BOARD OF DIRECTORS'

REPORT

ON SECTIONS 1) AND 2) ON THE AGENDA

OF THE EXTRAORDINARY SHAREHOLDERS' MEETING OF

UNICREDIT S.P.A. OF 12 JANUARY 2017

(prepared pursuant to Article 125-*ter* of Legislative Decree No 58 of 24 February 1998, as amended and pursuant to Article 72 and Appendix 3A of the Regulation adopted by Consob Resolution 11971 of 14 May 1999, as amended)

1. **SHARE CAPITAL INCREASE FOR CASH CONSIDERATION UP TO AN AGGREGATE AMOUNT OF EURO 13 BILLION, INCLUDING ANY SHARE PREMIUM, TO BE CARRIED OUT NO LATER THAN 30 JUNE 2017, ALSO IN ONE OR MORE TRANCHES AND IN A DIVISIBLE FORM, THROUGH THE ISSUE OF ORDINARY SHARES WITH REGULAR ENTITLEMENT, TO BE PRE-EMPTIVELY OFFERED TO THE COMPANY'S ORDINARY SHAREHOLDERS AND HOLDERS OF SAVING SHARES PURSUANT TO ARTICLE 2441, FIRST, SECOND AND THIRD PARAGRAPHS, OF THE CIVIL CODE. SUBSEQUENT AMENDMENTS TO THE COMPANY'S ARTICLES OF ASSOCIATION AND RESOLUTIONS RELATED THERETO**

2. **REVERSE STOCK SPLIT OF UNICREDIT'S ORDINARY AND SAVINGS SHARES, AT A RATIO OF 1 NEW ORDINARY SHARE, WITH REGULAR ENTITLEMENT, PER 10 EXISTING ORDINARY SHARES AND 1 NEW SAVING SHARE, WITH REGULAR ENTITLEMENT, PER 10 EXISTING SAVING SHARES, AFTER CANCELLATION OF ORDINARY AND SAVINGS SHARES IN THE MINIMUM NUMBER NECESSARY TO ALLOW THE BALANCING OF THE ENTIRE TRANSACTION, WITHOUT REDUCTION OF THE SHARE CAPITAL. SUBSEQUENT AMENDMENTS TO THE COMPANY'S ARTICLES OF ASSOCIATION AND RESOLUTIONS RELATED THERETO**

Dear Shareholders,

You have been called to the Extraordinary Shareholders' Meeting of UniCredit S.p.A. (the "**Company**" or "**UniCredit**") to approve, *inter alia*, a capital strengthening transaction of the Company to be carried out through a capital increase for a maximum of Euro13 billion, to be executed via a rights issue to all shareholders, pursuant to Article 2441, paragraphs 1, 2 and 3 of the Italian Civil Code (the "**Rights Issue**" or the "**Capital Increase**"), according to the terms and conditions described in further detail in Part 1 below.

As part of the measures aimed at simplifying the administrative management of the outstanding ordinary and savings shares in the interests of the current and future shareholders, we also propose to you the reverse stock split of the Company shares (the "**Reverse Stock Split**"), with the consequent reduction in the number of outstanding shares, as per the proposal described in further detail in Part 2 below.

This Report aims to provide an explanation of the reasons for these transactions and the related proposals on the agenda, in accordance with the provisions of Article 125-*ter* of Legislative Decree No 58 of 24 February 1998, as amended (the "**Consolidated Finance Act**") and of Article 72 and Appendix 3A of the Regulation adopted by Consob Resolution 11971 of 14 May 1999, as amended (the "**Issuers' Regulation**").

1. ***PART 1*: SHARE CAPITAL INCREASE FOR CASH CONSIDERATION UP TO AN AGGREGATE AMOUNT OF EURO 13 BILLION, INCLUDING ANY SHARE PREMIUM, TO BE CARRIED OUT NO LATER THAN 30 JUNE 2017, ALSO IN ONE OR MORE TRANCHES AND IN A DIVISIBLE FORM, THROUGH THE ISSUE OF ORDINARY SHARES WITH REGULAR ENTITLEMENT, TO BE PRE-EMPTIVELY OFFERED TO THE COMPANY'S ORDINARY SHAREHOLDERS AND HOLDERS OF SAVING SHARES PURSUANT TO ARTICLE 2441, FIRST, SECOND AND THIRD PARAGRAPHS, OF THE CIVIL CODE. SUBSEQUENT**

AMENDMENTS TO THE COMPANY'S ARTICLES OF ASSOCIATION AND RESOLUTIONS RELATED THERETO

1.1 Reasons for the capital strengthening transaction

The Rights Issue is one of the pillars of the 2016-2019 Strategic Plan (the "**Plan**" or the "**Strategic Plan**") approved by the Company's Board of Directors on 12 December 2016, presented to the financial community on 13 December 2016. The Rights Issue, together with the Plan, is aimed at strengthening the Group's capital structure, by increasing its capital ratios in order to position them in line with the best Global systematically important financial institutions – "G-SIFIs", with an average Common Equity Tier 1 ratio at European level equal to 13.1% (fully loaded) as at 30 September 2016.

The Rights Issue is closely linked to the achievement of the targets of the Plan since it is designed to allow UniCredit to absorb the negative impacts arising from certain actions included in the Strategic Plan and to increase the capital ratios, and in particular:

(i) to sustain a proactive de-risking of the balance sheet assets, specifically connected to the Italian loan portfolio (including the credit underwriting activity going back to the years before the financial crisis), through the accounting of loan loss provisions, expected for Euro 8.1 billion, after a change in the management strategy on non-performing loans and the envisaged sale of a portfolio of non-performing loans through a securitisation,;

(ii) to balance the accounting of integration costs for a total amount of approximately Euro 1.7 billion after tax, aimed at financing the exit from the Group of approximately 5,600 employees, through a combination of early retirement and voluntary redundancy plans; and

(iii) to sustain some further write-downs on balance sheet asset items for a total expected amount of Euro 1.4 billion.

Moreover, after the Rights Issue the Company expects a positive impact on the market value of its shares, which is currently likely affected by an overhang due to the perceived undercapitalization of the Group by the market.

In particular, as discussed in the Plan, the Group aims to strengthen its capital ratios which, as at 30 September 2016, stood at 10.8%, in terms of Common Equity Tier 1 ratio fully loaded, (11% Common Equity Tier 1 ratio phase-in), at 11.8%, in terms of Tier 1 ratio (phase-in), and at 14.5%, in terms of Total Capital ratio (phase-in), increasing them – also taking into account the other actions required by the Plan – respectively to 13.8%, to 14.7% and to 17.6% pro forma as at 30 September 2016, as detailed below.

1.2 Economic, financial and dilutive effects of the Rights Issue

1.2.1 Economic and financial effects of the Rights Issue

As indicated in the previous paragraph, the capital strengthening transaction proposed by UniCredit constitutes one of the pillars of the Strategic Plan which aims, *inter alia*, to enable the Group to bring its capital ratios in line with those of the most solid European Banks (and, especially, with the G-SIFIs), optimising its liquidity and strengthening the Group's capital structure.

The table below shows the indicators of the Own Funds and of the Company's regulatory capital ratios, on a consolidated basis, as at 30 September 2016 (phase-in) with the related comparative data as at 31 December 2015 (phase-in). Values include the phase-in adjustments according to the regulatory percentages applicable from time to time.

	As at	
(in Euro M; percent)	**30 September 2016**	**31 December 2015**
Common Equity Tier 1 (CET1 capital)	42,980	41,375
Additional Equity Tier 1	3,172	3,545
Tier 1 Capital (Tier 1 capital)	46,152	44,920
Tier 2 Capital	10,515	10,659
Total Treasury Funds (Total capital)	56,667	55,579
Total risk-weighted assets (RWAs)	390,901	390,599
Common Equity Tier 1/risk-weighted assets (CET1 capital ratio)	11.00%	10.59%
Tier 1 capital/risk-weighted assets (Tier 1 capital ratio)	11.81%	11.50%
Total Treasury Funds/risk-weighted assets (Total capital ratio)	14.50%	14.23%
Total risk-weighted assets on total assets([1])	43.39%	44.01%

(1) the "total assets" is represented by the amount recorded in the Financial Reporting as at the respective reference dates.

As described in the context of the Plan, the strengthening of the capital structure of the UniCredit Group is expected to take place, as well as with the Rights Issue, with the implementation of actions aimed at improving the quality of the Group assets, with the main purpose of reducing the portfolio of non-performing loans (non-performing exposures or non-performing loans (NPEs)).

From the finalisation of such actions included in the Plan, non-recurring negative impacts are expected on the economic and financial situation of UniCredit, mainly due to the posting of net adjustments, resulting from the change in the approach relating to the new strategy on non-performing loans management and from the expected disposal of a non-performing loans portfolio of up to Euro 17.7 billion through a securitization transaction.

In addition to the above, further non-recurring negative impacts are expected from the booking of integration costs aimed at financing the departure of approximately 5,600 employees, as well as certain write-downs on balance sheet asset entries.

For the purpose of enabling a complete assessment of the impacts and consequences of the prospective Rights Issue transaction, it is believed that such impacts and consequences shall be presented jointly with any further impacts related to the different actions included in the Plan, as they are estimated in certain cases.

To this extent, UniCredit has prepared the consolidated Pro-forma statements regarding the balance sheet, the income statement and the financial report of the UniCredit Group for the nine month period as at 30 September 2016 (the "**Pro-forma Consolidated Financial Statements**"), provided with the explanatory notes as described in the following paragraph 1.2.2.

1.2.2 *Pro-forma Financial Information*

Introduction

The Pro-Forma Consolidated Financial Statements were prepared solely to retroactively reflect the significant effects of the transactions described below if concluded after the closing date of the Interim Consolidated Financial Report as at 30 September 2016. The transactions are represented as if they had already taken place and completed, as at the considered date, based on what is expected to happen in the Strategic Plan, without intending to show that any of the effects of transactions would have to be properly reflected on that date and that these effects will necessarily have to be reflected in subsequent periods. The underlying assumptions are a conventional element: if the transactions described below were to actually take place before 30 September 2016, the same effects presented in the Pro-Forma Consolidated Financial Statements would not necessarily have been obtained.

Therefore, given the various objectives, the Pro-Forma Consolidated Financial Statements which, as anticipated, reflect the effects of the transactions expected by the Strategic Plan, as if they had already been completed, may differ, even significantly, from the representation that the same transactions could have in the UniCredit consolidated financial statements as at 31 December 2016 and those related to subsequent periods, as the latter will be prepared based on the procedures, terms and conditions relating to the reference date.

Now, therefore, given that, in UniCredit's opinion, the pro-forma representation of the effects of the transactions described below includes all aspects related to those transactions according to the procedures, terms and conditions in line with the status of negotiations and the information available as at the date of the Report, in view of the complexity of the transactions, there is a risk that the actual impacts thereof may differ even significantly from those included in the Pro-Formal Consolidated Financial Statements.

The accounting principles and assessment criteria adopted for preparing the adjustments and Pro-Forma Consolidated Financial Statements, albeit with the limitations implied in the assumptions made, are consistent with those applied for preparing the Interim Consolidated Financial Report of UniCredit Group as at 30 September 2016.

The Pro-Forma Consolidated Financial Statements are not by their nature capable of representing the future economic and financial situation of UniCredit Group, given that they are prepared to retroactively reflect the effects of subsequent, irrelevant transactions as at the dates of the periods subject to pro-forma, despite compliance with the widely accepted accounting principles and the use of reasonable assumptions.

Therefore, for a correct interpretation of the information provided by the Pro-Forma Consolidated Financial Statements, it is necessary to consider the following aspects:

- they are representations made on assumptions, should the transactions considered actually have taken place as at the date taken as reference for preparing the Pro-Forma data, without the same results represented in the Pro-Forma Consolidated Financial Statements necessarily having been obtained;

- the Pro-Forma data do not reflect financial statement data as they are prepared so as to only represent the isolated and objectively measurable effects of the execution of the transactions, without taking into account the potential effects due to variations in UniCredit's policies and operational decisions subsequent to the execution of the transactions themselves;
- the Pro-Forma representation does not in any way intend to represent that any of the effects related to such transactions had to be correctly reflected as at the date subject to Pro-Forma.

Extraordinary transactions already completed as at the date of this Report

As regards the transactions already completed as at the date of this Report (the "**Completed M&A Transactions**"), these refer in detail to the transactions listed below:

- the sale of 30% of FinecoBank S.p.A. ("**FinecoBank**") through two separate accelerated bookbuilding transactions concluded, respectively, in July 2016 (with a sale of a 10% stake in the share capital of FinecoBank) and in October 2016 (with a sale of a 20% stake in the share capital in FinecoBank). In this regards, it is specified that FinecoBank continues to be fully consolidated in the UniCredit Group financial statements that it holds, as at the date of this Report, a 35% stake, with a greater minority interest than in the past;
- the transfer of the entire stake in JSCB Ukrsotsbank, the Ukraine bank of UniCredit Group, to the Luxembourg holding ABH Holdings SA ("**ABH Holdings**") in exchange for a 9.9**%** stake in ABH Holdings. This transfer was completed on 31 October 2016, following the strategic decision to exit the Ukrainian market.

