

One Bank, One Team, One UniCredit.

4. Elimination of so-called “negative reserves”
for components not subject to change by
means of their definitive coverage

Directors' Report

April 9, 2020

Ordinary and Extraordinary Shareholders' Meeting

Elimination of so-called "negative reserves" for components not subject to change by means of their definitive coverage

Dear Shareholders,

you have been called in Ordinary Meeting of UniCredit S.p.A. to approve, inter alia, the elimination of certain the so-called "negative reserves" by means of their definitive coverage as reported below.

The Board of Directors proposes to eliminate certain of the so-called "negative reserves" classified under the shareholders' equity of UniCredit, having definitive characteristics, cannot be subject to further changes.

These negative reserves, which amount in total to €3,407,151,223.87 are subject to proposed elimination:

- for the amount of €3,283,308,260.33 by the use of the Share Premium Reserve to eliminate the following negative reserves:
 - € 242,314,989.67 related to the repayment of Additional Tier 1 (AT1) coupons in 2018¹
 - € 282,388,538.63 related to the repayment of Additional Tier 1 (AT1) coupons in 2019²
 - € 2,758,604,732.03 related to the first time adoption of the IFRS9² (so called "FTA IFRS9 reserve")
- for the amount of €123,842,963.54 by the use of Statutory Reserve to eliminate the negative reserves arising from the payment of usufruct fees in 2019 related to Cash financial instruments

Please note that the AT1 are capital instruments with perpetual duration and give the issuer full discretion in coupon payments and redemptions, also advanced, of the principal outstanding. The coupons paid, net of related taxes, are booked in a specific negative reserve to reduce net equity.

In addition the FTA IFRS9 reserve recognizes the negative effects from first time adoption of the IFRS9 accounting standard due to changes in reclassification and revaluation of the financial instruments, net of taxes.

The proposal does not have any impact on the overall extent of Shareholders' Equity, but is considered appropriate by the Board for a more immediate and straightforward interpretation of such Equity.

¹ The elimination through the use of Share premium reserve has been authorized by European Central Bank with letter dated 5th April 2019

² The elimination is subject to the authorization by European Central Bank to use Share premium reserve

Resolutions proposed to Shareholders' Meeting

Dear Shareholders,

in reference to the above, we invite you to adopt the following resolution:

"The Shareholders' Meeting of UniCredit, in ordinary session

resolves:

to approve coverage of the negative reserves totaling €3,407,151,223.87 through use of:

- Share Premium Reserve for the amount of €242,314,989.67 with reference to the Reserve for AT1 coupon payments in 2018";*
- Share Premium Reserve for the amount of €3,040,993,270.66, subject to the release by the Supervisory Authority of the necessary authorization, with reference to the Reserve for AT1 coupon payments in 2019 and FTA IFRS9 Reserve";*
- Statutory Reserve for the amount of €123,842,963.54, with reference to the negative Reserves arising from the payment of usufruct fees in 2019 related to Cashes financial instruments".*

consequently acknowledging that the Share Premium Reserve, also following the decision taken in previous item no. 2 on the Agenda and subject to further resolutions of today's Shareholders' Meeting that modify its consistency, will amount to Euro 9,386,387,772.01 and that the Statutory Reserve, also following the resolution referred to in previous item no. 3 on the Agenda, it will amount to Euro 5,976,283,666.79.