

**PROJECT OF A PARTIAL NON-PROPORTIONAL AND ASYMMETRIC DEMERGER OF
UNICREDIT SERVICES S.C.p.A.**

**IN FAVOUR OF
UNICREDIT S.p.A.**

(according to article 2506 and followings of the Italian Civil Code)

The Board of Directors of **UNICREDIT SERVICES S.C.p.A.** (hereinafter “**UCS**” or “**Demerged Company**”) and UniCredit S.p.A. (hereinafter, “**UC**” o “**Beneficiary Company**”) have drafted and prepared the following project of partial non-proportional and asymmetric demerger of UCS in favor of UC (hereinafter, the “**Demerger**”), pursuant to articles 2506-*bis*, 2501-*ter* and 2505-*bis* of the Italian Civil Code, as referred to in article 2506-*ter*, clause 5 of the Italian Civil Code.

1. COMPANIES WHICH ARE PARTIES OF THE DEMERGER

Demerged Company

UNICREDIT SERVICES S.C.p.A.

- Registered Office in Milan (MI) Via Livio Cambi n.1;
- Share Capital Euro 237,523,160, fully paid in, divided into 237,523,160 shares with a nominal value of 1 Euro each;
- Registration number with the Companies Register of Milano-Monza–Brianza-Lodi, Fiscal Code and VAT n.: 12086630154;
- R.E.A. MI-1525554;
- Company belonging to the UniCredit Banking Group, Banking Group Register n. 2008.1;

Beneficiary Company

UNICREDIT, SOCIETÀ PER AZIONI, in short UNICREDIT S.P.A.

- Registered Office and Head Office in Milan, Piazza Gae Aulenti 3 – Tower A;
- Share Capital Euro 20,940,398,466.81 fully paid in;
- Registration number with the Companies of Milano-Monza–Brianza-Lodi, Fiscal Code and VAT n.: 00348170101;

- R.E.A. MI 992
- Registered in the Register of Banking Groups and Parent Company of the UniCredit Banking Group - Register of Banking Groups n. 02008.1 - Cod. ABI 02008.1 - Member of the National Interbank Deposit Guarantee Fund and of the National Compensation Fund;

2. TYPE OF DEMERGER

Given that the Beneficiary Company holds the 99,9% of the share capital of the Demerged Company, the Demerger will be regulated according to the simplified procedure set forth in article 2505-*bis* of the Italian Civil Code, as referred to by article 2506-*ter* of the Italian Civil Code.

The Demerger consists in the assignment – by the Demerged Company to the Beneficiary Company – of the Demerged Company's compendium related to the management of real estate assets and the operations activity carried out in Italy in favor of Italian customers, essentially consisting of assets, liabilities, resources, rights, obligations, responsibilities, powers, encumbrances, expectations and, in general, any subjective and substantial situation relevant to the real estate management and the operations activity (hereinafter, the “**Demerged Compendium**” or “**Compendium**”).

In particular, the partial Demerger, which is asymmetric and non-proportional, will be carried out without allocating shares of the Beneficiary Company to the shareholders of the Demerged Company but with a reduction of the share capital of the latter on the basis of the identified exchange ratio. The unanimous consent of the shareholders of the Demerged Company, according to article 2506 clause 2 of the Italian Civil Code will be requested during the extraordinary shareholders' meeting.

Therefore, it is noted that, according to the combined provisions of article 2505-*bis* clause 1 and 2506-*ter*, of the Italian Civil Code and in compliance with the procedural simplifications referred therein, the report of the experts, pursuant to article 2501-*sexies*, of the Italian Civil Code, as referred to in article 2506-*ter* clause 3, Italian Civil Code, will not be drafted.

As the above experts' report will not be produced, to ensure a fair exchange ratio, the Demerged Company and the Beneficiary Company have jointly appointed an independent advisor, identified in PricewaterhouseCoopers Advisory S.p.A. (hereinafter, “**Advisor**”), in order to perform the valuations analyses required to identify the fair value range for the exchange ratios.

In particular, in carrying out the valuation analyses, the Advisor has applied the unlevered discounted cash-flows method (“DCF”). DCF is inspired by the general concept that the fair value of a company or a branch of a company is equal to the discounted value of the following two elements:

- the cash flows that it will be able to generate over the forecast period;
- the residual value, *i.e.* the value of the business as a whole from the period after the forecast period.