Significant transactions undergoing completion as at the date of this Report

In addition to the extraordinary transactions described above, the Pro-forma Consolidated Financial Statements were prepared assuming the successful completion of the following transactions undergoing completion as at the date of this Report (the "**Additional M&A Transactions**" and, together with the "**Completed M&A Transactions"**, the "**M&A Transactions**"):

- the sale of the entire stake of approximately 40% in Bank Pekao SA ("**Pekao**"), UniCredit Group's Polish bank and parent company of the Bank Pekao Group headed by the same parent company, of which 33% to be sold to two Polish counterparts **–** Powszechny Zakład Ubezpieczeń S.A. ("**PZU**") and Polski Fundusz Rozwoju S.A. ("**PFR**") – based on a sale and purchase agreement signed on 8 December 2016, while it is planned that the remaining 7% is to be sold due to a subsequent market transaction, which provides for the issuance of equity-linked certificate guaranteed by pledge of Pekao shares, as announced on the same date. These sales are added to the 10% stake sold during July 2016 through an accelerated bookbuilding procedure, following which UniCredit has maintained the controlling stake of 40%. As at the date of these transactions, the implied multiples in the stock prices of Pekao shares are deemed attractive by UniCredit and the decision regarding the sale took into account the fact that the local regulation limits the possible synergies with the Group and the competitive context is becoming more difficult for foreign banks in Poland. The transaction will include: the sale of 35% of Pekao Pioneer PTE (by Pioneer Global AM S.p.A. ("**PGAM**")); the sale of 51% of Pioneer Pekao Investment Management (by

PGAM); the sale of 50% of Xelion Sp. X o.o. (by UniCredit). However, the signing of a trade agreement with Bank Pekao will enable the maintenance of similar service levels for Group customers;

- the sale of almost the entire business of PGAM, the parent company of Pioneer Investments Group, headed by the same parent company, operating in the asset management sector in Amundi. Certain non-relevant vehicles, a 51% share in Pioneer Pekao Investment Management and 35% in Pekao Pioneer PTE shall be excluded, which comprise the scope of the transaction relating to Pekao. UniCredit does not consider itself to be the best owner of a medium-sized asset manager, as it is unable to develop economies of scale. In contrast, the sale of activities to a global asset manager will enable it to leverage a broader product base due to the skills of the buyer, maintaining the benefit associated with the distribution commissions produced on the basis of a long-term distribution agreement agreed with its counterpart, as announced to the market on 12 December 2016;
- the sale of the entire stake in Immobilien Holding GmbH ("**Immo Holding**"), an Austrian real estate company which is the parent company of Immobilien Group, an activity deemed non-core with respect to the financial services sector.

Actions aimed at improving the quality of assets

The strengthening of the capital of UniCredit Group shall also become necessary following the implementation of actions aimed at improving the quality of the assets, which include:

- the execution of so-called "Progetto Fino", which aims to accelerate the reduction of the non-core loans portfolio classified as bad loans through a market transaction. The sale of the portfolio is expected to occur in two phases: (i) firstly, the securitisation of the portfolio and the signing by third parties of a vertical tranche (i.e. including junior, mezzanine and senior securities in equal proportion) of ABS securities ("Securitisation Notes") issued by a Special Purpose Vehicle, at least equal to a minimum of 20% of their total; (ii) following the sale of an additional share of the Securitisation Notes held by UniCredit, leading to the transfer of the total risk on the entire portfolio. In this way, the Group will benefit from the exit of that bad loans portfolio from its asset; it is expected that as at 31 December 2016, pursuant to the commitment to sell – through the aforementioned securitisation – substantially all of that portfolio within an expected period of 12 months, the classification of the portfolio itself shall be made in accordance with the international accounting principle IFRS 5 (held-for-sale). As part of the Project, the coverage ratio of the portfolio to be sold shall be increased to a consistent level, as part of a tender process undergoing execution, which involves certain leading operators in the non-performing loans management sector, with the price to be specified for the purchase of the portfolio under the binding offer for purchase selected by UniCredit;
- the execution of so-called "Project Porto" by increasing the coverage ratio of bad loans and unlikely to pay Italian portfolio, following the changes in estimates resulting from the change of management/managerial approach adopted in December 2016 by the bank and by other Italian companies of the Group interested in terms of the management of non-performing loans, with the intention

of:

- proceeding more quickly and efficiently with the disposal of positions through a management that prioritises the timeliness of collections and the demobilisation of assets;
- more directly expressing the recovery, even under the most recent estimates regarding the estimated value of readily realisable assets or elements placed in guarantee thereof.

The initiatives mentioned above shall involve write-downs on loans for an overall amount estimated at approximately €8.1 billion, of which €7.2 billion are related to the bad loans and unlikely to pay portfolio, so-called "*non-core*", and approximately €0.9 billion relate to the so-called "*core*" portfolio.

Targeted actions to strengthen the capital

The main targeted actions to strengthen the capital, included in the Strategic Plan, provide for the Capital Increase through Rights Issue for up to a maximum amount of €13 billion.

Pro-Forma Consolidated Balance Sheet as at 30 September 2016

For ease of reference, the Pro-Forma Consolidated Balance Sheet as at 30 September 2016 are attached to this Report.

1.2.3 Dilutive effects of the Rights Issue

Since this involves a Rights Issue, there are no dilutive effects in terms of participation in the share capital in respect of the Company's shareholders who decide to subscribe to newly issued shares by exercising all option rights.

As the issue price of the new shares, the number of shares to be issued and their option ratio have not yet been determined, and such factors will only be determined when approaching the implementation of the Rights Issue according to the market trend, it is not currently possible to determine nor draw up an estimate of the actual dilutive effect on the unit value of the shares for shareholders who do not exercise, either in whole or in part, the rights entitled to them. Furthermore, considering the amount of the Rights Issue and the recapitalization of the Company as at the date of this Report, such effects might be material.

Furthermore, in the event that the Rights Issue were to come under the definition of "Hyper-Dilutive Capital Increase", as per Consob Communication no. 0088305 of 5 October 2016, the provisions of the aforementioned communication will be applied.

1.3 Information regarding the expected closure of the current year and operating data for the current year

With reference to the operating performance of the current year, in addition to the reference to the data resulting from the quarterly report approved by the Board of Directors on 10 November 2016, the following information is provided.

Throughout September 2016, direct funding from customers (deposits and securities) are up 0.6% (+0.6% at constant exchange rates) from the first nine months of 2015.

Contributing to this result was funding from commercial customers (+3.8%), while the institutional component was down (-7.1%).

Focusing on funding from commercial customers, Western European countries were up by 4.2%, with Italy at +2.4%, Germany at +11.9% and Austria at -2.1%. The CEE Region maintains the ratio of loans and deposits in balance, up 2.3% (+2.0% at constant exchange rates) from the first nine months of 2015, driven by the Czech Republic (+2.1% at constant exchange rates), Bulgaria (+12.9% at constant exchange rates), Croatia (+5.2% at constant exchange rates), Hungary (+16.0% at constant exchange rates) and Romania (+30.3% at constant exchange rates), while Poland (-0.9% at constant exchange rates) and Russia (-11.0% at constant exchange rates) were down.

Loans to customers (amounting to Euro 480.9 billion as at 30 September 2016) was up by 1.4% compared with the same period of the previous year (+1.4% at constant exchange rates). The same trend was recorded for the stock volumes of commercial loans to customers, which were up by 1.2% (+1.1% at constant exchange rates), revealing generalised increases in geographical terms: compared with the first nine months of 2015, growth was recorded in both Western European Countries (+1.2%) – especially in Germany (+4.6%), while Austria was down by -0.2% and Italy by -0.1% – and in CEE Region countries (+0.7% at constant rates), driven by the Czech Republic (+8.9% at constant exchange rates), Romania (+5.8% at constant exchange rates), Bulgaria (+2.7% at constant exchange rates) and Hungary (+12.7% at constant exchange rates), while Russia (-12.4% at constant exchange rates) and Poland (-1.8% at constant exchange rates) were down.

In the first nine months of 2016, loan loss provisions and net write-downs on loans and provisions for guarantees and commitments were performed, amounting to Euro 2,677 million, down 7.6% (-6.8% at constant exchange rates) compared with the same period in 2015.

The cost of risk in the first nine months of 2016 amounted to 74 basis points, an improvement on the same period in 2015 (amounting to 81 basis points), while continuing to present significant differences on a geographic basis, with Italy amounting to 123 basis points, Germany at 19 basis points, Austria at -14 basis points, Poland at 27 basis points and the CEE Region at 109 basis points.

Gross non-performing loans as at 30 September 2016 were down by Euro 2,977 million, compared with 31 December 2015 (-3.7%). Due to this reduction compared with the final quarter of 2015, the ratio of non-performing loans on total loans improved, decreasing from 15.42% in December 2015 to 14.67% in September 2016. Gross non-performing loans amounted to Euro51.3 billion, up by Euro221 million compared with December 2015.

Net interest throughout September 2016 amounted to Euro 8,644 million, down 2.7% from the previous year (-1.7% at constant exchange rates).

The interest margin was still characterised by a reduction in interest charged on loans to customers, offset by a decrease in the average cost of takings from commercial customers and by other non-commercial components. Also in the first nine months of 2016, the progressive narrowing of credit spread continued, in a scenario of interest rates that had entered into negative territory (the 3-month Euribor average in the first nine months of 2016 amounted to -0.25% compared with 0.00% in the same period of 2015).

As regards net commission, in the first nine months of 2016, this amounted to Euro 5,736 million, down 3.0% (-2.6% at constant exchange rates) from the same period the previous year.

The decline spread over all categories: commissions linked to the credit component (-7.7% from the first nine months of 2015), transactional services (-2.3% from the first nine months of 2015), investment services (-0.7% from the first nine months of 2015), on which weighed the decline in commissions on asset management products (-1.1% from the first nine months of 2015) due to lower placements compared with the same period of the previous year.

Dividends (including profits from companies valued at net equity) in the first nine months of 2016 stood at Euro 700 million, up by Euro 121 million from the same period in 2015.

The result from trading, coverage and fair value in the first nine months of 2016 amounted to Euro 1,820 million, up 35.6% from the same period in 2015 (+37.3% at constant exchange rates). Contributing to this result was the sale of the investment in VISA Europe (Euro 306 million) and the effects of the closure of securitisation transactions.

Finally, in the first nine months of 2016, other income and expenses amounted to Euro 170 million, up Euro 76 million from the same period in 2015.

Personnel expenses in the first nine months of 2016 amounted to Euro 6,013 million, down 4.4% from the same period in 2015 (-3.9% at constant exchange rates).

This result was achieved mainly due to the general staff reduction dynamic and the restructuring of pension expenses carried out in Austria.

As regards other administrative expenses, in the first nine months of 2016, these amounted to Euro 3,628 million, down 6.2% from the same period in 2015 (-5.8% at constant exchange rates). Much of the decline in expenses was due to fewer consulting, ICT, credit information and debt collection, personnel-related expenses and real-estate-related expenses.

The recovery of expenses in the first nine months of 2016 amounted to Euro 562 million, compared with Euro598 million in the same period last year.

Finally, the value adjustments of intangible and tangible assets in the first nine months of 2016 amounted to Euro 728 million, up 7.3% (+8.1% at constant exchange rates), mainly due to IT investments carried out.

Overall, total operating costs excluding personnel expenses were down (-3.9%) from the same period of 2015.

In the last quarter of 2016, the Group, in the context of a general, but narrow, economic recovery, has enhanced its commitment for the purpose of improving the growth of new applications for core activities and the development of the profits, although the level of the interest rates remains extraordinarily low, consequently affecting the dynamic of the interest margin. Moreover, the Group has proceeded in the reduction of costs, contributing to the strengthening of the ordinary profitability.

Furthermore, on the basis of the actions included and defined in the Plan, negative non-recurring impacts are expected on the net result of the forth quarter of 2016 which are equal to an overall amount of Euro 12.2 billion. As partially described above, these net negative impacts are due respectively to the estimated combined effect of the following events:

- Euro 8.1 billion of additional loan loss provisions;
- Euro 1.7 billion of integration costs after tax;
- Euro 1.4 billion of several write-downs on balance sheet asset items;
- Euro 0.4 billion of profits on the disposal of processing activities on credit cards;
- Euro 0.7 billion of negative impacts resulting from the cancellation of the FX reserve connected to the disposal of PJSC Ukrsotsbank;
- Euro 0.3 billion resulting from the reclassification of Bank Pekao pursuant to IFRS5,
- Euro 0.5 billion of goodwill and other activities write-down.

The last three events described above are expected not to have an impact on the regulatory capital.

1.4 Procedure for the Rights Issue and criteria for determining the issue price.

The proposed Rights Issue is set up as a paid increase in share capital, to be offered as a rights issue to shareholders owning ordinary shares and to those holding savings shares of the Company, pursuant to Article 2441, paragraphs 1, 2 and 3 of the Italian Civil Code, for a total maximum amount of Euro13 billion, including any share premium to be issued, by 30 June 2017, also in one or more tranches and in divisible form, through the issuance of ordinary shares with regular entitlement.

