

Do the right thing!



3. Cancellation of treasury shares with no reduction of share capital; consequent amendment to clause 5 of the Articles of Association

Director's Report

April 15, 2021

Ordinary and Extraordinary Shareholders' Meeting

Cancellation of treasury shares with no reduction of share capital; consequent amendment to clause 5 of the Articles of Association. Consequent and inherent resolutions

Messrs Shareholders,

With respect to, *inter alia*, the purchase of the ordinary shares of UniCredit S.p.A. (“**UniCredit**” or the “**Company**”) under two different, but related, authorisation requests submitted to your authorisation and referred to in item no. 6 of the agenda of the shareholders’ meeting held in ordinary session, the Board of Directors has called you in extraordinary session to resolve, among others, on (i) the proposal to cancel the treasury shares that may be purchased under the above-mentioned authorisations, as well as the additional no. 4,760 UniCredit ordinary shares held in the Company’s portfolio as of the date of this report, to be carried out with no reduction of the share capital, (ii) the consequent amendment to the clause 5 of the Articles of Association, granting specific power for the execution of both resolutions.

1 Proposal to cancel treasury shares

The cancellation concerns (i) all UniCredit treasury shares which may be purchased and held by the Company under both the authorisations of the shareholders’ meeting requested in the ordinary session and referred to in item 6 of the agenda (equal to a maximum of no. 140,000,000 UniCredit ordinary shares), as well as (ii) the UniCredit ordinary shares held in the Company’s portfolio as of the date of this report, up to a total maximum of no. 140,004,760 shares of the Company (equal to approximately 6.26% of the share capital of UniCredit at the date of this report)¹.

In particular, the proposal for cancellation is consistent with the purpose of the purchase transactions as already represented in the explanatory report regarding the above-mentioned authorisations referred to in item 6 of the agenda, which is part of the activities envisaged in the 2020-2023 strategic plan (“*Team 23*”), communicated to the market on 3 December 2019.

It should be recalled that the Board of Directors of UniCredit had resolved to submit the cancellation proposal to the Shareholders’ Meeting of 9 April 2020, as well as the relevant authorisation request for the purchase of the ordinary shares of UniCredit, both of which aimed at implementing such activity envisaged in Team 23. However, these

¹ For the sake of completeness, please note that the UniCredit’s ordinary shares subject to the authorisation set out under item 15 of the agenda of the ordinary shareholders’ meeting in the context of the preliminary activities to the delisting from the Warsaw Stock Exchange will be not subject to cancellation.

proposals have been withdrawn by the Board of Directors of UniCredit on 29 March 2020, following the ECB's recommendation of 27 March 2020, and are hereby re-proposed considering that the scenario has partially changed after the ECB's recommendation of 15 December 2020 and on the assumption that, during the review of such recommendation (or in other circumstances), no measures are issued by the Supervisory Authority that would prevent banks from proceeding with dividend distributions and/or shares buy-backs.

For further information in relation to the reasons behind the authorisation requests for the purchase of ordinary shares and concerning the context of such requests and this proposal for treasury shares cancellation as activities envisaged by Team 23, please refer to the Board of Directors' report issued in relation to item 6 of the ordinary session.

The cancellation will be carried out with no reduction in the nominal share capital: taking into account the fact that the shares representing the Company's share capital do not indicate the nominal value, it will be carried out exclusively through a reduction in the number of existing shares and with a consequent increase in their accounting par value.

The cancellation – for the concrete execution of which it is proposed to grant appropriate delegation to the Board of Directors with the power of sub-delegation – may be carried out in one or more transactions, prior to the purchase of the maximum number of shares authorised by the shareholders' meeting in ordinary session pursuant to item 6 on today's agenda and, in any case, by and no later than the first date between: (i) the date of dividend's distribution, if any, for the year ending on 31 December 2021 and (ii) 31 July 2022.

It is hereby specified that, from an accounting perspective, the cancellation of treasury shares will not have any impact on the economic results and on the overall value of net equity, although it will change its composition.

The Company will communicate to the market the cancellation of treasury shares in accordance with the applicable laws and regulations in force from time to time, and will update the Articles of Association and communicate the new composition of the share capital.

2 The consequent amendment of clause 5 of the Articles of Association

The cancellation of treasury shares will result in the amendment of clause 5 of the Articles of Association as regards to the number of shares into which the share capital is divided. In this respect, it is hereby proposed to grant appropriate delegation to the Board of Directors, with the power to sub-delegate, to update paragraph 1 of this clause by reducing the number of shares indicated therein in proportion to the number of shares that will actually be cancelled in execution of the above.

Information on the exercise of the right of withdrawal and related matters

The proposed amendments to the Articles of Association do not entail the exercise of the right of withdrawal by shareholders pursuant to Article 2437 of the Italian Civil Code and the related filing with the Companies' Register is subject to the Supervisory Authority's assessment pursuant to the Legislative Decree no. 385/1993 (*"Italian Consolidated Banking Act"*).

Proposals of amendment to the Articles of Association of UniCredit

The amendments to the Articles of Association submitted for the approval to the shareholders' meeting and subject to authorisation by the Supervisory Authority, in accordance with the above, are represented by the inclusion of a new final paragraph to the current clause 5 of the Articles of Association and are illustrated in the synoptic table below. This paragraph will be subsequently repealed, once the cancellation transactions have been completed, contextually to the execution of the above mentioned amendment to clause 5, paragraph 1, of the Articles of Association, pursuant to a further delegation which is proposed to the shareholders' meeting to be granted to the Board of Directors, with sub-delegation power to the Chairman and the Chief Executive Officer, either jointly or severally.

