

Do the right
thing!



6. Authorisations to purchase treasury shares aimed at Shareholders' remuneration

Director's Report

April 15, 2021

Ordinary and Extraordinary Shareholders' Meeting

Authorisations to purchase treasury shares aimed at remunerating the shareholders. Consequent and inherent resolutions

Directors' Report to the shareholders drafted pursuant to Article 125-ter of D.Lgs. 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 (the "Issuers' Regulation")

Messrs Shareholders,

the Board of Directors has called you to an ordinary shareholders' meeting to resolve, among others, on two different, but related, proposals to authorise the purchase of ordinary shares of UniCredit S.p.A. ("**UniCredit**" or the "**Company**"), with the purpose of increasing the remuneration of shareholders as set out in Paragraph 1 below.

The first authorisation of the purchase of UniCredit's ordinary shares is requested in accordance with and within the limits of the provisions set out by the European Central Bank ("**ECB**" or the "**Supervisory Authority**") in its recommendation of 15 December 2020 on the distribution of dividends during the COVID-19 pandemic (the "**New ECB Recommendation**") and involves a maximum amount of UniCredit ordinary shares equal to a total expenditure up to Euro 178,688,534.90 and, in any case, not exceeding no. 30,000,000 UniCredit ordinary shares (equal to approximately 1.34% of the share capital of UniCredit at the date of this report) (the "**First Authorisation Proposal**").

The second authorisation of the purchase of UniCredit ordinary shares requested to the Shareholders' Meeting involves a maximum amount of UniCredit's ordinary shares equal to a total expenditure up to Euro 651,573,111.00 and, in any case, not exceeding no. 110,000,000 UniCredit ordinary shares (equal to 4.92% of the share capital of UniCredit at the date of this report) (the "**Second Authorisation Proposal**" and, together with the First Authorisation Proposal, the "**Authorisation Proposals**"). Any purchases under the Second Authorisation Proposal will be carried out by the Company's Board of Directors in accordance with any measures which will be issued by ECB (including, by way of example, any measures issued in the context of the review of the New ECB Recommendation).

Although purchases under the First Authorisation Proposal are expected to be commenced and concluded by 30 September 2021 and purchases under the Second Authorisation Proposal are expected to be commenced no earlier than October 2021 and concluded by 31 December 2021, a shareholders' meeting authorisation is required so that purchases of UniCredit ordinary shares under both Authorisation Proposals may be carried out, in one or more transactions, within the earliest of: (i) the date which will fall after 18 (eighteen) months from the date of the authorisation of the Shareholder's Meeting; and (ii) the date of the shareholders' meeting which will be called to approve the financial statements for the year ending on 31 December 2021, respectively pursuant to Article 2357 of the Italian Civil Code and Article 132 of Legislative Decree 58/1998 ("**Italian Consolidated Financial Act**") and the relevant 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 no. 4, of CONSOB Regulation 11971 of 14 May 1999 (the “**Issuers’ Regulation**”).

1 Reasons for the proposed authorisations to purchase ordinary shares of UniCredit

The requests for authorisation to purchase ordinary shares referred to under this report are part of the activities envisaged in the 2020-2023 strategic plan (“**Team 23**”) presented to the market on 3 December 2019. As part of Team 23, the Company aims to increase the remuneration in favour of the shareholders, also thanks to the solid capital position and the continuing focus on de-risking and balance sheet strengthening.

Messrs Shareholders are reminded that during the financial year ended on 31 December 2020, the UniCredit Board of Directors resolved to submit to the Shareholders’ Meeting of 9 April 2020 the request for authorisation to purchase UniCredit’s ordinary shares and the subsequent resolution for the cancellation of treasury shares necessary to implement said Team 23 action. However, such proposals were revoked by the UniCredit Board of Directors on 29 March 2020, following the ECB’s recommendation of 27 March 2020, in which the Supervisory Authority, in light of the intensifying economic shock due to the COVID-19 pandemic, recommended that credit institutions should not distribute dividends and should refrain from shares buy-backs aimed at remunerating the shareholders at least until 1 October 2020. Said recommendation has been subsequently extended until 1 January 2021 by the following ECB recommendation of 27 July 2020. Therefore, for the entire financial year ended on 31 December 2020, the Company did not implement such plan action, in compliance with the ECB’s recommendations.