In accordance with market practice, it is therefore proposed to grant the Board of Directors the broadest powers to define, nearer the time of the launch of the offer of a Capital Increase through rights issue, the terms and procedures of the Capital Increase and, especially, the timing of the transaction, the final amount of the Capital Increase, the subscription price of the shares, the portion to be allocated to shares capital and that to be allocated to the share premium reserve, the terms of effectiveness of these subscriptions, the number of shares to be issued and the option ratio applicable to ordinary and savings shares.

With particular reference to the subscription price of the new ordinary shares, this shall be determined nearer the time of the start of the transaction, taking into account the economic and financial situation of the Company, the market conditions in general and the market practices for similar transactions, applying a discount to the theoretical ex-right price ("TERP") of the ordinary shares, calculated on the basis of the official price of the Italian Stock Market open on the day in which the subscription prices is determined or, if not applicable, the previous open day of the Italian Stock Market.

1.5 Guarantee consortium

UniCredit Bank AG, Milan Branch, Morgan Stanley & Co. International plc and UBS Limited will act as structuring advisors and, alongside J.P. Morgan Securities plc, Mediobanca – Banca di Credito Finanziario S.p.A. and Merrill Lynch International will act as joint global coordinators and as joint bookrunners (the "**Joint Global Coordinators**").

In addition, Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, Goldman Sachs International and HSBC Bank plc will act as co-global coordinators and as joint bookrunners (the "**Co-Global Coordinators**").

The Joint Global Coordinators (except for UniCredit Bank AG, Milan Branch) and the Co-Global Coordinators have signed a pre-underwriting agreement for the commitment – subject to conditions in line with market practice for similar transactions – to sign an underwriting agreement for the subscription of newly issued shares, which may not have been taken up at the end of the auction of unexercised rights for a maximum amount equal to the Capital Increase.

The underwriting agreement relating to the Rights Issue is expected to be stipulated prior to the launch of the public offering and as soon as the Board of Directors sets the conditions of the Rights Issue (as provided for by the proposed resolution submitted to this Shareholders' Meeting).

Prior to the launch of the offering relating to the Capital Increase, additional financial institutions could be identified that will participate in the Capital Increase guarantee consortium.

1.6 Competent Authorities' authorisations

The proposed transaction is subject to authorisation by the Competent Authorities. Specifically:

- Banca d'Italia for the issuance of the assessment measure on amendments to the Articles of Association pursuant to Article 56 of Legislative Decree No 385 of 1 September 1993, (Consolidated Banking Act); and
- the European Central Bank for the issuance of the permission for inclusion of the shares resulting from the Rights Issue in Common Equity Tier 1 (CET1), pursuant to Article 26 of Regulation (EU) No 575/2013 (CRR).

In addition, the execution of the Rights Issue requires, under Articles 94 *et seq*. and 113 of the Consolidated Finance Act and related regulatory provisions, the publication of an offering and listing prospectus prepared in accordance with the formats required by Regulation 809/2004/EC (as amended) and subject to the approval of CONSOB.

The aforementioned prospectus may also benefit from the provisions relating to the EU validity of prospectuses for the purpose of any public offering in other Member States of the European Economic Area. In this regard, it is noted that UniCredit ordinary shares are listed not only on the *Mercato Telematico Azionario* (Italian Screen-based Stock Market) organised and managed by Borsa Italiana S.p.A, but also on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and on the Warsaw Stock Exchange (*Giełda Papierów Wartościowych w Warszawie*).

1.7 Private offering

No forms of private offering are provided for.

1.8 Shareholders who have expressed willingness to subscribe to the newly issued shares

As at the date of this Report, the Company has not received, from the shareholders, declarations of willingness to subscribe to the newly issued shares.

1.9 Expected period for the execution of the Rights Issue

Without prejudice to the final deadline for execution of 30 June 2017, it is estimated that, subject to the necessary authorisations from the Competent Authorities, the offering of the newly issued ordinary shares to shareholders may be carried out during the first quarter of 2017.

1.10 Date of dividend right of the newly issued shares

The ordinary shares issued under the Rights Issue shall have regular entitlement, therefore, shall benefit from all rights attached to the ordinary shares outstanding at the time of issue.

1.11 Further information

The subscription to newly issued ordinary shares upon exercising option rights relating to the Rights Issue must take place under the operating procedures specified in the prospectus that shall be published in relation to the Capital Increase.

Since this relates to a capital increase offered through Rights Issue to Company shareholders, the transaction shall involve the separate treatment of an option right.

1.12 Statutory amendments and rights of withdrawal

If the proposed Rights Issue, as per this Report, is approved, it will be necessary to proceed with the integration of Article 6 of the Articles of Association by inserting a new paragraph 13 that takes into account the undertaking of the relevant resolution by the Extraordinary Shareholders' Meeting. This amendment is shown in the chart below.

Current text	**Proposed text**
Article 6 1. The Board of Directors, in partial exercise of the powers conferred upon them under Article 2443 of the Italian Civil Code by the Extraordinary Shareholders' Meeting of 4 May 2004, resolved on 22 July 2004 to increase the Company's share capital by a maximum nominal amount of Euro 7,284,350, corresponding to a maximum of 14,568,700 ordinary shares with a par value of Euro 0.50 each and, on 18 November 2005 to increase the Company's share capital by a maximum nominal amount of Euro 20,815,000, corresponding to a maximum of 41,630,000	**Article 6** 1. (unvaried)

ordinary shares with a par value of Euro 0.50 each, to service the exercise of a corresponding number of subscription rights reserved to the Management of UniCredit S.p.A., and of the other Banks and Group companies holding particularly significant positions, in order to achieve the overall goals of the Group. The aforementioned rights may be exercised between 2008 and 2017, following the criteria and the terms established by the Board of Directors.	
2. The Board of Directors, in partial exercise of the powers conferred upon them under Article 2443 of the Italian Civil Code by the Extraordinary Shareholders' Meeting of 12 May 2006, resolved, on 13 June 2006, to increase the Company's share capital by a maximum nominal amount of Euro 14,602,350, corresponding to a maximum of 29,204,700 ordinary shares with a value of Euro 0.50 each, to service the exercise of a corresponding number of subscription rights reserved to the Management of UniCredit S.p.A. and to other Banks and Group companies holding particularly significant positions, in order to achieve the overall goals of the Group. The aforementioned rights may be exercised between 2010 and 2019, following the criteria and the terms established by the Board of Directors.	2. (unvaried)
3. The Board of Directors, in partial exercise of the powers conferred upon them under Article 2443 of the Italian Civil Code by the Extraordinary Shareholders' Meeting of 10 May 2007, resolved, on 12 June 2007, to increase the Company's share capital by a maximum nominal amount of Euro 14,904,711.50, corresponding to a maximum of 29,809,423 ordinary shares with a value of Euro 0.50 each, to service the exercise of a corresponding number of subscription rights reserved to the Management of UniCredit S.p.A. and the other Banks and Group companies holding particularly significant positions, in order to achieve the overall goals of the Group. The aforementioned rights may be exercised between 2011 and 2017, following the criteria and the terms established by the Board of Directors.	3. (unvaried)

4. The Board of Directors, in partial exercise of the powers conferred upon them under Article 2443 of the Italian Civil Code by the Extraordinary Shareholders' Meeting of 8 May 2008, resolved, on 25 June 2008, to increase the Company's share capital by a maximum nominal amount of Euro 39,097,923, corresponding to a maximum of 78,195,846 ordinary shares with a value of Euro 0.50 each, to service the exercise of a corresponding number of subscription rights reserved to the Management of UniCredit S.p.A. and the other Banks and Group companies holding particularly significant positions, in order to achieve the overall goals of the Group. The aforementioned rights may be exercised between 2012 and 2018, following the criteria and the terms established by the Board of Directors.	4. (unvaried)
5. The capital increases resolved under the incentive plans referred to in the preceding paragraphs are increased by a maximum of Euro 29,522,571, corresponding to a maximum of 5,904,514 ordinary shares resulting from the application of AIAF (Italian Society of Financial Analysts) adjustment factors subsequent to the operation on capital resolved by the Extraordinary Shareholders' Meeting of 16 November 2009 and, taking into account the reverse stock split resolved by the Extraordinary Shareholders' Meeting of 15 December 2011 and executed on 27 December 2011, the operation on capital resolved by the Extraordinary Shareholders' Meeting of 15 December 2011.	5. (unvaried)
6. At the end of the periods in which the incentive scheme capital increases decided upon have to take place, the share capital shall be understood to be increased by an amount equal to the subscriptions received until the dates indicated in said plans.	6. (unvaried)
7. For the purposes of determining the maximum number of shares to be issued against the individual capital increases mentioned in the preceding paragraphs and conducive to the execution of incentive plans from time to time approved by the Company, the reverse stock split resolved by the Extraordinary Shareholders' Meeting of 15 December 2011 and executed on 27	7. (unvaried)

December 2011 must be taken into account, without prejudice to the overall maximum amount already established for these increases.	
8. The Board of Directors has the power, pursuant to Article 2443 of the Italian Civil Code, to decide – including on a number of occasions and for a maximum period of five years from the shareholders' resolution of 11 May 2012 – to increase the Company's share capital without consideration, pursuant to Article 2349 of the Italian Civil Code, by a maximum of Euro 202,603,978.15, corresponding to a maximum of 59,700,000 ordinary shares, to be assigned to the Staff of UniCredit, of the Banks and Group companies holding significant positions for the purpose of achieving the Group's overall goals.	8. (unvaried)
9. The Board of Directors has the power, pursuant to Article 2443 of the Italian Civil Code, to decide – including on a number of occasions and for a maximum period of five years from the shareholders' resolution of 11 May 2013 – to increase the Company's share capital without consideration, pursuant to Article 2349 of the Italian Civil Code, by a maximum of Euro 143,214,140.73, corresponding to a maximum of 42,200,000 ordinary shares, to be assigned to the Staff of UniCredit, of the Banks and Group companies holding significant positions for the purpose of achieving the Group's overall goals, in execution of the Group's 2013 Incentive System.	9. (unvaried)
10. The Board of Directors has the power, pursuant to Article 2443 of the Italian Civil Code, to increase the Company's share capital without consideration, pursuant to Article 2349 of the Italian Civil Code, including on a number of occasions and for a maximum period of five years (i) from the shareholders' resolution of 13 May 2014, by a maximum of Euro 98,294,742.05, corresponding to a maximum of 28,964,197 ordinary shares, and (ii) from the shareholders' resolution of 13 May 2015, by a maximum of Euro32,239,804.21, corresponding to a maximum of 9,500,000 ordinary shares, to be assigned to the Staff of UniCredit, of the Banks and Group companies holding significant positions for the purpose of	10. (unvaried)

achieving the Group's overall goals.	
11. The Board of Directors has the power, pursuant to Article 2443 of the Italian Civil Code, (i) to increase the Company's share capital without consideration, pursuant to Article 2349 of the Italian Civil Code, including on a number of occasions and for a maximum period of five years from the shareholders' resolution of 13 May 2015, by a maximum of Euro 100,075,594.87, corresponding to a maximum of 29,490,000 ordinary shares, and (ii) to increase the Company's share capital in 2021 without consideration by a maximum of Euro 6,821,022.23, corresponding to a maximum of 2,010,000 ordinary shares, to be assigned to the Staff of UniCredit, of the Banks and Group companies holding significant positions for the purpose of achieving the Group's overall goals, in execution of the Group's 2015 Incentive System.	11. (unvaried)
12. The Board of Directors has the power, pursuant to Article 2443 of the Italian Civil Code, to decide – including on a number of occasions and for a maximum period of five years from the shareholders' resolution of 14 April 2016 – to increase the Company's share capital without consideration, pursuant to Article 2349 of the Italian Civil Code, by a maximum of Euro 77,370,044.40, corresponding to a maximum of 22,800,000 ordinary shares, to be assigned to the Staff of UniCredit, of the Banks and Group companies holding significant positions for the purpose of achieving the Group's overall goals, in execution of the Group's 2016 Incentive System.	12. (unvaried)
13. (not present)	*13. The Extraordinary Shareholders' Meeting of 12 January 2017 resolved to increase the share capital by way of payment to be issued by cash contribution for a total maximum amount of Euro13 billion – including any premium – to be carried out, including in one or more tranches or in divisible form, by 30 June 2017, through the issue of ordinary shares with no nominal value, with regular entitlement, to be offered to shareholders owning ordinary shares and holders of savings shares of the Company, pursuant*

	to Article 2441 of the Italian Civil Code. The Extraordinary Shareholders' Meeting granted the Board of Directors the broadest powers to execute the capital increase and, specifically to: (i) define, close to the launch of the offering, the definitive amount of the capital increase; (ii) determine, as a result of the provisions under (i), the subscription price of the shares, the portion to be allocated to the share capital and that to be allocated to the share premium reserve, the terms of effectiveness of the related subscriptions, the number of shares to be issued and the option ratio applicable to the ordinary and savings shares; and (iii) determine the schedule for the approval of the capital increase, specifically for the launch of the offering of option rights as well as the later offer on the stock exchange of any rights that were not exercised at the end of the subscription period, with regard to the final deadline of 30 June 2017, it being understood that, if by that deadline, the capital increase is not fully subscribed, the share capital will be understood to have been increased by an amount equal to the subscriptions collected.

