

One Bank, One Team, One UniCredit.

6. Reasoned Recommendation of Board of Statutory Auditors

Report of the Board of Statutory Auditors pursuant to Legislative Decree 39/2010 on the appointment of the external auditors for the period 2022-2030 and determination of fees

April 9, 2020

Ordinary and Extraordinary Shareholders' Meeting

REASONED RECOMMENDATION OF THE BOARD OF STATUTORY AUDITORS

Dear Shareholders,

with the approval of Individual financial statement of UniCredit S.p.A. as at December 31st, 2021, the statutory audit appointment conferred on May 11th, 2011, by UniCredit S.p.A. Shareholders' Meeting to Deloitte & Touche S.p.A. ("Deloitte"), for the nine-year period 2013-2021, will expire.

Based on current legislation (European Regulation no. 537/2014, Legislative Decree no. 39/2010 supplemented by Legislative Decree no. 135/2016 which has transposed Directive 2014/56/EU), this appointment will not be renewable and the new statutory audit mandate should be assigned by the Shareholders' Meeting on the basis of a reasoned recommendation of the Board of Statutory Auditors acting as the Audit Committee pursuant to art. 19 of Legislative Decree no. 135/2016, following a specific selection procedure according to the criteria and procedures set out in art. 16 of the European Regulation no. 537/2014 (European Regulation).

Considering the size and complexity of UniCredit Group, the Board of Statutory Auditors (hereinafter referred to as "BoSA") in agreement with the relevant corporate functions, deemed it appropriate to start the selection procedure for the statutory audit appointment for the 2022 - 2030 financial years, as of June 2019, in order to submit the appointment for approval to the Ordinary Shareholders' Meeting of UniCredit S.p.A. which will be convened to approve the financial statements for the financial year 2019. This early appointment of the external auditor, a widespread practice among the main listed entities, allows, first of all, a more profitable handover between the outgoing auditor and the new auditor, the compliance with the time limits set to guarantee the auditor's independence (so-called cooling in period ex Art. 5 of the European Regulation), as well as the appointment by the other entities of the Group. The Shareholders' Meeting is also called upon to decide on the remuneration of the auditors as well as on any criteria for adjusting the fees, which is also the subject of the reasoned proposal of the Board of Statutory Auditors.

In accordance with the provisions of the aforementioned art. 16 of European Regulation, being an appointment of the statutory auditor for a Public-Interest Entity (EIP), the recommendation of the Board of Statutory Auditors should include at least two possible choices for the audit engagement and a duly justified preference for one of them.

Object of the selection procedure

The selection process and the request for quotation of the services were carried out in compliance with current regulations, specifically with the criteria established by the European Regulation.

Coherently with the approach already adopted in the past, the Parent Company has chosen the approach of a single Group External Auditors, also in order to increase the efficiency of the UniCredit Group auditing process, since the company appointed to audit the consolidated financial statements is entirely responsible for expressing the relevant opinion (European Directive 2006/43/EC and, for Italy, Legislative Decree no. 39/2010). The procedure has in any case ensured the decision-making autonomy of the competent bodies of the Group entities.

In line with the aforementioned approach, the request for quotation was managed by UniCredit S.p.A. also in the name and on behalf of the other Group Entities, also including the other Group Entities qualified as Public- Interest Entities, both Italian and foreign. The Board of Statutory Auditors of the Parent Company and the Manager in charge of preparing the corporate accounting documents ("Manager in charge") held a regular exchange of information with the relevant Bodies of the controlled Entities since the beginning of the selection process, taking into account the relevant requirements during the drafting of the tender specifications.

While assigning the audit mandate for UniCredit S.p.A., the Parent Company will sign a Framework Agreement with the appointed auditor containing the economic conditions applicable to all Group companies, binding for the entire duration of the nine-year period. Consequently, if a Group company decides to assign its mandate to the Auditor, or to a company in its network, the conditions to be used are the ones set out in this Framework Agreement.

These quotations have to be considered binding for the offering Auditor Firm, but must be eventually included in a specific proposal to be approved by the authorized body of each company, on the basis of the applicable laws.

The selection process started in May 2019 and has been coordinated by the Manager in Charge, supported by a dedicated Working Group, made up of employees identified name by name and belonging to internal structures (Group Accounting & Regulatory Reporting, Group Compliance, Group Legal, Group Cost Management, Group Procurement, Board of Statutory Auditors Secretariat, Manager in Charge Staff); the Board of Statutory Auditors, being responsible of the selection process, has interacted, on a permanent basis, with the Working Group in order to constantly monitor the progress of the entire process.

The tender specifications, defined on the basis of market benchmarks, are characterized by a high degree of granularity of the information required, both at Group level, and for "consolidated" companies. This approach made it possible to define in advance the contractual conditions for each company at Group level, conditions to be eventually adopted into the local contracts, following their appointment.

