

# Unlock your potential

## 4. Authorisation to purchase treasury shares aimed at remunerating the shareholders

Directors' Report

8 April 2022

Ordinary part Shareholders' Meeting

# Authorisation 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, a proposal to authorise the purchase of a maximum ordinary shares of UniCredit S.p.A. ("**UniCredit**" or the "**Company**"), equal to a total expenditure up to Euro 2,579,954,000.00 and, in any case, not exceeding no. 215,000,000 UniCredit ordinary shares (equal to 9.87% of the share capital of UniCredit at 9 March 2022 (hereinafter, the "**Date of the Report**"), to 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 Shareholders' 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 2022, 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 authorisation to purchase ordinary shares of UniCredit**

The request for authorisation to purchase ordinary shares referred to under this report is part of the activities envisaged in the 2022-2024 strategic plan ("**UniCredit Unlocked**" or the "**Plan**") presented to the market on 9 December 2021. As part of UniCredit Unlocked, the Company aims to ensure a materially increased and growing remuneration in favour of the Shareholders over the course of the Plan, also by means of programmes for the purchase of ordinary shares of UniCredit (such as the one that is the object of this resolution proposal).

In particular, for the financial year ended on 31 December 2021, substantially in line with UniCredit Unlocked, it is expected a distribution of approximately Euro 3,750 million, composed of:

- a cash dividend equal to a total consideration of Euro 1,170,046,000.00 from the allocation of profit for the year 2021, corresponding to approximately 30% of the so-called "underlying consolidated net profit"<sup>1</sup>, on which the Shareholders' Meeting is be called to resolve pursuant to item 2 of the ordinary session agenda.

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<sup>1</sup>Net profit adjusted for non-operating items

For further information on the proposed cash dividend distribution, please refer to the report of the Board of Directors referred to in item 2 on the ordinary session agenda; and, for the remaining part,

- purchases of UniCredit ordinary shares corresponding to a maximum total expenditure up to Euro 2,579,954,000.00, which may be executed pursuant to the authorisation requested under this report. The ordinary shares thus purchased will be subsequently subject to cancellation. Indeed, it is hereby specified that the Board of Directors simultaneously submits to the Shareholders' Meeting, held in extraordinary session, the proposal to cancel such shares. 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 this request 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. The execution of the share buy-back programme will also be assessed taking a prudent and sustainable approach to distributions. In particular, the above-mentioned execution will be subject to UniCredit's CET1 ratio proforma 2021 remaining above 13.0%; it is hereby therefore specified that the share buy-back programme that is the subject of this request for authorisation may not be executed or may be only partially executed.

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

At the Date of the Report, the share capital of UniCredit is made up of Euro 21,133,469,082.48 and is comprised of no. 2,177,593,299 ordinary shares without nominal value.

In compliance with the purposes described under Paragraph 1 above and taking into account the available reserves as resulting from UniCredit's financial statements as at the same date, the authorisation is requested for the purchase, in one or more transactions, of maximum ordinary shares of UniCredit equal to a total expenditure up to Euro 2,579,954,000.00 (the "**Maximum Total Expenditure**") and, in any case, not exceeding no. 215,000,000 UniCredit ordinary shares (equal to 9.87% of UniCredit's share capital as at the Date of the Report).

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, if actually executed in accordance with paragraph 1 above, 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 authorisation that will be issued by the European Central Bank, a part of the available reserves and specifically of the "Share Premium Reserve", equal to the aggregate maximum expenditure as authorised by the European Central Bank, will be used to constitute a 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.

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

At the Date of the Report, UniCredit does not hold treasury shares in the portfolio. As of 28 February 2022, the subsidiaries of UniCredit held no. 1,381,779 shares of the Company.

For completeness, it should be noted that on 15 April 2021 the Shareholders' meeting of UniCredit resolved to authorise the purchase a maximum of no. 20,000,000 UniCredit ordinary shares 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. Such authorisation remains formally valid until 15 October 2022, however, on 15 February 2022 the Company's Board of Directors ascertained the absence of market conditions to proceed with the delisting of UniCredit shares from the Warsaw Stock Exchange. Therefore, no purchases will be made pursuant to the mentioned authorisation.

The purchase subject to your authorisation 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**

The purchase authorisation, which may be carried out in part and/or in one or more transactions, is 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 2022. It is understood that any purchase transactions – if authorised by you – may be carried out only after the issuance of the required authorisation from the European Central Bank (and within the limits thereof) and will be assessed in accordance with paragraph 1 above.

#### **5 Minimum and maximum price**

The share purchases referred to in this report 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 Euronext Milan, 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 authorisation 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 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 any treasury shares purchased in execution of the authorisation 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.

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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 2,579,954,000.00 and, in any case, not exceeding no. 215,000,000 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 2022;*

*2. to authorise the Board of Directors to proceed with the purchases of ordinary shares of UniCredit pursuant to the resolution under point 1) 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 Euronext Milan, 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;*

*3. to authorise, for the execution of the purchase plan referred to in point 1 of this resolution and in compliance with the authorisation that will be issued by the European Central Bank, the allocation of a maximum amount up to Euro 2,579,954,000.00 to the specific reserve denominated “Unavailable Reserve for the Purchase of Treasury Shares” through withdrawal from the “Share Premium Reserve”;*

*4. to grant the Board of Directors and, on its behalf, the Chief Executive Officer, with the power of sub-delegation to Executive Personnel, with all powers in order to, in accordance with the conditions set out in the abovementioned report, carry out the transaction of purchase of ordinary shares of UniCredit and any necessary accounting entries resulting from the resolutions referred to in points 1) 2), and 3) above, as well as any purchases carried out in execution of this authorisation, 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.”.*