The aforementioned proposed amendment to Article 6 of the Articles of Association does not include the specific case provided for exercising the right of withdrawal by the ordinary and/or savings shareholders, pursuant to Article 2437 of the Italian Civil Code.

In addition, the proposal is not subject to the approval of the Special Meeting of Savings Shareholders pursuant to article 146, first paragraph, letter b) of Legislative Decree n. 58 of 24 February 1998 as it does not prejudice the rights of a class of shareholders.

1.13 Integration of the number of shares to be issued in execution of the existing Group incentive plans

In general terms, the Rights Issue is an extraordinary transaction on the capital of a company that may create a discontinuity in share prices. To counter this, it is common practice to proceed, in specific circumstances, to apply adjustment factors aimed at ensuring the continuity in the historic series of prices, maintaining a neutral situation for holders of the securities concerned.

These securities might include those underlying the contracts traded on the Italian Stock Exchange and, so far as is of interest, the UniCredit ordinary shares, the issue of which is scheduled in execution of the incentive plans and/or Group capital investment plans (the “**Plans**”) approved and implemented over the years by UniCredit.

As is known, the Company has adopted incentive plans based on shares intended for the Group's Staff, aimed at aligning the interests of the management with those of the shareholders, by remunerating the creation of long-term value, the appreciation of the stock and, at the same time, motivating and retaining the Group’s strategic resources.

The Plans were executed, *inter alia*, through:

(i) the granting of stock options, exercisable once a certain period of unavailability (of 3 or 4 years) has expired and for certain number of years;

(ii) the promise of free allocation of ordinary shares to be paid to the relevant staff of the Group (i.e. Identified Staff) over a period of several years, subject to the achievement of specific performance targets.

Specifically, taking into account the proposed timing of the execution of the Rights Issue, the subscription rights (i.e. stock option rights) listed below shall still be exercisable, along with the number of ordinary shares which – if exercised – will have to be issued at the respective expiry dates:

Incentive Plan	No of remaining stock options	No of underlying shares	Expiry date
LTIP Plan 2004-2017	8,545,100	1,531,278	31/12/2017
LTIP Plan 2005-2018 (1st issue)	22,101,350	3,960,732	31/12/2018
LTIP Plan 2006-2019	17,218,400	3,085,674	31/12/2019
LTIP Plan 2007-2017	14,837,435	2,658,862	15/07/2017
LTIP Plan 2008-2018	57,205,598	10,252,234	09/07/2018
Total	119,907,883	21,488,780	

The following indicates the maximum number of free ordinary shares that the Board of Directors must issue in the event that all rights allocated by them, as a result of the assignee employees achieving all targets, were to accrue:

Incentive Plan	No of shares to be allocated	Expiry date
Group Incentive System 2012	1,746,05	11/05/2017
Group Incentive System 2013	4,026,231	11/05/2018
Group Incentive System 2014	13,491,370	13/05/2020
Group Incentive System 2015	23,622,336	14/04/2021
Total	42,885,989	

The table below also specifies the maximum number of free ordinary shares that the Board of Directors may issue as part of the “2016 Group Incentive System” in the event that all rights allocated as a result of achieving the planned targets were to accrue:

Incentive Plan	No of shares to be allocated	Expiry date
Group Incentive System 2016	**24,500,000**	**14/04/2021**

(*) maximum number of shares that can be allocated; the identification of the number of shares actually allocated shall take place at the beginning of 2017.

From all of the above, it appears that the total maximum number of:

(i) ordinary shares to be issued in the event of the full exercising of stock options that will be in existence as at the date of execution of the Rights Issue, and

(ii) (free) ordinary shares to be allocated as part of the Group Incentive Systems, in the event that the targets assigned are achieved,

as at the date of preparing this Report, theoretically amounts to 87,174,769.

By applying the regulatory provisions provided for in the Plans, the Board of Directors might be asked to align the number of shares and/or the subscription price (if applicable) of the shares in the context of the Plans, also considering the timetable and the characteristics of the Rights Issue.

In this respect, without prejudice to the concrete choices that will be made by the Board of Directors in respect of the Rights Issue, it is appropriate to adapt the extension of the powers conferred to the Board of Directors in the context of the Plan, indicating an adjustment ratio that may constitute the parameter of individuation of the potential adjustments: (i) with regard to the stock options, in relation to the exercise price and to the number of shares to be issued and, (ii) with reference to the free shares to be issued to service the other share-based incentive plans, limited to the number of free shares to be allocated.

This adjustment ratio, in the context of a Rights Issue, is normally identified as the so-called factor K, calculated as follows:

$$K = \frac{P(\text{theor})\ \text{ex}}{P\ \text{off}}$$

where:

P(theor) ex = ex-right theoretical price = [(P off * O)+(P sub * N)] /(O+N)
P off = cum-right official price
P sub = subscription price of 1 new share
O = number of old shares
N = number of newly issued shares

From the above, it appears that adjustment factor K can only be calculated once, on the one hand, the issue price of the new shares has been determined and, on the other hand, the final “cum-right” price of existing shares is known, as well as the theoretical “ex-right” price (“TERP”).

It is noted that this information shall only be available when the Rights Issue is executed by the Board of Directors on the basis of the powers conferred upon them.

In relation to the above, it is proposed that the Shareholders’ Meeting:

i) with reference to the UniCredit ordinary shares to be issued by way of payment, following the exercise of stock options by the beneficiaries of the Plans, proceeds to resolve on a share capital increase pursuant to Article 2441, paragraph 8 of the Italian Civil Code, in addition to what was already resolved by the Board of Directors in exercise of the powers conferred upon them under Article 2443 of the Italian Civil Code, to be executed in one or more tranches and in divisible form, through the issuance of a maximum number of ordinary shares resulting from the precise application of the adjustment criteria identified as the so-called factor K, it being understood that this increase cannot exceed 1% of the existing share capital. Given the instrumentality of the increase in question with respect to the Rights Issue submitted to today's Shareholders’ Meeting, the Board of Directors must execute it after the full or partial execution of the capital increase through rights issue but, however, within the terms provided for in each resolution of power;

ii) with reference to the UniCredit ordinary shares to be issued free of charge in execution of the Group Incentive Plans, to integrate the powers conferred on the Board of Directors, pursuant to Article 2443 of the Italian Civil Code, on 11 May 2012, 11 May 2013, 13 May 2014, 13 May 2015 and 14 April 2016, in the maximum amount resulting from the precise application of the adjustment criteria identified as the so-called factor K, with all other terms and conditions of the powers themselves remaining unchanged. The Board of Directors may execute the power granted today after the full or partial execution of the capital increase through rights issue but, in any event, within the terms provided for in each resolution of power;

iii) confers on the Board of Directors all necessary powers to provide for the amendments of Articles 5 and 6 of the Articles of Association as a result of the Board’s resolutions made pursuant to the above under sections (i) and (ii).

1. 14 Resolutions proposed to the Extraordinary Shareholders' Meeting

"Shareholders,

should you agree with and the contents and the positions set forth in the Part 1 of this Directors' Report, we would invite you to pass the following resolutions:

“The Extraordinary Shareholders’ Meeting of UniCredit, having heard the Report of the Board of Directors,

resolves:

1) to increase in share capital to be released by a cash contribution for a total maximum amount of Euro 13 billion, including any issue premium, to be carried

out by 30 June 2017, also in one or more tranche and in divisible form, through the issue of ordinary shares with no nominal value, with regular entitlement, to be offered to owners of ordinary shares and holders of savings shares of the Company, pursuant to article 2441, paragraphs 1, 2 and 3 of the Italian Civil Code;

2) to grant to the Board of Directors the broadest powers to execute the Rights Issue and, specifically to:

(i) define, close to the launch of the offering, the definitive amount of the Capital Increase;

(ii) determine, as a result of the provisions under (i), the subscription price of the shares, the portion to be allocated to the share capital and that to be allocated to the share premium reserve, the terms of effectiveness of the related subscriptions, the number of shares to be issued and the option ratio applicable to the ordinary and savings shares; and

(iii) determine the timing for the approval of the capital increase, specifically for the launch of the offering of option rights as well as the later offer on the stock exchange of any rights that were not exercised at the end of the subscription period, with regard to the final deadline of 30 June 2017, it being understood that, if by that deadline, the capital increase is not fully subscribed, the share capital will be understood to have been increased by an amount equal to the subscriptions collected;

3) with reference to the UniCredit ordinary shares to be issued by way of payment, following the exercise of stock options by the beneficiaries of the Plans, proceeds to resolve on a share capital increase pursuant to Article 2441, paragraph 8 of the Italian Civil Code, in addition to what was already resolved by the Board of Directors in exercise of the powers conferred upon them under Article 2443 of the Italian Civil Code, to be executed in one or more tranches and in divisible form, through the issuance of a maximum number of ordinary shares resulting from the precise application of the adjustment criteria identified as the so-called factor K, with respect to the Rights Issue approved by the Shareholders' Meeting on 12 January 2017, as described in the Board of Directors' Report prepared for the Shareholders' Meeting of 12 January 2017, it being understood that this increase cannot exceed 1% of the existing share capital. Given the instrumentality of the increase in question with respect to the Rights Issue submitted to today's Shareholders' Meeting, the Board of Directors must execute it after the full or partial execution of the capital increase through rights issue but, however, within the terms provided for in each resolution of power;

4) with reference to the UniCredit ordinary shares to be issued free of charge in execution of the Plans, to integrate the powers conferred to the Board of Directors, pursuant to Article 2443 of the Italian Civil Code, on 11 May 2012, 11 May 2013, 13 May 2014, 13 May 2015 and 14 April 2016, in the maximum amount resulting from the precise application of the adjustment criteria identified as the so-called factor K, with respect to the Rights Issue approved by the Shareholders' Meeting on 12 January 2017, as described in the Board of Directors' Report prepared for the Shareholders' Meeting of 12 January 2017,

with all other terms and conditions of the powers themselves remaining unvaried. The Board of Directors may execute the power granted today after the full or partial execution of the capital increase through rights issue but, in any event, within the terms provided for in each resolution of power;

5) to approve the subsequent amendments to the Article of Association, by adding a new paragraph 13 to article 6 of the Article of Association as follows:

"13. The Extraordinary Shareholders' Meeting of 12 January 2017 resolved to increase the share capital by way of payment to be issued by cash contribution for a total maximum amount of Euro13 billion – including any premium – to be carried out, also in one or more tranches and in divisible form, by 30 June 2017, through the issue of ordinary shares with no nominal value, with regular entitlement, to be offered to the owners of ordinary shares and holders of savings shares of the Company, pursuant to Article 2441 of the Italian Civil Code. The Extraordinary Shareholders' Meeting granted the Board of Directors the broadest powers to execute the capital increase and, specifically to: (i) define, close to the launch of the offering, the definitive amount of the capital increase; (ii) determine, as a result of the provisions under (i), the subscription price of the shares, the portion to be allocated to the share capital and that to be allocated to the share premium reserve, the terms of effectiveness of the related subscriptions, the number of shares to be issued and the option ratio applicable to the ordinary and savings shares; and (iii) determine the schedule for the approval of the capital increase, specifically for the launch of the offering of option rights as well as the later offer on the stock exchange of any rights that were not exercised at the end of the subscription period, with regard to the final deadline of 30 June 2017, it being understood that, if by that deadline, the capital increase is not fully subscribed, the share capital will be understood to have been increased by an amount equal to the subscriptions collected.";

6) to grant the Chairman of the Board of Directors and the Chief Executive Officer, also severally, to the extent permitted by the law, any power to carry out any necessary action to completely, and in any single part, execute the resolutions taken for the positive completion of the transaction, also including, but not limited to, the power to proceed and present any document requested for the execution of the above rights issue, as well as to fulfil other necessary formalities to proceed with the offering and the admission to listing on the relevant markets of the ordinary and newly issued shares, also including the power to prepare and present to the competent Authorities any requests, petition, document or prospectus in this respect, as well as carry out any other necessary formality to obtain the necessary authorizations related to the above resolutions and, generally, any other authorization to completely execute these resolutions, together with any necessary power thereof, with no exclusion and exemption, including the power to amend the article of association as a consequence of the resolution of the Board of Directors as described in point 2) above, as well as the power to make any non material amendment to the above resolutions which is necessary and appropriate for the filing with the Companies' Register and/or in relation to any potential instruction by the Supervisory Authorities, as well as to

carry out, in line with the results of the execution of the approved rights issue, any publication requirement thereof;

7) to grant the Chairman of the Board of Directors and the Chief Executive Officer, also severally, all necessary powers to provide for the amendments of the Articles of Association as a result of the Board's resolutions made pursuant to the above under sections 3) and 4) of this resolution, with explicit and anticipated approval declaration and authorization, and to file with the Companies' Register the text of the Articles of Association as update from time to time.".