The request for quotation included:

- terms and conditions of the offer, focusing legal and economic aspects
- list of information required with reference to the governance of the auditing firm, to the related coordination mechanisms, to the independence and incompatibilities, to the technical team's expertise, the presence on the market in terms of geographical coverage in the countries where UniCredit is located, and to the economic offer. Specifically, the auditing firms were asked to provide a summary containing the main quantitative information (such as turnover, presence in the countries, number of employees, main banking/financial customers, and, for each company, fees and hours)
- the description of the audit services or voluntary services to be quoted
- the tender perimeter, including UniCredit S.p.A., its foreign branches, its direct and indirect controlled subsidiaries, some funds and securitization vehicles.

Below are listed the services included in the tender perimeter:

i) the following services are included in the mandate for the statutory audit of UniCredit S.p.A. :

- review of the individual financial statements, including foreign branches
- review of the UniCredit Group's consolidated financial statements
- issuing of the Comfort Letters for the inclusion of results of the Parent Company and of the Group in Common Equity Tier 1 Capital
- limited review of UniCredit Group's non-financial statement
- limited review of half-year consolidated financial statements, including certification for the inclusion of interim net profit in Common Equity Tier 1 Capital
- opinion on the consistency with the financial statements of the management report and of some specific information contained in the report on corporate governance and their compliance with the law
- verifications connected with the signing of tax declarations
- verifications relating to the calculation of the contribution to the Single Resolution Fund
- verification of the translation into English of the individual and consolidated financial statements, and of the half-yearly consolidated financial statement

ii) the following services are included in the mandate for the statutory audit of the other Group's entities:

- review of the individual financial statements, including any Foreign Branches, according to local regulations
- review of the half-year individual and consolidated financial statements (if any)
- limited review of the individual and consolidated financial statements (if any)
- review of the reporting packages for the preparation of the consolidated financial statements and for the preparation of the Group's half-year consolidated financial statements and related sub-groups (where prepared).

In addition to the aforementioned services, the following voluntary services were also part of the offer:

- limited review of the consolidated financial statements and of the Parent Company as of March 31st and September 30th, prepared for the inclusion of interim net profit in Common Equity Tier 1 Capital pursuant to art. 26 paragraph 2, lett. a) of the European Regulation no. 575/2013
- limited review of the reporting packages of the Italian and foreign subsidiaries for the purpose of preparing the consolidated financial statements as at March 31st and 30 September 30th prepared for the inclusion of interim net profit in Common Equity Tier 1 Capital pursuant to art. 26 paragraph 2, lett. a) of the European Regulation no. 575/2013
- other services having a recurring nature, required pursuant to specific obligations and or regulations of countries where the Group is present.

In order to also define the cost of additional services not included in the statutory audit mandate - as they are services different from audit ones - but allowed by law and by the Group's internal regulations, the firms were asked to include in the offer also the relative rates.

Selection procedure for the definition of the companies to be invited to the tender

The selection procedure was defined and managed in full compliance with art. 16 of the European Regulation with the aim of ensuring a high quality of the statutory audit service, appropriate to the size and structure of the Group.

The Board of Statutory Auditors, before beginning the selection process, shared with the relevant structures, the criteria considered for the selection of the independent auditors to be invited to tender, as well as the structure of the offer request, the evaluation criteria of the proposals received, and the methods for assigning the relative score.

In order to identify the auditing firms to be invited to the tender, it was defined that they should comply with the following standards:

- held statutory audit assignments at PIE operating in the Italian banking sector during 2018
- belonging to an international network covering the countries where UniCredit Group's Entities are located
- having the legal form of a joint-stock company in Italy.

The firms included in the List of Independent Auditors published by Consob were examined, and no. 9 companies (such as BDO Italia S.p.A., Baker Tilly Revisa S.p.A., Crowe AS S.p.A., EY S.p.A., KPMG S.p.A., Mazars Italia S.p.A., PricewaterhouseCoopers S.p.A., Ria Grant Thornton S.p.A., RSM Societa' di Revisione e Organizzazione Contabile S.p.A.) have been identified as compliant with the aforementioned standards; a formal invitation was therefore sent to these nine companies to participate in the tender for the assignment of the statutory audit mandate of UniCredit S.p.A. Four of the companies invited (BDO Italia S.p.A., KPMG S.p.A., PricewaterhouseCoopers S.p.A., RSM S.p.A.) provided documentation demonstrating their compliance with the above criteria, and have confirmed their willingness to participate in the tender while the other entities answered declining the invitation.