With reference to the current financial year, with the New ECB Recommendation of 15 December 2020 (valid, subject to anticipated review, until 30 September 2021), the Supervisory Authority recommended to significant credit institutions (including UniCredit) to exercise the maximum prudence when adopting decisions relating to dividends or their distribution or to shares buy-backs aimed at remunerating shareholders. In particular, in Whereas 2 of said recommendation, the ECB considered generally not prudent to make distributions or shares buy-backs in amounts exceeding 15% of the accumulated profits for the financial years 2019 and 2020 of a given credit institution, or higher than 20 basis points in terms of the common equity tier 1 ratio, whichever is lower.

In light of the above, the Board of Directors intends to carry out the activities envisaged in Team 23 as to the remuneration of shareholders during the course of this financial year, although within the limits of the indications of the Supervisory Authority as applicable from time to time.

Therefore, in the current financial year, the shareholders’ remuneration policy adopted by the Board of Directors on 10 February 2021 (and communicated to the market on the same date) has transposed the measures of the New ECB Recommendation envisaging the allocation to shareholders’ remuneration of 15% of the consolidated net profit accrued in the financial year ended on 31 December 2019 and in the financial year ended on 31 December 2020, as adjusted to take into account the adjustments¹ of the New ECB Recommendation (the “**Distributable Amount under the New ECB Recommendation**”). The Distributable Amount under the New ECB Recommendation is, therefore, equal to Euro 446,788,534.90 and approximately 60% of this amount, equal to Euro 268,100,000.00 will be allocated to cash dividends and approximately 40%, equal to Euro 178,688,534.90 to the purchase of ordinary shares of UniCredit in accordance with the First Authorisation Proposal required under this report.

In addition, in case no measures introducing limits for the banks to distribute dividends and/or carry out share buy-backs as represented below are issued by the Supervisory Authority in the review of the New ECB Recommendation or in other circumstances, the Board of Directors intends to carry out the purchase of UniCredit’s ordinary shares, in accordance with the Second Authorisation Proposal as indicated in this report, for a further extraordinary amount equal to Euro 651,573,111.00, provided that such purchases will be carried out by the Company’s Board of Directors in compliance with any measures that ECB will eventually issue (including, by way of example, any measures issued in the context of the review of the New ECB Recommendation) and, in any case, with the ECB’s prior authorisation.

¹ The adjustments at hand relate to the impacts on the income statement which do not affect the capital position for regulatory purposes (own fund) such as goodwill depreciation (1.5€/bn), intangible assets depreciation (0.4€/bn), reclassification of valuation reserves to the income statement (1.4€/bn) and payments relating to AT1 instruments directly allocated to equity (-0.6€/bn) and usufruct instalments relating to “cashes” instruments (0.2€/bn).

Any ordinary shares thus purchased, in case of approval of the Authorisation Proposals, together with the additional treasury shares held in the portfolio as of the date of this report, will be subsequently subject to cancellation. It is hereby specified, in particular, that the Board of Directors simultaneously submits to the Shareholders' Meeting, held in extraordinary session, the proposal to cancel such shares, as well as the additional no. 4,760 UniCredit ordinary shares already held in the Company's portfolio as of the date of this report. For further information on the proposal to cancel the UniCredit ordinary shares, please refer to the report of the Board of Directors referred to in item 3 on the extraordinary session agenda.

Without prejudice to the above, it is hereby specified that any purchase made under these requests for authorisation will be made in compliance with the purposes set out in the laws and regulations in force and applicable from time to time and with any indications given by the relevant Supervisory Authorities in response to the authorisation requests that will be submitted.

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

At the date of this report, the share capital of UniCredit is made up of Euro 21,059,536,950.48 and is comprised of no. 2,237,261,803 ordinary shares without nominal value.

In compliance with the purposes described under Paragraph 1 above and taking into account the Distributable Amount under the New ECB Recommendation and the available reserves as resulting from UniCredit's financial statements as at 31 December 2020, the authorisation is requested:

- (i) pursuant to the First Authorisation Proposal, for the purchase, in one or more transactions, of maximum ordinary shares of UniCredit equal to a total expenditure up to Euro 178,688,534.90 and, in any case, not exceeding no. 30,000,000 UniCredit ordinary shares (equal to approximately 1.34% of the share capital of UniCredit at the date of this report); and
- (ii) pursuant to the Second Authorisation Proposal, the purchase, in one or more transactions, of maximum ordinary shares of UniCredit equal to a total expenditure up to Euro 651,573,111.00 and, in any case, not exceeding no. 110,000,000 UniCredit ordinary shares (equal to approximately 4.92% of UniCredit's share capital as at the date hereof),

for a total expenditure up to Euro 830,261,645.90 and in any case, not exceeding no. 140,000,000 UniCredit ordinary shares (equal to approximately 6.26% of UniCredit's share capital as at the date hereof).