2. *PART 2*: REVERSE STOCK SPLIT OF UNICREDIT'S ORDINARY AND SAVINGS SHARES, AT A RATIO OF 1 NEW ORDINARY SHARE, WITH REGULAR ENTITLEMENT, PER 10 EXISTING ORDINARY SHARES AND 1 NEW SAVING SHARE, WITH REGULAR ENTITLEMENT, PER 10 EXISTING SAVING SHARES, AFTER CANCELLATION OF ORDINARY AND SAVINGS SHARES IN THE MINIMUM NUMBER NECESSARY TO ALLOW THE BALANCING OF THE ENTIRE TRANSACTION, WITHOUT REDUCTION OF THE SHARE CAPITAL. SUBSEQUENT AMENDMENTS TO THE COMPANY'S ARTICLES OF ASSOCIATION AND RESOLUTIONS RELATED THERETO

2.1 Reasons for the proposed transaction

Currently, the Company's share capital is composed of no. 6,180,343,073 shares without nominal value, of which no. 6,177,818,177 ordinary shares and no. 2,524,896 savings shares. Following the Rights Issue that is being brought before the Shareholders' Meeting for approval, the number of shares outstanding will increase (also significantly) as a result of the application of the criteria for determining the price and the detachment of the pre-emptive right.

In that light, a Reverse Stock Split of the Company's shares, and the consequent reduction in the number of shares outstanding, would simplify the Company's administration of the ordinary and savings shares, to be numerically increased as a result of the Rights Issue, which would be in the interest of current and future shareholders.

In an efficient market, a Reverse Stock Split has not a material impact upon the value of participations in a company: holders of ordinary and savings shares would see a reduction in the number of shares they hold, and at the same time, an increase in the value of each share, such that the total value of their investment would be unaffected.

For these reasons, it is proposed to the Shareholders' Meeting that it authorises a Reverse Stock Split of the ordinary and savings shares, at a ratio of no. 1 new ordinary share - with regular entitlement - per no. 10 existing ordinary shares; and no. 1 new saving share - with regular entitlement - per no. 10 existing savings shares.

That Reverse Stock Split, considering the purposes and the connection with the Rights Issue, would be carried out prior to the commencement of the Rights Issue, to a timetable and upon terms to be agreed with Borsa Italiana and relevant Authorities; moreover, in the event that is not possible, it may be carried out after the Rights Issue, but no later than 31 July 2017.

In the event that the Reverse Stock Split came into effect prior to the commencement of the Rights Issue, the Board of Directors will take account of the fact in determining the terms of this Rights Issue.

The Reverse Stock Split will be carried out in accordance with applicable legislation and no costs would be borne by shareholders.

To optimise the numerical ratios of the Reverse Stock Split it shall be necessary to cancel up to no. 7 ordinary shares and up to no. 6 savings shares, in the event that the Reverse Stock Split came into effect prior to the commencement of the Rights Issue, being brought before the Shareholders' Meeting for approval, or the different number of ordinary shares (in any case not exceeding no. 9 shares), if the transaction is to be carried out after the Rights Issue. For this purpose the Bank shall, before the execution of the Reverse Stock Split, identify one or more shareholders available to waive these shares and/or an intermediary prepared to purchase, if necessary, to waive and to carry out a reconciliation service, all of which without changing the amount of the share capital.

In any case, in order to manage any fractions (*resti*) resulting from the Reverse Stock Split, a service shall be made available to the shareholders for processing any non groupable fractions of shares, based on the official market price and without any extra fees or expenses and according to the technical procedures to be notified upon the execution of the transaction.

2.2 Group incentive Plans

With respect to existing incentive plans based upon financial instruments that have been approved by the UniCredit's Shareholders' Meeting, the Reverse Stock Splits of the shares will result in a proportional change to the price and/or the number of shares that may be purchased, and accordingly will be applied adjustment factor in order to guarantee the neutrality with respect to the holders of the securities involved.

2.3 Amendments to the Articles of Association and right of withdrawal

In light of the above, the UniCredit's Article of Association should be amended after the completion of the Reverse Stock Split as follows:

- modify the article 5 so as to correctly state the number of shares representing the share capital of the company following the Reverse Stock Split;
- insert a new last paragraph at article 6 acknowledging that the Reverse Stock Splits approved by the Shareholders' Meeting should be taken into account when determining the maximum amount of shares to be issued in any capital increases carried out pursuant to the preceding paragraphs in that article and for the purpose of the execution of the incentive plans from time to time approved by the Company, without prejudice to the maximum aggregate amount set for those increases;
- adapt the numerical references included at articles 7 and 32 of the articles of association, as a consequence of the application of the reverse split ratio; in this respect we note that those articles make provision for the updating of this reference in cases of capital increases so as to determine the dividends on ordinary and savings shares and not be prejudicial to size and characteristics of the privileges associated with the savings shares.

Considering that the Reverse Stock Split may happen before or after the Rights Issue, we propose granting the Chairman and the Chief Executive Officer, also severally, the power to amend the Articles of Association as appropriate taking into account the number of issued shares following the Rights Issue, if any.
Considering the above, we propose to subsequently insert a new last paragraph at article 6 of the Company's Articles of Association acknowledging the resolution taken by the Shareholder's Meeting in relation to this proposal and the power granted to the Chairman and the Chief Executive Officer, also severally, to amend/integrate the Articles

of Association as appropriate after the execution of the Reverse Stock Split, adapting the numerical references thereto.

Current text	Proposed text
Articolo 6 1. In partial exercise of powers conferred by the Extraordinary Shareholders' Meeting held on May 4, 2004 pursuant to Article 2443 of the Italian Civil Code, the Board of Directors passed a resolution on July 22, 2004 to increase capital by a maximum amount of Euro 7,284,350 corresponding to a maximum number of 14,568,700 ordinary shares of Euro 0.50 each and passing another resolution on November 18, 2005 to increase capital by a maximum amount of Euro 20,815,000 corresponding to a maximum number of 41,630,000 ordinary shares of Euro 0.50 each, to be used to exercise a corresponding number of subscription rights reserved for the Executive Personnel of UniCredit S.p.A. and the other Group Banks and Companies who hold positions which are significant in terms of achieving the overall objectives of the Group. The aforementioned rights can be exercised from 2008 until 2017 according to the criteria and in the periods identified by the Board of Directors.	**Articolo 6** 1. (unvaried)
2. The Board of Directors, in partial exercise of the powers received as per Article 2443 of the Italian Civil Code from the Extraordinary Shareholders' Meeting of May 12, 2006, has resolved, on June 13, 2006 to increase the share capital of a maximum nominal amount of Euro 14,602,350 corresponding to a maximum number of 29,204,700 ordinary shares having a value of Euro 0.50 each, at the service of the exercise of a corresponding number of subscription rights to be granted to the Management of UniCredit S.p.A., as well as of the other Banks and companies of the Group, who hold positions considered highly relevant for the attainment of the overall Group targets. The aforementioned rights can be exercised from 2010 until 2019 according to the criteria and in the periods identified by the Board of Directors.	2. (unvaried)

3. The Board of Directors, in partial exercise of the powers received, as per Article 2443 of the Italian Civil Code, from the Extraordinary Shareholders' Meeting of May 10, 2007, has resolved on June 12, 2007 to increase the share capital of a maximum nominal amount of Euro 14,904,711.50 corresponding to a maximum number of 29,809,423 ordinary shares with a value of Euro 0.50 each, at the service of the exercise of a corresponding number of subscription rights to be granted to the Management of UniCredit S.p.A., as well as of the other Banks and companies of the Group, who hold positions considered highly relevant for the attainment of the overall Group targets. The aforementioned rights can be exercised from 2011 until 2017 according to the criteria and in the periods identified by the Board of Directors.	3. (unvaried)
4. The Board of Directors, in partial exercise of the powers received, as per Article 2443 of the Italian Civil Code, from the Extraordinary Shareholders' Meeting of May 8, 2008, resolved on June 25, 2008 to increase the share capital of a maximum nominal amount of Euro 39,097,923 corresponding to a maximum number of 78,195,846 ordinary shares with a value of Euro 0.50 each, at the service of the exercise of a corresponding number of subscription rights to be granted to the Management of UniCredit S.p.A., as well as of the other Banks and companies of the Group, who hold positions considered highly relevant for the attainment of the overall Group targets. The aforementioned rights can be exercised from 2012 until 2018 according to the criteria and within the periods identified by the Board of Directors.	4. (unvaried)
5. Capital increases resolved under the compensation policy, as provided for by the paragraphs above, are increased by an additional amount of no more than Euro 29,522,571 corresponding to no more than 5,904,514 ordinary share following the application of the AIAF adjustment factors as a consequence of the capital transaction resolved on by the Extraordinary Shareholders' Meeting on November 16, 2009 and, taken into account the conversion into stock resolved by the Extraordinary Shareholders' Meeting on December 15,	5. (unvaried)

2011 and executed on December 27, 2011, of the operation on capital resolved by the Extraordinary Shareholders' Meeting on December 15, 2011.	
6. Once the time periods for the capital increases resolved on through incentive/compensation plans have expired, the share capital shall be deemed to have increased by the amount subscribed as of the respective dates indicated therein.	6. (unvaried)
7. The reverse stock split approved by the Extraordinary Shareholders' Meeting on December 15, 2011 and executed on December 27, 2011 should be taken into account when determining the maximum amount of shares to be issued in any capital increases carried out pursuant to the preceding paragraphs and for the purpose of the execution of the incentive plans from time to time approved by the Company, without prejudice to the maximum aggregate amount set for those increases.	7. (unvaried)
8. The Board of Directors has the power, under the provisions of Article 2443 of the Italian Civil Code, to resolve, on one or more occasions for a maximum period of five years starting from the shareholders' resolution dated May 11, 2012, to carry out a free capital increase, as allowed by Article 2349 of the Italian Civil Code, for a maximum amount of Euro 202,603,978.15 corresponding to up to 59,700,000 ordinary shares, to be granted to employees of UniCredit S.p.A. and of Group banks and companies who hold positions of particular importance for the purposes of achieving the Group's overall objectives.	8. (unvaried)

9. The Board of Directors has the power, under the provisions of section 2443 of the Italian Civil Code, to resolve, on one or more occasions for a maximum period of five years starting from the shareholders' resolution dated May 11, 2013, to carry out a free capital increase, as allowed by section 2349 of the Italian Civil Code, for a maximum amount of Euro 143,214,140.73 corresponding to up to 42,200,000 ordinary shares, to be granted to employees of UniCredit S.p.A. and of Group banks and companies who hold positions of particular importance for the purposes of achieving the Group's overall objectives in execution of 2013 Group Incentive System.	9. (unvaried)
10. The Board of Directors has the power, under the provisions of section 2443 of the Italian Civil Code, to resolve to carry out a free capital increase, as allowed by section 2349 of the Italian Civil Code, on one or more occasions for a maximum period of five years (i) starting from the shareholders' resolution dated May 13, 2014, for a maximum amount of Euro 98,294,742.05, corresponding to a maximum number of 28,964,197 ordinary shares and (ii) starting from the shareholder's resolution of May 13, 2015, for a maximum amount of Euro 32,239,804.21 corresponding to up to 9,500,000 ordinary shares, to be granted to employees of UniCredit S.p.A. and of Group banks and companies who hold positions of particular importance for the purposes of achieving the Group's overall objectives in execution of 2014 Group Incentive System.	10. (unvaried)
11. The Board of Directors has the power, under the provisions of section 2443 of the Italian Civil Code, (i) to carry out a free capital increase, as allowed by section 2349 of the Italian Civil Code, on one or more occasions for a maximum period of five years starting from the shareholders' resolution dated May 13, 2015, for a maximum amount of Euro 100,075,594.87, corresponding to a maximum number of 29,490,000 ordinary shares and (ii) to carry out a free capital increase in 2021 for a maximum amount of Euro 6,821,022.23 corresponding to up 2,010,000 ordinary shares, to be granted to employees of UniCredit and of Group banks	11. (unvaried)

