

24 March 2025

Subject: Open letter to UniCredit Board of Directors, regarding the Termination of banking relationship with VZMD (Pan-Slovenian Stakeholders' Association)

Dear Members of the UniCredit Board of Directors,

BETTER FINANCE wishes to express its concern over the recent abrupt termination of the financial instruments custody agreement between Zagrebačka banka, an important member of UniCredit Group, and VZMD (Pan-Slovenian Stakeholders' Association).

For the past four years, VZMD has operated its "Share SUPPORT" programme in cooperation with UniCredit, delivering services that strengthen retail investor engagement in EU capital markets.

We are therefore alarmed by the sudden and unilateral termination of this agreement, executed without any prior notice, explanation, or attempt at engagement, which has effectively severed thousands of retail investors from exercising their rights. No reasonable time was granted to secure an alternative arrangement or transfer assets, leaving 1,200 small shareholders exposed, with their savings frozen.

This case falls into a broader pattern of civil society organisations in the EU being de-banked, without regard to the European Banking Authority (EBA) Guidelines on de-risking (EBA/GL/2023/04), which require financial institutions to:

- Conduct case-by-case risk assessments;
- Explore mitigation measures before terminating services;
- Provide clear justification and documentation;
- Ensure transparency and inform clients of their right to challenge decisions.

While we fully support the need for compliance with AML/CTF regulations, the blanket application of de-risking policies against civil society organisations or retail investor groups is unacceptable, unless there is clear evidence of actual risk. Otherwise, EU banks risk undermining financial inclusion, damaging trust, and weakening the EU's Savings and Investment Union.

BETTER FINANCE respectfully requests a critical reconsideration of the decision to ascertain if indeed clear and acceptable reasons behind this decision exist and why VZMD, and by extension over a thousand European retail investors, were treated in such a manner. We further call on UniCredit to at the very least reconsider the clearly too short deadlines given.

We look forward to your prompt response. Failing that, BETTER FINANCE will have no choice but to support VZMD in its further steps to present the matter to the relevant EU and national supervisory authorities, including the European Banking Authority, ESMA, and the competent Ombudsman, to ensure that the rights of retail investors and civil society organisations are duly protected.

We remain available for dialogue and look forward to your response.

Yours sincerely,

BETTER FINANCE