Pursuant to Article 2357, paragraph 1, of the Italian Civil Code the purchase transactions will be carried out within the limits of distributable profits and available reserves reported in the latest duly approved financial statements, provided that any purchase shall be carried out within the limits and in accordance with the authorisation issued by the European Central Bank. In particular, following the authorisation of the Shareholder's Meeting and the authorisations issued by the European Central Bank, part of the available reserves identified in the "Share Premium Reserve" will be restricted, for an amount equal to the aggregate maximum expenditure as authorised by the European Central Bank from time to time, through the allocation to specific unavailable reserve named "Unavailable Reserve for the Purchase of Treasury Shares". In addition, in relation to the purchases carried out pursuant to the authorisation of the Shareholder's Meeting, an amount equal to the value of the purchases effectively made will be allocated to a negative component of net equity (item "Treasury shares"), as long as the treasury shares will be in the portfolio.

In this respect, it is understood that UniCredit will proceed with the authorisation requests to the ECB for the purposes of the First Authorisation Proposal and the Second Authorisation Proposal in the times and manners deemed as appropriate on the basis of the envisaged timing of the purchases, therefore, the creation of the "Unavailable Reserve for Share Buy-Backs" will occur in separate moments.

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

At the date of this report, UniCredit holds no. 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. Also, as of 26 February 2021, the subsidiaries of UniCredit held no. 1,381,779 shares of the Company.

In addition, it should be noted that, as set out under item 15 of the agenda of the ordinary shareholders' meeting, the Shareholders' Meeting shall resolve upon the authorisation of the purchase of maximum no. 20,000,000 ordinary shares of UniCredit (equal to approximately 0.89% of UniCredit's share capital as at the date of issuance of this report²) for the purpose of granting to UniCredit's Board of Directors the power to start the process of delisting of the UniCredit shares from the Warsaw Stock Exchange – if UniCredit's Board of Directors so resolves taking into account the market's conditions and the Company's business strategy.

The purchase subject to your authorisations complies with the limit set out in Article 2357, paragraph 3, of the Italian Civil Code since it concerns a number of shares that cannot exceed the limits set out in the said article (*i.e.*, one fifth of the share capital).

4 Term of authorisation

Although purchases under the First Authorisation Proposal are expected to be commenced and concluded no later than 30 September 2021 and the purchases under the Second Authorisation Proposal are expected to be commenced no earlier than October 2021 and concluded no later than 31 December 2021, the purchase authorisations set forth in the First Authorisation Proposal and in the Second Authorisation Proposal, which may be carried out in part and/or in one or more transactions, are requested until the earliest of: (i) the term of the 18th (eighteenth) month from the date of the authorisation resolution of the Shareholder's Meeting; and (ii) the date of the Shareholders' Meeting which will be called to approve the financial statements for the year ending on 31 December 2021. It is understood that any purchase transactions – if authorised by you – will be evaluated by the Board of Directors (with the power to further delegate the execution of purchase transactions) and may be carried out only after the issuance of the required authorisations from the European Central Bank.

5 Minimum and maximum price

The share purchases referred to in this report, pursuant to the First Authorisation Proposal and to the Second Authorisation Proposal, must be carried out at a price that will be determined on a case-by-case basis, in compliance with the applicable regulatory requirements, including those of the European Union, in force from time to time, it being understood that the purchase price cannot diverge downwards or upwards by more than 10% from the official price registered by the UniCredit share in the trading session of the *Mercato Telematico Azionario*, organised and managed by Borsa Italiana S.p.A., on the day prior to the execution of each individual purchase transaction.

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

6 Procedures for the purchase of issued ordinary shares

The purchase transactions which are the subject of your authorisations will be carried out (in one or more transactions) in accordance with the procedures regulated pursuant to Article 132 of the Italian Consolidated Financial Act, Article 144-*bis* of the Issuers' Regulation, Article 5 of Regulation (EU) no. 596/2014 of the European Parliament and the Council of 16 April 2014 (the "**MAR**") and the related implementing provisions.

In particular, it is currently envisaged that purchases will be carried out, in accordance with the provisions of article 144-*bis*, paragraph 1, letter b) of the Issuers' Regulations, on regulated markets or multilateral trading facilities on which UniCredit ordinary shares are traded according to the operating procedures set out in the regulations

² In this regard, it should be noted that the maximum number of UniCredit's ordinary shares that could be subject to buy-back (including, therefore, the shares that are subject to the First Authorisation Proposal, the Second Authorisation Proposal and the shares subject to authorisation as set out under item 15 of the agenda of the ordinary shareholders' meeting for the delisting from the Warsaw Stock Exchange) is equal to no. 160,000,000 representing approximately 7.15% of UniCredit's share capital as at the date of this report.

governing the organisation and management of the relevant market, which do not allow direct matching of buy orders with predetermined sell orders.