and companies who hold positions of particular importance for the purposes of achieving the Group's overall objectives in execution of 2015 Group Incentive System.	
12. The Board of Directors has the power, under the provisions of section 2443 of the Italian Civil Code, to resolve, on one or more occasions for a maximum period of five years starting from the shareholders' resolution dated April 14, 2016, to carry out a free capital increase, as allowed by section 2349 of the Italian Civil Code, for a maximum amount of Euro 77,370,044.40 corresponding to up to 22,800,000 ordinary shares, to be granted to employees of UniCredit and of Group banks and companies who hold positions of particular importance for the purposes of achieving the Group's overall objectives in execution of 2016 Group Incentive System.	12. (unvaried)
13.	13. (unvaried with respect to the proposed text at point 1 of the agenda of the extraordinary part and assuming its approval)
(not present)	*14. On 12 January 2017, the Extraordinary Meeting resolved as follows:* *- 1) to approve the reverse stock split of the outstanding ordinary and saving shares according to the following ratio: no. 1 new ordinary share with regular entitlement per no. 10 existing ordinary shares and no. 1 saving share with regular entitlement per no. 10 existing saving shares of UniCredit S.p.A.;* *- 2) to optimise the numerical ratios of the above-mentioned reverse stock split transaction, to grant the Board of Directors the power to cancel shares in the number necessary to allow the balancing of the entire transaction, and, in any case, not exceeding no. 9 ordinary share of UniCredit S.p.A. and maximum no. 6 saving shares of UniCredit S.p.A., based on the identification, before the execution of the reverse stock split transaction, of one or more shareholders available to waive these shares and/or an intermediary prepared to purchase, if necessary, to waive and to carry out a reconciliation service, all of which without changing the amount of the share capital, and without prejudice to the fact that in order to*

	manage any fractions resulting from the reverse stock split, a service shall be made available to the shareholders for processing any non groupable fractions of shares, based on the official market price and without any extra fees or expenses and according to the technical procedures to be notified upon the execution of the transaction; *-3) to grant the Chairman of the Board of* *Directors and the Chief Executive Officer, whether jointly or severally, to the extent permitted by the law, any power to carry out any necessary action to completely execute the resolution taken for the positive completion of the reverse stock split (also including, but non limited to, the power to determine, in line with the technical timeframes required and specified by the competent persons and in any case not later than 31 July 2017, the time when the reverse stock split shall be carried out, the power to make the subsequent amendments and/or supplements to the Articles of Association, as described in article 5, 6, 7 and 32, in addition to any appropriate amendment reflecting the execution of the reserves stock split), as well as to carry out any other necessary formality to obtain the necessary authorizations for the above resolution and, generally, any other authorization to completely execute the resolutions, together with any necessary power thereof, with no exclusion and exemption, including the power to make any material amendment to the resolutions which are deemed to be necessary and appropriate for the filing with the Companies' Register and/or in relation to any potential instruction by the Supervisory Authorities, as well as to carry out, in line with the results and the technical timeframes for the execution of the approved rights issue, any publication requirement thereof.*

The amendments set out above are subject to an approval process by the Bank of Italy in accordance with article 56 of Legislative Decree 385/93 (the Consolidated Banking Act).

The proposed reverse stock split of ordinary and savings shares does not amount to a right of withdrawal on the part of savings and ordinary shareholders pursuant to article 2437 of the Civil Code. Accordingly, its approval would not give rise to any right of withdrawal on the part of shareholders.

In addition, the proposal is not subject to the approval of the Special Meeting of Savings Shareholders pursuant to article 146, first paragraph, letter b) of Legislative Decree n. 58 of 24 February 1998 as it does not prejudice the rights of a class of shareholders.

2.4 Resolutions proposed to the Extraordinary Shareholders' Meeting

"Shareholders,

should you agree with and the contents and the positions set forth in the Part 1 of this Directors' Report, we would invite you to pass the following resolutions:

“The Extraordinary Shareholders’ Meeting of UniCredit, having heard the Report of the Board of Directors,

resolves:

1) to approve the reverse stock split of the outstanding ordinary and saving shares according to the following ratio: no. 1 new ordinary share with regular entitlement per no. 10 existing ordinary shares and no. 1 saving share with regular entitlement per no. 10 existing savings shares of UniCredit S.p.A.;

2) to optimise the numerical ratios of the above-mentioned reverse stock split transaction, to grant the Board of Directors the power to cancel shares in the number necessary to allow the balancing of the entire transaction, and, in any case, not exceeding no. 9 ordinary share of UniCredit S.p.A. and maximum no. 6 savings shares of UniCredit S.p.A., based on the identification, before the execution of the reverse stock split transaction, of one or more shareholders available to waive these shares and/or an intermediary prepared to purchase, if necessary, to waive and to carry out a reconciliation service, all of which without changing the amount of the share capital, and without prejudice to the fact that in order to manage any fractions resulting from the reverse stock split, a service shall be made available to the shareholders for processing any non groupable fractions of shares, based on the official market price and without any extra fees or expenses and according to the technical procedures to be notified upon the execution of the transaction;

3) to grant the Chairman of the Board of Directors and the Chief Executive Officer, also severally, to the extent permitted by the law, any power to carry out any necessary action to completely execute the resolutions taken for the positive completion of the reverse stock split (also including, but non limited to, the power to determine, in line with the technical timeframes required and specified by the competent persons and in any case no later than 31 July 2017, the time when the reverse stock split shall be carried out, the power to make the subsequent amendments and/or supplements to the Articles of Association, as described in article 5, 6, 7 and 32, in addition to any appropriate amendment reflecting the execution of the reserves stock split), as well as to carry out any other necessary formality to obtain the necessary authorizations for the above resolutions and, generally, any other authorization to completely execute the resolutions, together with any necessary and appropriate power thereof, with no exclusion and exemption, including the power to make any material amendment to the

resolutions which are deemed to be necessary and appropriate for the filing with the Companies' Register and/or in relation to any potential instruction by the Supervisory Authoritie, as well as to carry out, in line with the results and the technical timeframes for the execution of the approved rights issue, any publication requirement thereof;

4) to approve the subsequent amendments to the Article of association, by adding a new paragraph 14 to article 6 of the Article of Association as follows:
"*14. On 12 January 2017, the Extraordinary Shareholders' Meeting resolved:*
- 1) to approve the reverse stock split of the outstanding ordinary and savings shares according to the following ratio: no. 1 new ordinary share with regular entitlement per no. 10 existing ordinary shares and no. 1 saving share with regular entitlement per no. 10 existing savings shares;
- 2) to optimise the numerical ratios of the above-mentioned reverse stock split transaction, to grant the Board of Directors the power to cancel shares in the number necessary to allow the balancing of the entire transaction, and, in any case, not exceeding no. 9 ordinary share of UniCredit S.p.A. and maximum no. 6 saving shares of UniCredit S.p.A., based on the identification, before the execution of the reverse stock split transaction, of one or more shareholders available to waive these shares and/or an intermediary prepared to purchase, if necessary, to waive and to carry out a reconciliation service, all of which without changing the amount of the share capital, and without prejudice to the fact that in order to manage any fractions resulting from the reverse stock split, a service shall be made available to the shareholders for processing any non groupable fractions of shares, based on the official market price and without any extra fees or expenses and according to the technical procedures to be notified upon the execution of the transaction;
-3) to grant the Chairman of the Board of Directors and the Chief Executive Officer, also severally, to the extent permitted by the law, any power to carry out any necessary action to completely execute the resolution taken for the positive completion of the reverse stock split (also including, but non limited to, the power to determine, in line with the technical timeframes required and specified by the competent persons and in any case not later than 31 July 2017, the time when the reverse stock split shall be carried out, the power to make the subsequent amendments and/or supplements to the Articles of Association, as described in article 5, 6, 7 and 32, in addition to any appropriate amendment reflecting the execution of the reserves stock split), as well as to carry out any other necessary formality to obtain the necessary authorizations for the above resolution and, generally, any other authorization to completely execute the resolutions, together with any necessary power thereof, with no exclusion and exemption, including the power to make any material amendment to the resolutions which are deemed to be necessary and appropriate for the filing with the Companies' Register and/or in relation to any potential instruction by the Supervisory Authorities, as well as to carry out, in line with the results and the technical timeframes for the execution of the approved rights issue, any publication requirement thereof.".

Appendix: Pro-Forma Consolidated Financial Statements as at 30 September 2016

Pro-forma Reclassified Consolidated Financial Statements as at 30 September 2016

The Pro-Forma Reclassified Consolidated Financial Statements for UniCredit Group as at 30 September 2016, taking into account what disclosed in the introduction, present:

- in the column "*30 September 2016, historic*", the Consolidated Interim Report as at 30 September 2016;
- in the "*Adjustments*" columns, the adjusted items related to the aforementioned transactions;
- in the column "*30 September 2016, Pro-forma*", the Pro-Forma consolidated values as at 30 September 2016, resulting from the sum of the previous columns.

Assets	**30 September 2016 historic**	**Adjustments**								**30 September 2016 Pro-forma**
(in € M)		**1. Pekao**	**2. Pioneer**	**3. Fineco**	**4. Ukraine**	**5. Immo Holding**	**6. FINO/other reserves**	**7. CI**	**8. Other**	
Cash and cash equivalents	16,153	2,206	3,991	542	-	450	2,073	12,470	-	37,884
Financial assets held for trading	94,110	(677)	-	-	-	-	-	-	-	93,433
Loans and Receivables from banks	76,750	(919)	(359)	-	(125)	-	-	-	-	75,347
Loans and Receivables from customers	480,926	(28,077)	(0)	-	-	-	(10,400)	-	-	442,449
Financial investments	155,336	(6,331)	(147)	-	362	-	260	-	-	149,481
Hedging Instruments	8,094	(78)	-	-	-	-	-	-	-	8,017
Tangible assets	9,555	(329)	(6)	-	-	-	-	-	-	9,220
Goodwill	3,591	(1,015)	(832)	-	-	-	-	-	-	1,744
Other intangible assets	2,087	(182)	(20)	-	-	-	-	-	-	1,885
Tax assets	15,469	(249)	147	-	-	-	-	-	-	15,368
Non-current assets held for sale	3,369	116	(0)	-	(1,688)	(1,002)	-	-	535	1,330
Other assets	9,085	(234)	(915)	-	-	-	-	-	(535)	7,401
Total assets	**874,527**	**(35,768)**	**1,860**	**542**	**(1,451)**	**(552)**	**(8,067)**	**12,470**	**-**	**843,560**

Liabilities and Net Equity	**30 September 2016 historic**	**Adjustments**								**30 September 2016 Pro-forma**
(€M)		**1. Pekao**	**2. Pioneer**	**3. Fineco**	**4. Ukraine**	**5. Immo Holding**	**6. FINO/other reserves**	**7. CI**	**8. Other**	
Payables to bank		(1,147)	-	-	-	-	-	-		

	11,983								3	113,838
Direct collection	590,099	(29,639)	-	-	-	-	-	-	-	560,459
Financial liabilities held for trading	68,387	(586)	-	-	-	-	-	-	-	67,800
Financial liabilities assessed at *FV*	1,509	-	-	-	-	-	-	-	-	1,509
Hedging instruments	11,797	(253)	-	-	-	-	-	-	-	11,545
Provisions for risks and charges	9,849	(73)	(44)	-	-	-	-	-	1	9,733
Tax liabilities	1,495	(31)	(87)	-	-	-	-	-	1	1,378
Liabilities associated with assets held for sale	2,651	-	-	-	(1,451)	(614)	-	-	621	1,207
Other liabilities	18,615	(503)	(408)	-	-	-	-	-	(626)	17,078
Minority interests	3,906	(3,147)	-	111	-	-	-	-	-	870
Equity attributable to the Group:	51,237	(389)	2,399	431	-	62	(8,067)	12,470	-	58,141
Total liabilities and net equity	**874,527**	**(35,768)**	**1,860**	**542**	**(1,451)**	**(552)**	**(8,067)**	**12,470**	**(0)**	**843,560**

Pro-Forma Consolidated Reclassified Income Statement as at 30 September 2016

The Pro-forma Consolidated Income Statement as at 30 September 2016, presents:

- in the column "*30 September 2016, historic*", the Interim Consolidated Management Report as at 30 September 2016;
- in the "*Adjustments*" columns, the adjusted items related to the aforementioned transactions;
- in the column "*30 September 2016, Pro-forma*", the Pro-Forma consolidated values as at 30 September 2016, resulting from the sum of the previous columns.