Evaluation criteria

The specifications set out the awarding of a maximum of 100 points and were divided into a first purely qualitative part (which attributes a maximum of 80 points) and a second quantitative part concerning the economic value of the offer (which attributes a maximum of 20 points). These criteria were presented in a transparent manner and were non-discriminatory.

The quality drivers were traced back to four macro areas:

- a. Presence/organization/experience in relevant countries and sectors with a focus on governance and coordination mechanisms between local and international structures, the presence in local markets relevant for UniCredit Group in terms of turnover and expertise in the banking sector in the main Countries such as Italy, Germany, Austria
- b. Technical expertise and competence of the team (focus on the teams in Italy, Germany and Austria with particular reference to the experience of the Partners, Managers and Technicians in terms of risk management, IT audit, tax and legal matters, compliance and internal control system)
- c. Adequacy of the strategy and audit plans, focusing the main risks to which the Group is exposed
- d. Mix of professional skills and total hours of professional profiles.

The quantitative criterion was used to evaluate the economic offer of the services in scope (both mandatory and voluntary), the cost of the expenses and any methods of adjusting the fees.

Each of the drivers identified was analyzed and evaluated, scoring between 1 and 5 (where the score 5 was assigned to the best offer for that specific driver).

Running of the tender

The tender process was officially launched on October 22nd, 2019, requesting the four companies that had accepted the invitation (BDO S.p.A., KPMG S.p.A., PricewaterhouseCoopers S.p.A., RSM S.p.A.), to provide their proposals and supporting documentation via the iFaber platform by and no later than November 18th.

Three out of four invited companies have produced the requested documentation, in line with the requirements of the tender specifications, while RSM S.p.A. decided not to provide any offer.

Evaluation of the offers

The offers submitted were analyzed by the Working Group, on the basis of the selection and evaluation criteria contained in the tender specifications, and the related results were then presented and discussed with the Board of Statutory Auditors and the Manager in Charge. The Board of Statutory Auditors also proceeded to independently review both the documentation and the evaluations.

Particularly, following the preliminary analysis of the offers received, it was decided to limit the subsequent examination to the two offers made by the auditing firms which showed, inter alia, higher experience with clients of comparable size and characteristics to those of the UniCredit Group, as well as a larger international network, thus excluding the offer of BDO S.p.A..

The Board of Statutory Auditors and the Manager in Charge, based on the analysis carried out by the Working Group, then analyzed the offers received from PWC and KPMG, and discussed the relevant evaluations (which, as far as the technical expertise of the teams is concerned, consist of an analysis of the technical skills of the team members, also acquired within the Group, in order to reach an overall qualitative assessment of the teams as a result of the experience of the individuals), meeting separately with company representatives in order to acquire further evaluation elements in addition to those already included in the documental set of the offer and then supplemented. The documentation collected, the meetings held and the analyses carried out, highlighted the high quality of the two offers received and the professionalism of the audit teams presented.

The table below shows the main economic components in terms of cost and quantification of dedicated hours, referring to: i) activities in scope of the statutory audit mandate of UniCredit S.p.A., ii) further activities related to the statutory audit of UniCredit S.p.A., as well as iii) fees and dedicated hours for the entire Group.

Audit services	Fees	# hours	Fees	# hours
Review of Individual Financial Statement, tax declaration, translation of the review in english, Comfort Letter ECB as of 31/12	1.344.900	23.704	1.661.446	24.952
Consolidated Financial Statement	644.200	9.977	725.544	10.502
Half-year consolidated Financial Statements and Reporting Package	365.400	5.659	356.926	5.957
Non financial declaration	270.200	5.047	177.815	5.313
Limited review for foreign Branches (Munich, London, New York, Shanghai)	63.600	1.106	83.881	1.164
TOTAL AUDIT SERVICES FOR UNICREDIT SPA	2.688.300	45.493	3.005.612	47.888
Other services Audit related				
Limited review of the individual and consolidated Financial Statements as of 31 March and 30 September	239.100	3.703	453.270	3.898
Limited review for local purpose (Shanghai, Madrid, Abu Dhabi)	174.100	1.788	81.067	1.833
Other services Audit related	191.900	3.560	268.939	4.342
TOTAL OTHER SERVICES AUDIT RELATED FOR UNICREDIT SPA	605.100	9.051	803.276	10.073
TOTAL UNICREDIT SPA	3.293.400	54.544	3.808.888	57.961
OTHER GROUP'S ENTITIES	18.707.000	225.101	15.974.000	238.924
TOTAL UNICREDIT GROUP	22.000.400	279.645	19.782.888	296.885

As regards further economic aspects of the two offers, it should be noted that:

- the expenses incurred in carrying out the activities, such as secretarial expenses, out-of-pocket expenses, travel expenses relating to UniCredit S.p.A. have been quantified at a flat rate of 8% of the fees for PWC and 7% for KPMG; for the other Group companies such expenses have been quantified at a rate of 5% of the fees for PWC and 3% for KPMG
- in both offers, the annual adjustment of fees has been provided on the basis of the change in the ISTAT index (for Italian companies and products relating to third party assets managed in Italy), and the corresponding local cost of living indexes in the case of foreign branches and foreign subsidiaries
- both offers provided that there will be no adjustments to the fee other than the occurrence of "exceptional circumstances" such as to result in a significant increase of the audit activities and effort such as changes in the structure and sizing of the Bank and/or the Group, changes in regulations, accounting and/or auditing standards, and the performance of complex transactions.