In the approach that considers operating cash flows (unlevered approach), to obtain the economic value of the operating invested capital (Enterprise Value), the operating Free Cash Flow (FCF) is taken into account which is then discounted at the WACC (Weighted Average Cost of Capital). The resulting value is adjusted by the net financial position at the reference date of the valuation, and by the value of any non-operating assets (Surplus Assets) to arrive at the value of the economic capital (Equity Value).

In the case at hand, being a partial non-proportional and asymmetric demerger, the valuation analyses and, therefore, the use of the DCF involved both the Demerged Compendium and UCS (prior to the effects of the Demerger). The DCF has been developed starting from: (i) the balance sheets and income statements of the Demerged Compendium and of UCS at December 31, 2018 and (ii) their 2019-2023 forecasts, each of which were based on their projected costs and to which mark-ups were applied – for the relevant segment (ICT, Operations and Real Estate) – which were derived from the analysis of balance sheets of not listed Italian companies.

Furthermore, as better described below, the minority shareholders of the Demerged Company are granted the right to have their shares purchased for an amount determined in accordance with the criteria expressed for the right of withdrawal.

Given that a Bank, *id est* the Beneficiary Company, is participating in the Demerger, the authorisation procedure set forth in article 57 of Italian Legislative Decree no. 385/1993 (hereinafter, “**TUB**”), described in full in the Bank of Italy Circular no. 229 of 21 April 1999 concerning demerger transactions involving banks, applies.

3. BY-LAWS OF THE COMPANIES PARTICIPATING TO THE DEMERGER

3.1 By-laws of the Demerged Company

The by-laws of UCS will be amended in article 5 in light of the capital reduction, which shall be approved by the Extraordinary Shareholders’ meeting of the Demerged Company called for the

Demerger, equal to the Demerged Compendium through the annulment of 43,363,745 shares on the basis of the exchange ratio detailed in the following point 5).

The text of the by-laws, reflecting the amendment of article 5 above described, is attached to this project under letter "A".

3.2 *By-laws of the Beneficiary Company*

The UC by-laws is not subject to amendments.

4. **FINANCIAL ELEMENTS CONSTITUING THE DEMERGED COMPENDIUM TO BE TRANSFERRED TO THE BENEFICIARY COMPANY**

The financial situations set forth in article 2501-*quater* of the Civil Code, as referred in article 2506-*ter* of the Italian Civil code, are respectively the financial statements of the Demerged Company as at 31 December 2018 approved by the shareholders' meeting on 8 April 2019 and the financial statements of the Beneficiary Company as at 31 December 2018 approved by the shareholders' meeting on 11 April 2019 (hereinafter, the "**Financial Situations**").

The Demerged Company will transfer to the Beneficiary Company all the assets and liabilities relevant to the Demerged Compendium in the amount existing at the effective date of the transaction. The document attached to this project under letter "B" indicates, for the Demerged Company, the financial elements each composing the Demerged Compendium, as indicated in the financial position of the Demerged Company as at 31 December 2018.

As a result of the Demerger, following the transfer to the Beneficiary Company of the Demerged Compendium as above described, the Net Equity of the Demerged Company will decrease of an amount equal to Euro 25,228,581, with the following impacts:

- Euro 43,363,745, as share capital reduction;
- Euro 18,135,164, as an increase of the extraordinary reserve.

Furthermore, a document summarizing the variations of UCS Net Equity, due to the Demerger, is attached to this project under letter "C".

The Demerged Company will transfer to the Beneficiary Company all the assets and liabilities relevant to the Compendium in the amount existing at effective date, taking into account, therefore, changes deriving from operational dynamics after 31 December 2018.

In order to maintain unchanged the exchange ratio, as defined in the following point 5, any difference in the Demerged Compendium's assets and liabilities consistency which may occur

between 31 December 2018, reference date for the financial statement of the transaction, and the effective date of the transaction, due to the ordinary business dynamics and/or to a more precise identification of the items themselves, will be settled through debits and credits between the Demerged Company and the Beneficiary Company. Such settlement will not imply amendments in the net equity consistency of the Compendium transferred to the Beneficiary Company. Similarly, any qualitative difference of the assets and liabilities due to the business dynamics will not determine amendments of the net equity of the Compendium. In the event that, due to such differences, a material difference would occur with reference to the financial statement of the Compendium as at 31 December 2018¹, the financial situation of the Compendium as at the effective date will be submitted to the Board of Directors of the Beneficiary Company and Demerged Company prior to the settlement through debits and credits.

