

# One Bank, One UniCredit.

1. Approval of the 2018 financial statements; elimination of so-called “negative reserves” for components not subject to change by means of their definitive coverage

Director’s Report

2019

Ordinary and Extraordinary Shareholders’ Meeting

# Approval of the 2018 Financial Statements; elimination of so-called "negative reserves" for components not subject to change by means of their definitive coverage

Dear Shareholders,

You have been called to the Ordinary Shareholders' Meeting of UniCredit S.p.A. (the "Company" or UniCredit") to approve, inter alia, the 2018 Company Financial Statements and elimination of so-called "negative reserves" by means of their definitive coverage.

This Report is intended to illustrate the reasons behind such operation and the proposals on the issue on the agenda, in accordance with Art. 125 ter of Legislative Decree No. 58 of February 24, 1998.

## 2018 Company Financial Statements

With regard to the Company Financial Statements please refer to the draft of Report and Accounts 2018 of UniCredit S.p.A., approved by the Board of Directors on February 6, 2019, and made available to shareholders in the manner and with the deadlines prescribed by current legislative and regulatory provisions. Please note that the Legal Reserve to date amounts to €4,200,904,723.67, capacious compared to the limit set by Art. 2430 of the Italian Civil Code.

## Elimination of so-called "negative reserves" for components not subject to change by means of their definitive coverage

The Board of Directors proposes to eliminate certain of the so-called "negative reserves" classified under the shareholders' equity of UniCredit as a reduction of the Reserves which, having definitive characteristics, cannot be subject to further changes.

These negative reserves, which amount in total to €293,280,499.41 are subject to proposed elimination:

- for the amount of € 167,962,158.46<sup>1</sup> by use Share Premium Reserve;
- for the amount of € 125,318,340.95<sup>2</sup> by use Statutory Reserve;

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.

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<sup>1</sup> Negative reserve related to the payment of AT1 coupons in 2017 authorized by ECB

<sup>2</sup> Negative reserve related to the payment of usufruct fees related to Cashes financial instruments

## Resolutions submitted to the Ordinary Shareholders' Meeting

Dear Shareholders,

If you agree with the contents and the arguments set out in the Directors' Report illustrated above, we invite you to adopt the following resolutions:

*“The Shareholders' Meeting of UniCredit, in ordinary session, agreeing with the contents and arguments set out in the Directors' Report,*

*resolves:*

*to approve the 2018 Financial Statements of UniCredit S.p.A., comprising the Balance Sheet, Income Statement, Statement of Comprehensive Income, Statement of Changes in Shareholders' Equity, Cash Flow Statement and Notes to the Accounts, as presented by the Board of Directors as a whole and with regard to the individual entries and thereby approve coverage of the negative reserves totaling €293,280,499.41 through use of Share Premium Reserve for the amount of €167,962,158.46 and Statutory Reserve for the amount of €125,318,340.95”.*