The results of the qualitative-quantitative assessment and the final ranking of the two offers, approved by the Board of Statutory Auditors during the meeting held on February 18th, 2020, are reported below, grouped by macro-category.

Driver	Maximum score of the single macro-category	Score award	
		PWC	KPMG
Organisation/experience in relevant countries and sectors	25 points	23,2	24,1
Technical competence of the team (focus Italy, Germany and Austria)	35 points	30,2	35,0
Adequacy of the Strategy and the Audit Plan - focus on the main risks IT-AUDIT	10 points	10,0	9,4
Mix of professional skills and total hours of professional profiles	10 points	9,4	10,0
Overall services cost	20 points	17,7	20,0
TOTAL		90,5	98,5

Having said this, the Board of Statutory Auditors, concerning the assignment of the statutory audit mandate of UniCredit S.p.A. for the nine-year period 2022 - 2030, on the basis of the selection procedure, the offers received, the evaluations carried out and the relevant results, considering that art. 16 of the European Regulation no. 537/2014 provides that the reasoned proposal to the Shareholders' Meeting must contain at least two possible alternatives and requires the expression of a duly justified preference for one of them,

SUBMIT

to the UniCredit S.p.A. Shareholders' Meeting, pursuant to article 16, paragraph 2, of European Regulation no. 537/2014 and articles 13 and 17 of Legislative Decree no. 39/2010, alternatively, the two proposals related to the mandate for the statutory audit of UniCredit S.p.A. for the nine-year period 2022-2030, provided by PricewaterhouseCoopers S.p.A. and KPMG S.p.A., whose economic components have been previously summarized,

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unanimously its preference for KPMG S.p.A., as it is characterized by a higher score in terms of quality, and economically more advantageous at Group level. The main elements of the offer considered qualifying and such as to justify the preference expressed in favor of this bidder were as follows:

- the company's experience in the countries where UniCredit is based, and on European banking customers of comparable size and levels of complexity, was an important element in assessing the ability to carry out the audit work of a large international group such as UniCredit. The analyses carried out revealed an effective system of coordination between the companies in the network, to guarantee uniformity of assessment of the accounting aspects in all the Group companies
- the audit team dedicated to UniCredit in Italy, Austria, Germany is made up of Partners, Managers, technicians, who have gained significant experience in financial institutions comparable to the UniCredit Group and with the Group itself
- the proposed audit approach, characterized by low materiality thresholds, and such as to provide a high level of assurance, which is appreciable both for the individual legal entities and - also as a result of a greater coverage of the consolidation perimeter - at the consolidated level
- the forecast of a high hourly rate with a high-level of professional mix.

The Board of Statutory Auditors declares that pursuant to Article 16, paragraph 2 of EU Regulation 537/2014, this recommendation has not been influenced by third parties and that none of the clauses of the type referred to in paragraph 6 of the aforementioned Article 16 of the Regulation have been applied.

Dear Shareholders,

you are therefore invited to approve the proposal concerning the assignment to KPMG S.p.A. of "statutory audit services", as defined above, for UniCredit S.p.A. for the financial years 2022-2030 according to the contents, also including the criteria for the fees adjustment, terms and procedures proposed by the Board of Statutory Auditors, for an annual fee (net of ISTAT increases, out-of-pocket expenses, VAT and supervisory contribution) equal to € 3,005,612:

- € 1,661,446 for the individual financial statements corresponding to 24,952 working hours
- € 725,544 for the consolidated financial statements corresponding to 10,502 working hours
- € 356,926 for the consolidated and separate interim financial statements corresponding to 5,957 working hours
- € 177,815 for the non-financial declaration, corresponding to 5,313 working hours
- € 83,881 for the internal balance sheets of the London, New York, Munich and Shanghai Branches, corresponding to 1,164 working hours.

Only in the event that this proposal does not reach the votes required for its approval, the proposal to appoint the same mandate to PricewaterhouseCoopers S.p.A. will be put to the vote for annual fees of € 2,688,300 corresponding to 45,493 hours of work.

Milan, April 9th, 2020

For the Board of Statutory Auditors
The Chairman Marco Rigotti