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thing!



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

Director’s Report

April 15, 2021

Ordinary and Extraordinary Shareholders’ Meeting

Banking that matters. |  **UniCredit**

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. (the "Company" or "UniCredit") 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 €449,265,163.15 are subject to proposed elimination:

- for the amount of €322,874,263.90 by the use of the Share Premium Reserve to eliminate the negative reserve related to the repayment of Additional Tier 1 (AT1) coupons in 2020¹;
- for the amount of €126,390,899.25 by the use of Statutory Reserve to eliminate the negative reserves arising from the payment of usufruct fees in 2020 related to the Cashes financial instruments².

Please note that these reserves to reduce net equity derive from payments related equity items and in particular:

- the coupons paid, net of the related taxes, on the Additional Tier 1 instruments with perpetual duration and give the issuer full discretion in coupon payments and redemptions, also advanced, of the principal outstanding;
- the recurring fees connected to the usufruct contract signed with Mediobanca S.p.A. on UniCredit ordinary shares supporting the issuance of financial instruments denominated "Cashes".

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 is subject to the authorization by European Central Bank to use Share Premium Reserve

² The negative reserve includes the fees paid in 2020 for the restructuring of the usufruct contract for €3,980,250.00 net of the related taxes.

Resolutions proposed to Shareholders' Meeting

Dear Shareholders,

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

"The Shareholders' Meeting of UniCredit, in ordinary session

resolves:

to approve coverage of the negative reserves totaling €449,265,163.15 through use of:

- Share Premium Reserve for the amount of €322,874,263.90 with reference to the negative Reserve for coupon payments related to AT1 capital instruments in 2020, subject to the release by the Supervisory Authority of the necessary authorization;*
- Statutory reserve for the amount of €126,390,899.25, with reference to the negative Reserves arising from the payment of usufruct fees in 2020 related to the Cashes financial instruments,*

consequently acknowledging that the Share Premium Reserve, also following the decision taken in previous item no. 2 and 3 on the Agenda of Ordinary Part and subject to further resolutions of today's Shareholders' Meeting that modify its consistency, will amount to €6,599,575,486.51 and that the Statutory Reserve, also following the resolution referred to following item no. 5 on the Agenda of ordinary Part, it will amount to €6,985,792,767.54".