All the assets and liabilities of the Demerged Company not related to the Compendium will remain in the equity of the Demerged Company. In this regard, the following is the effective net equity amount remaining in the Demerged Company: Euro 341,466,670 (threehundred fortyonemillion fourhundredsixtysix sixhundredseventy /00).

The Demerger will not trigger the liquidation of the Demerged Company which shall continue to exist.

5. EXCHANGE RATIO OF THE SHARES AND RIGHTS OF THE SHAREHOLDERS

As mentioned above, since the Demerger is non-proportional and asymmetric it will be carried out without allocating shares of the Beneficiary Company but with a reduction of the share capital of the Demerged Company.

In this context, the exchange ratio will result from the ratio between: (i) the value (fair value) of the Demerged Compendium and (ii) the value (fair value) per share of the Demerged Company prior to the Demerger, in order to quantify the shares owned by the Beneficiary Company to be cancelled, according to the following formula:

$$\frac{\text{value(fair value) of the Compendium}}{\text{value (fair value) per share of the Demerged Company}} = \text{no. of shares to be cancelled}$$

¹ On the basis of the analysis carried out, the unbalance of the variations in the Compendium's assets and liabilities, deriving from the application of IFRS16 effective from 1st January 2019, is not deemed material in relation to such variations and, therefore, also such unbalance shall be settled through debits and credits.

In this way, in light of the annulment of the shares belonging only to UC, the minority shareholders of the Demerged Company will increase the percentage of their participation in the share capital of the Demerged Company.

In light of the above, the Demerged Company will proceed to reduce its share capital by cancelling no. 43,363,745 shares owned by the Beneficiary Company, against a book value shareholders' equity in the Demerged Compendium of Euro 25,228,581. Accordingly, the share capital of the Demerged Company will decrease from the current Euro 237,523,160 (twohundredthirtysevenmillion fivehundredtwentythreethousands onehundredsixty) to Euro 194,159,415 (onehundredninetyfourmillion onehundredfiftyninethousands fourhundredfifteen).

The transfer of the Demerged Compendium will produce effects on the net equity of the Beneficiary Company but the share capital of the Beneficiary Company will be unaffected

In this regard, it should be noted that, based on the value range identified by the Advisor on the basis of the valuation analyses carried out, the directors of the companies involved in the Demerger have set the exchange ratio at the middle value of 43,363,745. The Advisor has also confirmed that the approach taken is appropriate. The Financial Situations and the Report of the Administrative Body prepared according to article 2506-ter clause 1 and clause 2 of the Italian Civil Code will remain available, according the law, during the thirty days prior to the shareholders' meeting of the Demerged Company and the Board of Directors of the Beneficiary Company.

As a consequence of the Demerger, the share capital of the Demerged Company will be distributed as follows:

1. shareholder UniCredit owner of n. 194,159,315 shares with a nominal value of Euro 1 (one) each, for a total nominal value of Euro 194,159,315, will be the holder of 99,99994850%;
2. shareholder "UniCredit Bank AG", owner of n. 20 (twenty) shares with a nominal value of Euro 1 (one) each, for a total nominal value of Euro 20 (twenty) will be the holder of 0,00001030%;
3. shareholder "Fineco Bank S.p.A.", owner of n. 20 (twenty) shares with a nominal value of Euro 1 (one) each, for a total nominal value of Euro 20 (twenty) will be the holder of 0,00001030%
4. shareholder "UniCredit Factoring S.p.A.", owner of n. 20 (twenty) shares with a nominal value of Euro 1 (one) each, for a total nominal value of Euro 20 (twenty) will be the holder of 0,00001030%

5. shareholder "Cordusio Società Fiduciaria per Azioni", owner of 10 (ten) shares with a nominal value of 1 (one) Euro each, for a total nominal value of 10 (ten) Euro, will be the holder of 0.00000515%;
6. shareholder "Cordusio Sim S.p.A.", owner of 10 (ten) shares with a nominal value of 1 (one) Euro each, for a total nominal value of 10 (ten) Euro, will be the holder of 0.00000515%;
7. shareholder "Société Générale Securities Services S.p.A.", owner of 20 (twenty) shares with a nominal value of 1 (one) Euro each, for a total nominal value of 20 (twenty) Euro, will be the holder of 0.00001030%.