Income Statement	**30 September 2016 historic**	**ADJUSTMENTS**								**30 September 2016 Pro-forma**
(€M)		**1. Pekao**	**2. Pioneer**	**3. Fineco**	**4. Ukraine**	**5. Immo Holding**	**6. FINO/other reserves**	**7. AuC**	**8. Other**	
Net interest	8,644	(758)	(10)	(2)	3	3	33	(30)	-	7,882
Dividends and other income from equity investments	700	(4)	-	-	-	-	-	-	-	696
Net fees and commissions	5,736	(338)	(636)	-	-	3	-	-	-	4,765
Net trading income	1.820	(146)	-	-	-	-	-	-	-	1,674
Other income/expenses	170	(4)	7	-	8	(6)	-	-	1	176
OPERATING INCOME	**17,071**	**(1,250)**	**(639)**	**(2)**	**11**	**(1)**	**33**	**(30)**	**1**	**15,193**

Personnel expenses	(6,013)	326	229	-	-	-	-	-	-	(5,458)
Other administrative expenses	(3,628)	171	121	-	(2)	-	-	-	-	(3,338)
Recoveries of expenses	562	-	-	-	-	-	-	-	-	562
Amortization and depreciation on tangible and intangible assets	(728)	59	8	-	-	-	-	-	-	(661)
Operating costs	(9,808)	557	358	-	(2)	-	-	-	-	(8,894)
OPERATING PROFIT	**7,263**	**(693)**	**(281)**	**(2)**	**9**	**(1)**	**33**	**(30)**	**1**	**6,299**
Net write-downs on loans and provisions for guarantees and commitments	(2,677)	56	-	-	-	-	(8,100)	-	-	(10,721)
NET OPERATING PROFIT	**4,586**	**(637)**	**(281)**	**(2)**	**9**	**(1)**	**(8,067)**	**(30)**	**1**	**(4,422)**
Other charges and provisions	(1,231)	121	6	-	-	-	-	-	-	(1,105)
Integration costs	(398)	-	37	-	-	-	-	-	-	(361)
Net income from investments	(24)	(1)	0	-	-	(2)	-	-	-	(27)
GROSS OPERATING PROFIT	**2,933**	**(517)**	**(238)**	**(2)**	**9**	**(2)**	**(8,067)**	**(30)**	**1**	**(5,914)**
Income tax for the period	(821)	107	84	-	-	-	-	-	-	(630)
NET OPERATING PROFIT	**2,112**	**(410)**	**(154)**	**(2)**	**9**	**(2)**	**(8,067)**	**(30)**	**1**	**(6,544)**
Profit (Loss) form non current assets held for sale after tax	13	-	-	-	5	(18)	-	-	-	-
PROFIT FOR THE PERIOD	**2,125**	**(410)**	**(154)**	**(2)**	**14**	**(20)**	**(8,067)**	**(30)**	**1**	**(6,544)**
Minorities	(343)	207	4	(44)	-	-	-	-	-	(176)
NET PROFIT ATTRIBUTABLE TO THE GROUP BEFORE PPA	**1,781**	**(203)**	**(150)**	**(45)**	**14**	**(20)**	**(8,067)**	**(30)**	**1**	**(6,720)**
Economic effects of the "Purchase Price Allocation"	(13)	10	-	-	-	-	-	-	-	(3)
Goodwill impairment	-	-	-	-	-	-	-	-	-	-
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP	**1,768**	**(193)**	**(150)**	**(45)**	**14**	**(20)**	**(8,067)**	**(30)**	**1**	**(6,723)**

Pro-Forma Consolidated Cash Flow Statement as at 30 September 2016

The Pro-Forma Consolidated Cash Flow Statement of UniCredit Group as at 30 September 2016, taking into account what disclosed in the introduction, presents:

- in the column "*30 September 2016, historic*", the Consolidated Interim Report as at 30 September 2016;
- in the "*Adjustments*" columns, the adjusted items related to the aforementioned transactions;
- in the column "*30 September 2016, Pro-forma*", the Pro-Forma consolidated values as at 30 September 2016, resulting from the sum of the previous columns.

Cash flow statement	**30**	**Adjustments**	**30**

(€M)	September 2016 historic	1. Pekao	2. Pioneer	3. Fineco	4. Ukraine	5. Immo Holding	6. FINO/other reserves	7. CI	8. Other	September 2016 Pro-forma
A. Operating activity										
Net liquidity generated/absorbed by operating activity	7,258	115	(9)	(2)		(1)	2,073	(30)		9,403
B. Investment Activity										
Net liquidity generated/absorbed by investment activity	(788)	2,093	4,000			450				5,755
C. Funding Activity										
Net liquidity generated/absorbed by the funding activity	(702)			544				12,500		12,342
Net Liquidity generated/absorbed during the period	**5,768**	**2,208**	**3,991**	**542**	**-**	**449**	**2,073**	**12,470**	**-**	**27,500**

Reconciliation		**Adjustments**								
(€ M)	30 September 2016 historic	1. Pekao	2. Pioneer	3. Fineco	4. Ukraine	5. Immo Holding	6. FINO/other reserves	7. CI	8. Other	30 September 2016 Pro-forma
Cash and cash equivalents at the beginning of the period	**10,303**									**10,303**
Total liquidity generated/absorbed in the reporting period	5,768	2,208	3,991	542	-	449	2,073	12,470	-	27,500
Cash and cash equivalents: effect of the exchange rate variation	81									81
Cash and cash equivalents at the end of the period	**16,152**	**2,208**	**3,991**	**542**	**-**	**449**	**2,073**	**12,470**	**-**	**37,884**

Explanatory notes to the Pro Forma Reclassified Consolidated Statements 2016

Essential assumptions for preparing the Pro-Forma Reclassified Consolidated Statements

The reference date adopted in preparing the Pro-Forma Reclassified Consolidated Statements for modelling the effects of the transfers, the transactions made with reference to the receivables and the capital increase do not correspond to the one which will be effectively used when preparing the UniCredit Group Consolidated Financial Statements for the period when the transactions previously described will be realised.

The information reported in the Pro-Forma Reclassified Consolidated Statements refracts all aspects of the transactions, in spite of some of them not being completed by the Date of this Report, based on information available as at that date.

Significant information and essential assumptions for preparing the Pro-Forma Reclassified Consolidated Statements

The information and significant assumptions used for preparing the Pro-Forma Consolidated Financial Statements are provided below. Please note the following, with particular reference to the adjustments applied in the preparation of the aforesaid statements:

1. Pekao Group:

- The line-by-line contribution of the Pekao Group to the UniCredit Group Consolidated Interim Report as at 30 September 2016 was adjusted, following the derecognition of the entire stake of about 40% in Bank Pekao, the Polish bank of the UniCredit Group and parent company of Pekao Group, of which 33% to be transferred to two Polish counterparties (PZU and PFR) based on a purchase agreement signed on 8 December 2016, while the remaining 7% will subsequently be transferred via a market operation as announced on the same date. This transfer can be added to the 10% stake sold during July 2016 via an accelerated bookbuilding procedure, following which UniCredit maintained control with a holding of 40%;
- The contribution to the UniCredit Group Consolidated Interim Report as at 30 September 2016 was adjusted by effect of the assumption of the investment of the cash generated by the above sale (which amounts to approximately €2.8 billion), using the average of the Euribor 1 month rate for first 9 months of 2016 (equivalent to -0.32%) applied on the relevant period (nine months). Taxation is not applied, given the negative tax liability in terms of both IRAP [regional corporation tax] and IRES (state corporation tax);
- The contribution to the Pekao Group Interim Report as at 30 September 2016 was adjusted to take account of the infra-group operations between the Pekao Group companies and the other companies of UniCredit Group.

2. Pioneer:

- The line-by-line contribution of the Pioneer Group to the UniCredit Group Consolidated Interim Report as at 30 September 2016 was adjusted, due to the sale of the entire assets and liabilities of PGAM, parent company of the Pioneer Investments Group, operating in the asset management segment to Amundi;
- Pioneer Group's contribution to the Consolidated Interim Report as at 30 September 2016 was adjusted by effect of the assumption of the investment of the cash generated by the above sale (amounting to around €3.9 billion), using the average of the first 9 months of the Euribor 1 month rate of 2016 (equivalent to -0.32%) applied on the relevant period (nine months). Taxation is not applied, given the negative liability for both IRAP and IRES;
- Pioneer Group's contribution to the Pioneer Group Consolidated Interim Report as at 30 September 2016 was adjusted, to take account of the infra-group operations between the Pioneer Group companies and the other companies of UniCredit Group.

3. Fineco:

- The FinecoBank contribution to the Consolidated Interim Report as at 30 September 2016 adjusted in consideration of the effect on the minority interests of the sale of 30% of FinecoBank via two separate accelerated bookbuilding operations concluded respectively in July 2016 (with the sale of a holding amounting to 10% of the share capital of FinecoBank) and in October 2016 (with a sale of 20% of the share capital of FinecoBank);

- The value of the adjustment was calculated as the difference between the value of the minority interests before the adjustments (equivalent to around 35%) and the value of the minority interests after the above accelerated bookbuilding operations (equivalent to around 65%).

4. Ukraine:

- Adjustment was made for the contribution to the Consolidated Interim Report as at 30 September 2016 deriving from the conferment of the entire stake in JSCB Ukrstosbank, the Ukrainian bank of the UniCredit Group, a company classified in the financial statements according to international reporting standard IFRS 5 (Non-Current Assets Held for Sale and Discontinued Operations) prescribed by International Financial Reporting Standards (IFRS) adopted by the European Union, into ABH Holdings SA, completed in October 2016;
- Adjustment was made for the contribution to the Consolidated Interim Report as at 30 September 2016, to take account of the infra-group operations between the companies belonging to the Ukrainian bank and the other UniCredit Group companies.

5. Immo Holding:

- Adjustment was made for the impact on the Consolidated Interim Report as at 30 September 2016 from the de-consolidation of Immo Holding, an Austrian company classified on the balance sheet according to the reporting standard IFRS 5 (Non-Current Assets Held for Sale and Discontinued Operations) prescribed by International Financial Reporting Standards (IFRS) adopted by the European Union;
- the Consolidated Interim Report as at 30 September 2016 was adjusted by effect of the assumption of the investment of the cash generated by the above sale (amounting to around €450 million), using the average of the first 9 months of the Euribor 1 month rate of 2016 (equivalent to -0.32%) multiplied by the relevant period (nine months). Taxation is not applied, given the negative liability for both IRAP and IRES;
- Adjustment was made for the contribution to the Consolidated Interim Report as at 30 September 2016, to take account of the infra-group operations between the companies belonging to Immo Holding Group and the other UniCredit Group companies.

6. FINO/other reserves:

- Concerns the execution of what is known as the “Project FINO”, which aims to accelerate reduction of the portfolio of non-core receivables via securitisation and subsequent transfer of a proportion which would remove this portfolio of impaired assets from the Group’s assets and the increase of the coverage ratio of the same impaired assets in this portfolio following an update of their valuations based on market prices that can be observed via the Binding Offers received, which is accompanied by the execution of the so-called “Project Porto”, which aims to increase the coverage ratio over the bad loans and the unlikely to pay of the Italian loans portfolio, following the changes in estimates, as a result of the changed management approach adopted in December 2016 by the bank and the other Italian companies of the Group involved regarding the management of non-performing loans, with the intention of:

- expediting more efficiently the disposal of the positions via management which favours prompt repayment and liquidation of assets;
- realising repayments more directly in the light of the most recent estimates regarding the recoverable amount of the assets or their underlying elements.

- Following the highlighted transactions, are reported write-downs on loans for a total amount of approximately €8.1 billion, intended to align the coverage ratio for the bad loans portfolio related to the securitisation of valuations observable through the Binding Offers received and to reflect the changes in estimates described above. The impact on the interest margin following the securitisation and the sale of the loans, is determined by applying the reduction of asset (calculated as net credit exposure subject to sale minus the amount of the withheld tranche) the average cost of the existing stock of senior UniCredit securities with 5 years maturity (equal to 2.01%), which is added to the effect of interest earned on by the specific securitisation tranches withheld, determined by applying the senior UniCredit curve rate with 5 years maturity on new securities (equal to 1.37%), for the relevant period;
- Taxation will not apply, given the negative liability for both IRAP and IRES.

7. Capital Increase Rights Issue:

- The assumption underlying the pro forma adjustment is the entry in the balance sheet assets of a cash item for approximately €12.5 billion (which is the net amount collected following the Capital Increase through Rights Issue for €13 billion and of the estimated expenses and commissions related to that transaction) and that this amount will be invested using the average of the first 9 months of the 2016 Euribor 1 month rate (equivalent to -0.32%). Taxation will not apply, given the negative liability for both IRAP and IRES.

8. Other residual effects:

- The residual effects of consolidation of the adjustments referred to above are reported among the criteria subject to pro forma.

Description of pro forma adjustments as at 30 September 2016

Description of pro forma adjustments related to the assets of the Balance sheet

- The item “Cash and cash equivalents” includes entries increasing by a total amount of €21.7 billion, attributable to the following adjustments:

- + €2,206 million deriving from the transfer of the Pekao Group, less the outgoing liquidity from the deconsolidation from the Group;
- + €3,991 million deriving from the transfer of PGAM, as payment received, less the outgoing liquidity from the deconsolidation from the Group;
- + €542 million deriving from the transfer of Fineco (transfer of 20% completed in October 2016);
- + €450 million deriving from the transfer of Immo Holding;
- + €2,040 million deriving from the transfer of the loans as part of the Fino operation, as described above and €33 million deriving from the recognition of the interest on that amount;
- + €12,500 million deriving from the capital increase and €-30 million deriving from the recognition of the interest on that amount.

