authorisation is requested for the purchase, in one or more transactions, of issued ordinary shares of UniCredit, up to a maximum amount which, taking into account the ordinary shares of UniCredit held from time to time in the portfolio of the Company, may not exceed a total of 20,000,000 ordinary shares of UniCredit (equal to 0.90% the share capital of UniCredit at the date of this report).

It is also requested the power to carry out subsequent disposals of the shares from time to time purchased and held in the portfolio, including before the maximum quantity of purchasable shares is reached, and if necessary to buy back the same shares such that the number of treasury shares held by the Company, does not exceed the limit established by the shareholders' meeting.

Pursuant to Article 2357, paragraph 1, of the Italian Civil Code the purchase transactions will be carried out within the limits of duly confirmed profits available for distribution and available reserves reported in the latest duly approved financial statements, provided any purchase shall be carried out within the limits and in accordance with the authorisations issued by the European Central Bank.

### **3 Useful information for assessing compliance with Article 2357, paragraph 3 of the Italian Civil Code**

At the date of this report, UniCredit holds 4,760 treasury shares in the portfolio, equal to 0.00021% of the share capital of UniCredit at the same date whose book value is already deducted from the net equity and regulatory capital of the Company. At the date of December 31, 2018, moreover, the subsidiaries of UniCredit hold 1,004,787 shares in the Company.

Moreover, the purchase subject to your authorisation complies with the limit set out in Article 2357, paragraph 3, of the Italian Civil Code since it concerns a number of shares that may not exceed the limits set out in the said article.

### **4 Term of authorisation**

The authorisation to purchase, which may be carried out in one or more transactions, is requested for a period of 18 (eighteen) months from the date of approval of the Shareholders' Meeting and the possible purchase transactions – if authorised by you – may be carried out only after the issuance of the required authorisation from the European Central Bank.

It is worth noting that at the date of this report, no formal decision on the launch of the Polish Tender Offer has been taken by the Board of Directors of UniCredit. The launch of the Polish Tender Offer, if any, could be approved by the Board of Directors of UniCredit only after your approval – if granted – of the request for authorisation to purchase and dispose contemplated by this explanatory report and the receipt of any such required authorisation by any relevant Supervisory Authority.

Disposal of the shares thus purchased may be carried out, in one or more transactions, with no time limits.

### **5 Minimum and maximum price**

The share purchases described in this report must be carried out at a price no lower than the implied nominal value of the ordinary shares of UniCredit and no higher than 5% more than the closing price on the WSE at the day prior the announcement of the Polish Tender Offer.

In this respect, it is worth noting that according to the Polish regulations, the minimum share price to be offered in the Polish Tender Offer must not be lower than the highest of the below values/prices:

- the weighted average market price of the UniCredit's ordinary shares on the main market where the same are listed for six (6) months prior to announcing the Polish Tender Offer;
- the weighted average market price of the UniCredit's ordinary shares on a regulated market for three (3) months prior to announcing the Polish Tender Offer; and
- the highest price (actually) paid (and/or the highest value of things and/or rights (actually) exchanged) by UniCredit (and/or its related entities and/or parties acting in concert) for any

UniCredit's ordinary share (being the subject to the Polish Tender Offer) within twelve (12) months prior to announcing the Polish Tender Offer.

Without prejudice to the above, the Company will operate, in any case, in compliance with further operational limits required by applicable laws and regulations and by the indications given by the competent Supervisory Authorities (if any).

The sales or disposals of treasury shares of the Company will be carried out at the conditions from time to time selected by the Board of Director (including by way of sales on the Mercato Telematico Azionario and/or the Frankfurt Stock Exchange, provided that in case of sales or disposals on a regulated market the sale price of shares shall be determined based on market trends and, in any case, such sale price may not diverge downward by more than 10% from the closing price on the Mercato Telematico Azionario or the Frankfurt Stock Exchange, as the case may be, at the day prior the execution of each individual transaction), without prejudice to any conditions and limits set out by applicable laws and regulations.

## **6 Procedures for the purchase and disposal of issued ordinary shares of the Company**

As provided in Article 144-*bis*, paragraph 1, letter a) of the Issuers' Regulation, purchase transactions subject to your authorisation shall be carried out (in one or more transactions) via tender or exchange offer, in compliance with applicable Polish laws and regulations.

Additional details on the Polish Tender Offer will be communicated to market, in case the Board of Directors of UniCredit will effectively decide to launch the Polish Tender Offer.