The Company will communicate the purchase transactions of UniCredit ordinary shares (if any), in accordance with laws and regulations in force and applicable from time to time.

7 Cancellation with no reduction of share capital

The Board of Directors simultaneously submits to the Shareholders' Meeting, held in extraordinary session, the proposal to cancel, *inter alia*, any treasury shares purchased in execution of the authorisations which is the subject of this report, specifying that the cancellation will be carried out with no reduction in nominal value of the share capital, taking into consideration the absence of nominal value of UniCredit shares.

For further information on (i) the reserves that it is proposed to use for the possible purchase transactions of UniCredit ordinary shares and the possible cancellation of the same and (ii) the accounting impacts of such transactions, please refer to paragraph 2 above and the report of the Board of Directors referred to in item 3 on the extraordinary session agenda.

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 ordinary shareholders' meeting of UniCredit S.p.A., 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 (the **“Issuers' Regulation”**) and in compliance with and according to the structure of Appendix 3A, table no. 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 Italian Consolidated Financial Act, to carry out the purchases, in one or more transactions, of 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 Directors; the authorisation is granted for maximum ordinary shares of UniCredit equal to a total expenditure up to Euro 178,688,534.90 and, in any case, not exceeding no. 30,000,000 UniCredit ordinary shares, within the earliest of: (i) the term of the 18th (eighteenth) month from the date of this Shareholder's Meeting resolution; and (ii) the date of the shareholders' meeting which will be called to approve the financial statements for the year ending on 31 December 2021;

2. to authorise the Board of Directors, pursuant to Articles 2357 et seq. of the Italian Civil Code and Article 132 of the Italian Consolidated Financial Act, to carry out the purchases, in one or more transactions, of 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 Directors; the authorisation is granted for maximum ordinary shares of UniCredit equal to a total expenditure up to Euro 651,573,111.00 and, in any case, not higher than no. 110,000,000 ordinary shares of UniCredit, until the earliest of: (i) the term of the 18th (eighteenth) month from the date of this resolution of the Shareholder's Meeting; and (ii) the date of the shareholders' meeting which will be called to approve the financial statements for the year ending on 31 December 2021, provided that the Board of Directors shall proceed with the purchases referred to under this authorisation in compliance with any measures that the European Central Bank will issue (including, by way of example, any measures issued in the context of the review of the European Central Bank recommendation dated 15 December 2020);

3. to authorise the Board of Directors to proceed with the purchases of ordinary shares of UniCredit pursuant to the resolutions under points 1) and 2) of this resolution, in accordance with the procedures specified thereafter:

(i) purchases must be carried out at a price that will be determined on a case-by-case basis, in compliance with the applicable regulatory requirements, including those of the European Union, in force from time to time, it being understood that the purchase price cannot diverge downwards or upwards by more than 10% from the official price

registered by the UniCredit shares in the trading session of the Mercato Telematico Azionario, organised and managed by Borsa Italiana S.p.A., on the day prior to the execution of each purchase transaction;

(ii) purchase transactions shall be carried out in accordance with Article 132 of the Italian Consolidated Financial Act, Article 144-bis, paragraph 1, letters b), of the Issuers' Regulation, as well as in accordance with any other laws and regulations (including the European law and regulations), in force and applicable from time to time;

4. to authorise, for the execution of the purchase plan referred to in points 1 and 2 of this resolution, the allocation, in more tranches, of an amount equal to the envisaged maximum total expenditure of Euro 830,261,645.90 to the newly created "Unavailable Reserve for the Purchase of Treasury Shares" through withdrawal from the "Share Premium Reserve";

5. to grant the Board of Directors and, on its behalf, the Chairman of the Board of Directors and the Chief Executive Officer, with all powers, either jointly or severally, with the power of sub-delegation to Executive Personnel, in order to carry out the procedures of purchase of ordinary shares of UniCredit and any necessary accounting entries resulting from the resolutions referred to in points 1) 2), 3) and 4) above, as well as any purchases carried out in execution of these authorisations, in any case in full compliance with current regulations and within the limits set out in this authorisation as resolved above, together with any necessary power, none excluded or excepted, 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, 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."