As stated previously, the minority shareholders of UniCredit Services are granted the right to have their shares purchased by UC for an amount determined in accordance with the criteria for the exercise of the right of withdrawal under article 2437-ter of the Italian Civil Code, equal to Euro 1.9 per share. In particular, this value has been determined on the basis of a fair value range identified by the Advisor, with reference to the Fair Value per share of UniCredit Services (prior to the Demerger), opting for the middle value of the fair value range. Furthermore, the criteria used to determine such value have received the positive opinion of the Board of Statutory Auditors of UCS, as well as of the external auditors of UCS.

The minority shareholders of the Demerged Company, should they not agree with the transaction, may exercise their right to have their shares in UniCredit Services purchased by UC starting from the registration date of this project with the Companies' Register of Milan-Monza-Brianza-Lodi and up to and including the fifteenth day prior to the date set for registering the shares for the purpose of exercising their voting rights at the extraordinary shareholders' meeting of UCS. Such notification shall be made in such a way as to guarantee proof of receipt and addressed to UniCredit S.p.A., Piazza Gae Aulenti 3 – Tower A – 20154 Milano.

UC is available to sign the contract for the purchase of the shares of UCS within 5 days of receiving the above-mentioned notice. In this regard, it is noted that the effectiveness of such contract will be subject to the unanimous approval of the Demerger Plan by the shareholders' meeting of UniCredit Services.

In the event the shareholder declares his intention to exercise the right to sell, but he/she intends to challenge the above-mentioned liquidation value, the following procedure will be followed. The shareholder must submit his/her objection along with his/her assertion to exercise the right to sell its UCS shares to UC. In such case, the shares will be transferred accordingly within the terms set forth in the preceding paragraph and at the value determined in the Project, even though the sale

value may be subject to adjustment. The opposing shareholder may, in fact, apply to the Competent Court to appoint an expert who will be called upon to definitively and irrevocably determine the liquidation value within 90 days from the exercise of the aforementioned right, by way of a sworn report. The expert will proceed - also with regard to expenses - in accordance with art. 1349 of the Italian Civil Code. If the liquidation value determined by the expert is higher than that indicated in this Project, UC shall pay the shareholder to be liquidated any additional amount to the price already paid. Conversely, if the value determined by the expert is lower, the shareholder in question shall refund the difference to UC.

6. LEGAL EFFECTS OF THE DEMERGER

The demerger deed will indicate the effective date of the Demerger vis-à-vis third parties. Such effective date may be subsequent to the registration date with the competent Companies Register of Milan, where the Beneficiary Company is registered, according to article 2506-*quater* of the Italian Civil Code.

7. EFFECTIVE DATE OF THE TRANSACTION ON THE FINANCIAL STATEMENTS OF THE BENEFICIARY COMPANY AND OF THE TAX EFFECTS OF THE DEMERGER

The Demerger shall take effect and shall trigger *ex lege* (also for accounting and fiscal purposes) the transfer to the Beneficiary Company of the assets and liabilities related to the Demerged Compendium previously owned by the Demerged Company starting from the effective date indicated in the demerger deed.

8. PROFIT SHARING

Considering that the Demerger does not require a capital increase of the Beneficiary Company, no new UC shares will be issued. Consequently, there are not newly issued shares in relation to which the date from which they will participate in the profits must be specified.

9. TREATMENT THAT MAY BE RESERVED FOR PARTICULAR CATEGORIES OF SHAREHOLDERS AND HOLDERS OF SECURITIES OTHER THAN SHARES

There are not particular categories of shareholders nor holders of securities other than shares in relation to which it is envisaged a special or privileged treatment.

10. SPECIAL ADVANTAGES IN FAVOUR OF THE DIRECTORS.

No benefit or advantage is envisaged for the directors of the companies participating to the Demerger.

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Attachments:

- “A” By-laws of the Demerged Company;
- “B” Representation of the Assets and Liabilities forming the Demerged Compendium;
- “C” Summary of changes in the accounting net equity of the Demerged Company.

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UNICREDIT SERVICES S.C.p.A.

Signed by Daniele Tonella