Disposal transactions may be also carried out, in one or more transactions, before the maximum quantity of purchasable shares is reached. Disposals may be carried out according to the procedures that are most advantageous to the Company and, in any case, in compliance with applicable laws and regulations.

The Company will communicate the purchase and/or disposal transactions of treasury shares (if any), in accordance with applicable laws and regulations.

## **7 Reduction of share capital**

The Board of Directors specifies that the purchase of issued ordinary shares of the Company subject to this authorisation request is not instrumental in reducing the share capital, and therefore the shares purchased will not be cancelled.

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Based on the above, the Board of Directors asks you to adopt the following:

*“Having acknowledged the proposal made by the Board of Directors, the shareholders’ meeting, having evaluated the Explanatory Report of the Board of Directors drafted pursuant to Article 125-ter of Legislative Decree 58 dated 24 February 1998 (the **“Italian Consolidated Financial Act”**) and Article 73 of the Regulation adopted by CONSOB with Resolution No. 11971 dated 14 May 1999 CONSOB (the **“Issuers’ Regulation”**) and in compliance with and according to the structure of Appendix 3A, table n. 4, of the Issuers’ Regulation and the proposal contained therein;*

*hereby resolves*

*1. to authorise the Board of Directors, pursuant to Articles 2357 et seq. of the Italian Civil Code and Article 132 of the TUF, to carry out the purchases of issued ordinary shares of the Company, subject to authorisation of the European Central Bank, for the purposes illustrated in the abovementioned explanatory report of the Board of the Directors and, in particular, in order to initiate – if so decided by the Board of Directors of UniCredit at a later stage – the procedure aimed at obtaining the delisting of the UniCredit shares from the trading on the Warsaw Stock Exchange (**“WSE”**); the authorisation is granted for a number of shares that ensures that the total number of ordinary shares of UniCredit held from time to time in the portfolio by the Company may not exceed no. 20,000,000, provided that the purchases may be carried out, in one or more transactions, within 18 (eighteen) months from the date of this resolution of the Shareholder’s Meeting and in accordance with the procedures specified thereafter:*

*(i) purchases must be carried out at a price no lower than the implied nominal value of the ordinary shares of UniCredit and no higher than 5% more than the closing price on the WSE at the day prior the announcement of the tender offer aimed at obtaining the delisting of the UniCredit’s shares from the WSE;*

*(ii) purchase transactions shall be carried out in accordance with Article 132 of the TUF, Article 144-bis, paragraph 1, letter a) of the Issuers’ Regulation, in accordance with Polish laws and regulations regulating the tender offer aimed at obtaining the delisting of the UniCredit’s shares from the WSE and/or in accordance with any other laws and regulations, from time to time applicable;*

*2. to authorise, pursuant to Article 2357-ter of the Italian Civil Code, disposals, in one or more transactions and with no time limits, of the ordinary shares of UniCredit to be acquired under the preceding resolution, to be carried out according to the procedures that the Board of Directors considers the most advantageous to the Company (including by way of sales on the Mercato Telematico Azionario and/or the Frankfurt Stock Exchange, provided that in case of sales or disposals on a regulated market the sale price of shares shall be determined based on market trends and, in any case, such sale price may not diverge downward by more than 10% from the closing price on the Mercato Telematico Azionario or the Frankfurt Stock Exchange, as the case may be, at the day prior the execution of each individual transaction) and, in any case, in compliance with applicable laws and regulations;*

3. *to vest the Chairman of the Board of Directors and the Chief Executive Officer, with all powers, either jointly or severally and using full discretion necessary to carry out the purchase and/or disposal transactions of issued ordinary shares of UniCredit, in full compliance with current regulations and within the limits set out in the authorisation given at this meeting as mentioned in the item above, with the power of sub-delegation to Company Personnel, including, by way of example but not limited to: (i) to carry out sales of all or part of the treasury shares purchased and (ii) to carry out any other formality in order to obtain the necessary authorisations for the above-mentioned resolutions and, in general, any other authorisation for the full execution of the resolutions, together with any necessary power, none excluded or excepted, including the power to make changes or additions to the resolutions (not substantially modifying the content of the resolutions) deemed necessary and/or appropriate for filing with the Companies Register or for the implementation of laws and regulations or which may be required by the relevant Supervisory Authorities (including, inter alia, the Polish Financial Supervision Authority (“Komisja Nadzoru Finansowego”), the Polish National Depository of Securities (“Krajowy Depozyt Papierów Wartościowych S.A.”), the Warsaw Stock Exchange (“Giełda Papierów Wartościowych w Warszawie S.A.”) and the European Central Bank).”*