CURRENT TEXT	PROPOSED AMENDMENT
clause 5	clause 5
1. The Bank's share capital, fully subscribed and paid-up, amounts to Euro 21,059,536,950.48 and is divided into 2,237,261,803 ordinary shares without nominal value.	(unchanged)
2. Shares are registered shares.	(unchanged)
3. Share capital may be increased by way of a shareholders' resolution, also according to Article 2441, fourth paragraph, second period, of the Italian Civil Code, through the issuance of shares bearing various rights, in conformity to legal requirements.	(unchanged)
4. The Extraordinary Shareholders' Meeting may resolve upon the allocation of earnings to the employees of the Bank or subsidiaries, in conformity to prevailing laws.	(unchanged)
5. (Not existing)	5. The Extraordinary Shareholders' Meeting held on 15 April 2021 approved the cancellation of maximum no. 140,004,760 UniCredit treasury shares, granting delegation to the Board of Directors, with the power to sub-delegate to the Chairman and the Chief Executive Officer, either jointly or severally, to carry out such cancellation, in one or more transactions, within the first date between (a) the date of dividend's distribution, if any, for the year ending on 31 December 2021 and (b) 31 July 2022, to amend accordingly the number of shares indicated in paragraph 1 of this clause, thereby reducing it for the shares effectively cancelled, and to proceed, once the cancellation transactions have been completed, with the repeal of this paragraph.

3 Resolutions proposed to the Extraordinary Shareholders' Meeting

Dear Shareholders,

in relation to the above, based on the assumption that the ordinary shareholders' meeting has today approved the authorisations to purchase ordinary shares of the Company referred to in item no. 6 of the agenda of today's ordinary shareholders' meeting, if you agree with the contents and arguments set out in this Explanatory Report, we ask you to adopt the following resolution:

"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 and Article 72 of the Regulation adopted by CONSOB with Resolution No. 11971 dated 14 May 1999 and in compliance with and according to the proposal contained therein;

hereby resolves

1. to cancel any UniCredit treasury shares that will be acquired in accordance with this shareholders' meeting's authorizations resolved in ordinary session, as well as the additional UniCredit ordinary shares held in the Company's portfolio as of the date of this report up to a maximum of UniCredit ordinary shares in total not exceeding no. 140,004,760 ordinary shares of the Company, and to delegate to the Board of Directors, with the power to sub-

delegate to the Chairman and the Chief Executive Officer, either jointly or severally, (i) to determine the effective number of treasury shares to be cancelled in accordance with the purposes set forth in the above-mentioned explanatory report of the Board of Directors; and (ii) to carry out such cancellation in more transactions or in a single transaction, depending on the procedures which will be decided by the Board of Directors, in any case no later than the first date between: (i) the date of dividend's distribution, if any, for the year ending on 31 December 2021 and (b) 31 July 2022, and to carry out any action necessary or appropriate for this purpose;

2. to proceed with the above-mentioned cancellation without recording any profit or loss in the income statement and without any impact on the net equity of the Company, without prejudice to the amount of the share capital, with a consequent automatic increase in their "accounting par value" of the shares issued by the Company;

3. to insert, as a result of the resolutions adopted in points 1 and 2 above, a new final paragraph in clause 5 of the Articles of Association with the following text:

"The Extraordinary Shareholders' Meeting held on 15 April 2021 approved the cancellation of maximum no. 140,004,760 UniCredit treasury shares, granting delegation to the Board of Directors, with the power to sub-delegate to the Chairman and the Chief Executive Officer, either jointly or severally, to carry out such cancellation, in one or more transactions, within the first date between (a) the date of dividend's distribution, if any, for the year ending on 31 December 2021 and (b) 31 July 2022, to amend accordingly the number of shares indicated in paragraph 1 of this clause, thereby reducing it for the shares effectively cancelled, and to proceed, once the cancellation transactions have been completed, with the repeal of this paragraph."

granting delegation to the Board of Directors, with the power to sub-delegate to the Chairman and the Chief Executive Officer, either jointly or severally, to carry out, following the completion of the cancellation transactions referred to in points 1 and 2, the repeal of this new paragraph together with the implementation of the amendment to the Articles of Association referred to in point 4 below;

4. to approve, as of now, following the execution of the cancellation of treasury shares referred to in points 1 and 2 above, the amendment of clause 5, paragraph 1, of the Articles of Association as regards to the number of shares into which the share capital of UniCredit S.p.A. is divided, indicating in the same paragraph the number of shares that will actually exist as a result of the execution of this cancellation and to grant to the Board of Directors with the power to sub-delegate to the Chairman and the Chief Executive Officer, either jointly or severally, to amend the above-mentioned provision of the Articles of Association by updating the number of such shares and to take any necessary or appropriate action in this regard;

5. to grant the Board of Directors and, on its behalf, the Chairman of the Board of Directors and the Chief Executive Officer, either jointly or severally and with the power of sub-delegation to the Company Executive Personnel, with all appropriate powers to: (i) implement the above resolutions in accordance with the law; (ii) accept or introduce into the same any amendments or additions (which do not alter the substance of the resolutions adopted) which are required for filing with the Companies' Register or by the Authorities or necessary and/or appropriate for the implementation of laws and regulations; (iii) file and register, in accordance with the law, with an explicit and advance declaration of approval and ratification, the resolutions adopted and the text of the Articles of Association updated as per the above".