- The item “Financial assets held for trading” includes the adjustments relating to the deconsolidation deriving from the transfer of the Pekao Group for -€677 million.
- The item “Loans and receivables from banks” includes items reduced by a total of €1,403 million, attributable to the following adjustments:
    - - €919 million of adjustments for the deconsolidation of the Pekao Group following its transfer;
    - - €359 million for the transfer of PGAM with the resulting deconsolidation of the associated assets and liabilities;
    - - €125 million for the transfer of JSCB Ukrsotsbank.
- The item “Loans and receivables from customers” includes negative adjustments in the total amount of €38,477 million, attributable to the following adjustments:
    - - €28,077 million of adjustments relating to the deconsolidation of the Pekao Group following its sale;
    - - €10,400 relating to the pro forma adjustments relating to the Fino and Porto transactions, as described above.
- The item “Financial investments” includes negative pro forma adjustments for a total of €5,855 million attributable to the following items:
    - - €6,331 million of adjustments relating to the deconsolidation of the Pekao Group following its sale;
    - - €147 million for the transfer of PGAM with the resulting deconsolidation of the associated assets and liabilities;
    - + €362 million for the transfer of JSCB Ukrsotsbank;
    - + €260 million relating to the notes subscribed for the Fino operation;
- The item “Hedging instruments” includes an adjustment relating to the entire deconsolidation of the Pekao Group amounting to - €78 million;

- The item “Tangible assets” includes negative pro forma adjustments for a total of €336 million, made up as follows:
    - - €329 million of adjustments relating to the deconsolidation of the Pekao Group following its sale;
    - - €6 million for the transfer of PGAM with the resulting deconsolidation of the associated assets and liabilities;
- The item “Goodwill” includes negative pro forma adjustments for a total of - €1,846 million, made up as follows:
    - - €1,015 relating to the cancellation of the goodwill of the Pekao Group following its deconsolidation;
    - - €832 million relating to the cancellation of the goodwill of Pioneer, following its transfer.
- The item “Other intangible assets” includes negative pro forma adjustments for a total of €202 million made up as follows:
    - - €182 relating to the cancellation of the goodwill of the Pekao Group following its deconsolidation;
    - - €20 million relating to the cancellation of the goodwill of Pioneer, with the resulting deconsolidation of its assets and liabilities.
- The item “Tax assets” includes negative pro forma adjustments for a total of €101 million made up as follows:
    - - €249 relating to the cancellation of the goodwill of the Pekao Group following its deconsolidation;
    - + €147 million relating to the cancellation of the goodwill of Pioneer, with the resulting deconsolidation of its assets and liabilities.
- The item “Non-current assets held for sale” includes negative pro forma adjustments for a total of - €2,039 million relating to the following changes:
    - + €116 relating to the cancellation of the goodwill of the Pekao Group following its deconsolidation;
    - - €1,688 million relating to the cancellation of the non-current assets held for sale associated with the transfer of JSCB Ukrsotsbank;
    - - €1,002 million associated with the cancellation of the non-current assets held for sale associated with the transfer of Immo Holding;
    - + €535 million attributable to the amount of the other assets.
- The item “Other assets” includes pro forma adjustments for a total of - €1,684 million, relating to:
    - - €234 million of adjustments relating to the deconsolidation of the Pekao Group following its sale;
    - - €915 million relating to the sale of PGAM, with the resulting deconsolidation of its assets and liabilities.

    - - €535 million through steering the amount to the other assets as described above.

Description of the pro forma adjustments to the balance sheet liabilities

- The “Payables to banks” item has pro-forma adjustments of - €1,144 million, composed as follows:
    - - €1,147 million of adjustments relative to the deconsolidation of the Pekao Group, following its sale;
    - + €3 million referring to other adjusting entries for deconsolidation of the companies involved in the M&A transaction.
- The “Direct collection” item includes pro forma adjustments to the “Deposits from customers” and “Debt securities in issue” totaling - €29,639 million due to the deconsolidation of the Pekao Group.
- The “financial liabilities held for trading” has pro forma adjustments of - €586 million relative to the deconsolidation of the Pekao Group following its sale.
- The “coverage” item has pro forma adjustments of - €253 million relative to the deconsolidation of the Pekao Group following its sale.
- The “provisions for risks and charges” item has negative adjustments of - €116 million, due to the following changes:
    - - €73 million of adjustments relative to the deconsolidation of the Pekao Group, following its sale;
    - - €44 million relative to the sale of PGAM with the ensuing deconsolidation of the relative assets and liabilities.
    - + €1 million referring to other adjustment entries for deconsolidation of the companies involved in the M&A transaction.
- The “tax liabilities” item includes pro forma adjustments totaling - €117 million relative to:
    - - €31 million of adjustments relative to the deconsolidation of the Pekao Group, following its sale;
    - - €87 million relative to the sale of PGAM with the ensuing deconsolidation of the relative assets and liabilities.
    - + €1 million referring to other adjustment entries for deconsolidation of the companies involved in the M&A transaction.
- The "liabilities associated with groups of assets held for sale” includes pro forma adjustments totaling - €1,444 million referring to the following changes:
    - - €1,451 million relative to the sale of JSCB Ukrsotsbank;
    - - €614 million relative to the sale of Immo Holding;
    - - €5 million referring to other adjustment entries for deconsolidation of the companies involved in the M&A transaction;
    - + €626 million due to the reclassification of liability amounts associated with assets held for sale under other liabilities.

- The "other liabilities" item includes negative pro-forma adjustments of - €1,537 million, composed as follows:
    - - €503 million of adjustments relative to the deconsolidation of the Pekao Group, following its sale;
    - - €408 million relative to the sale of PGAM with the ensuing deconsolidation of the relative assets and liabilities;
    - - €626 million due to the reclassification of the item liabilities associated with assets held for sale.
- The item "minority interests" includes pro-forma adjustments totaling - €3,036 million which refer to the following changes:
    - - €3,147 million of adjustments relative to the deconsolidation of the Pekao Group, following its sale;
    - + €111 million relative to the sale of a stake in Finecobank, with a consequent increase in minority interests.
- The item "Equity attributable to the Group" includes pro-forma adjustments totaling + €6.905 billion relative to:
    - - €389 million of adjustments for the deconsolidation of the Pekao Group, following its sale;
    - + €2,399 million for the sale of Pioneer with ensuing deconsolidation from the Group;
    - + €431 million relative to the sale of the stake in Finecobank;
    - + €62 million from the sale of Immo Holding;
    - - €8,067 million due to the effect of the Fino, Porto transactions and other non-recurring adjustments of loans as described above;
    - + €12,470 million relating to the capital increases.

Description of the pro-forma adjustments referring to the Income Statement

- The "net interest" includes pro-forma adjustments totaling approximately - €763 million, which refer to:
    - - €758 million for the deconsolidation of the Pekao Group following the sale and the interest that accruing on the consideration for the sale;
    - - €10 million relative to the sale of Pioneer with the ensuing deconsolidation of the relative contribution to consolidated income and the interest accruing on the consideration for the sale;
    - - €2 million for interests on the consideration for the sale of the stake in Fineco;
    - + €3 million relative to the sale of JSCB Ukrsotsbank;
    - + €3 million for the interest accruing on the amount of the Immo Holding sale;
    - + €33 million for interest accruing on the amounts recorded against the sale of a portion of the loan portfolio.

- - €30 million for interest accruing on the amount recorded against the capital increase.
- The item “dividends and other income from equity investments” includes the adjustments relative to Pekao following its sale against - €4 million.
- The “net fees and commissions” item includes entries of - €971 million, due to the following adjustments:
    - - €338 million, for the sale of the Pekao Group with the relative deconsolidation of the amount from consolidated income;
    - - €636 million for the sale of PGAM with the relative deconsolidation of the amount from consolidated income;
    - + €3 million for the sale of Immo Holding.
- The item “net trading income” includes negative adjustments of - €146 million, due to Pekao.
- The “other income/expenses” contains negative pro forma adjustments totaling €6 million, due to the following:
    - - €4 million, relative to the sale of the Pekao Group with the relative deconsolidation of the amount from consolidated income;
    - + €7 million for the sale of PGAM with the relative deconsolidation of the amount from consolidated income;
    - + €8 million relative to the sale of JSCB Ukrsotsbank;
    - - €6 million relative to the sale of Immo Holding.
    - + €1 million referring to other adjustment entries relative to the deconsolidation that took place as a result of the aforementioned M&A transactions.
- The “operating income” includes pro forma adjustments totaling - €964 million, representing the total of the following items:
- The “personnel expenses” includes pro forma adjustments totaling €555 million comprised as follows:
    - + €326 million, relative to the sale of the Pekao Group with the relative deconsolidation of the amount from consolidated income;
    - + €229 million for the sale of PGAM with the relative deconsolidation of the amount from consolidated income;
- The “other administrative expenses” includes pro forma adjustments totaling €292 million comprised as follows:
    - + €171 million, relative to the sale of the Pekao Group with the relative deconsolidation of the amount from consolidated income;
    - + €121 million for the sale of PGAM with the relative deconsolidation of the amount from consolidated income;
    - - €2 million relative to the sale of JSCB Ukrsotsbank;
- The “Amortization and depreciation on tangible and intangible assets” contains pro forma adjustments totaling €67 million as follows:

- + €59 million, relative to the sale of the Pekao Group with the relative deconsolidation of the amount from consolidated income;
- + €8 million for the sale of PGAM with the relative deconsolidation of the amount from consolidated income;

- The "operating costs" item includes pro-forma adjustments of €913 million, composed as follows:
  - + €557 million, relative to the sale of the Pekao Group with the relative deconsolidation of the amount from consolidated income;
  - + €358 million for the sale of PGAM with the relative deconsolidation of the amount from consolidated income;
  - - €2 million relative to the sale of JSCB Ukrsotsbank;
- The "Net write-down on loans and provisions for guarantees and commitments" includes negative pro forma adjustments of - €8,044 million, referring to the following changes:
  - + €56 million, for the sale of the Pekao Group with the relative deconsolidation of the amount from consolidated income;
  - - €8,100 relative to the Fino, Porto transaction and other non-recurring adjustments as mentioned above;
- The "other charges and provisions" includes pro-forma adjustments totaling + €127 million for:
  - + €121 million, for the sale of the Pekao Group with the relative deconsolidation of the amount from consolidated income;
  - + €6 million for the sale of PGAM with the relative deconsolidation of the amount from consolidated income;
- The "integration costs" contains pro forma adjustments of + €37 million referring to Pioneer.
- The "net income from investments" includes negative pro forma adjustments of - €3 million, comprised as follows:
  - - €1 million, for the sale of the Pekao Group with the relative deconsolidation of the amount from consolidated income;
  - - €2 million relative to the sale of Immo Holding.
- The "income tax for the period" includes pro forma adjustments totaling + €190 million, as follows:
  - + €107 million, for the sale of the Pekao Group with the relative deconsolidation of the amount from consolidated income;
  - + €84 million for the sale of PGAM with the relative deconsolidation of the amount from consolidated income;
- The "net operating profit" contains pro forma adjustments of - €8,656 million.
- The "profit (loss) from non current assets held for sale, after tax" includes negative pro forma adjustments of - €13 million, composed as follows:
  - + €5 million relative to the sale of JSCB Ukrsotsbank;

    - - €18 million relative to the sale of Immo Holding.
- The “minorities” includes pro forma adjustments of + €168 million due to the following entries:
    - + €207 million, for the sale of the Pekao Group with the relative deconsolidation of the amount from consolidated income;
    - + €4 million for the sale of PGAM with the relative deconsolidation of the amount from consolidated income;
    - - €44 million for the sale of a stake in Fineco with the consequence increase in the minority interests.
- The “economic effects of the purchase price allocation” includes pro forma adjustments totaling + €10 million.

Description of the pro forma adjustments to the Cash Flow Statement

- The “Net liquidity generated/absorbed by operating activity” includes pro forma adjustments totaling approximately + €2.145 million, which mainly refer to:
    - + €115 million for the adjustment of the contribution of the Pekao Group to the cash flows, during the period;
    - - €9 million for the adjustment of the contribution of the PGAM to the cash flows, during the period;
    - - €2 million related to cash flows relating to the sale of a stake on FinecoBank;
    - - €1 million related to cash flows relating to the sale of Immo holding;
    - + €2,073 million relative to the cash flows adjusted for the Fino transaction, including the interest accrued during the period;
    - - €30 million relative to the interest accrued during the period on the amount from the capital increase.
- The “Net liquidity generated/absorbed by investment activity” includes pro forma adjustments totaling approximately + €6,543 million, which refer to:
    - + €2,093 million for the consideration recorded for the sale of the Pekao Group;
    - + €4,000 million for the consideration recorded for the sale of PGAM;
    - + €450 million for the consideration recorded for the sale of Immo Holding;
- The “Net liquidity generated/absorbed by funding activity” includes pro forma adjustments totaling approximately + €13.044 million, which refer to:
    - + €544 million for the consideration recorded for the sale of a stake in FinecoBank;
    - the capital increase of + €12,500 million as described in the previous paragraphs.

Additional significant pro forma data calculated by the Issuer as at 30 September 2016

In addition to the above, when compiling the strategic plan, UniCredit calculated additional information expressing the level of coverage of the impaired loans and the Group's capital adequacy if the aforementioned transactions had already taken place as at 30 September 2016.

Pro-forma Coverage ratio

As at 30 September 2016, the Pro-forma Coverage Ratio for the impaired loans would have been equal to 55.6%, considering also the effects of the above-mentioned transactions.

Pro-forma CET 1

As at 30 September 2016, the Pro-forma CET1 would have equaled 13.8% (fully loaded), considering also the effects of all the above-mentioned transactions.